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December 15, 2025

CAISO Board of Governors Chair Severin Borenstein
Vice Chair Joe Eto
Governor Angelina Galiteva
Governor Mary Leslie
Governor Jan Schori

WEM Governing Body Chair Rebecca Wagner
Vice Chair Andrew Campbell
Anita Decker
Robert Kondziolka
Deborah Smith

California Independent System Operator
P.O. Box 639014
Folsom, CA 95630

Via email

Re: Revival of Transmission Access Charge Structure Review Initiative

Dear Chairs Borenstein and Wagner,

California Department of Water Resources – State Water Project (CDWR), Bay Area Municipal Transmission Group (BAMx¹), and State Water Contractors (SWC) (together, Joint Commenters) respectfully request that the CAISO Board of Governors (BoG) provide direction to staff to revive the Transmission Access Charge (TAC) Structure Review initiative. Joint Commenters are raising it before this body because we believe it has not been adequately addressed in the 2025-2026 Transmission Planning Process (TPP) and therefore submitted comments on the Draft 2026-2028 Policy Initiatives Catalog Roadmap requesting that this initiative be reconsidered through a comprehensive, transparent stakeholder process.²

Earlier this year, CDWR submitted a proposal in the 2025 Policy Initiatives Catalog to revisit/restart the TAC Structure Review initiative that had been developed between 2016 and 2018, resulting in a Draft Final Proposal in 2018.³ Rather than finalize the Draft Final Proposal and take it to the CAISO BoG, CAISO put the TAC initiative on hold to focus on developing the Extended Day Ahead Market (EDAM). CDWR's proposed revival of the TAC Structure Review Initiative was supported by the Consumer Owned Utility Sector in the Regional Issues Forum

¹ BAMx comprises City of Santa Clara dba Silicon Valley Power and City of Palo Alto Utilities.

² [Joint Commenters Comments on the Policy Initiatives Catalog Roadmap, November 13, 2025](#)

³ See [CDWR February 28, 2025 Comments on Catalog Submissions](#)



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Round Table Report⁴ and was strongly supported by each of the Joint Commenters. Because it was an infrastructure-related submission, CAISO routed it to the 2025-2026 Transmission Planning Process to be addressed in that venue. Unfortunately, at the September 25, 2025, Transmission Planning Process stakeholder meeting, CAISO dismissed this proposed initiative, stating, “The ISO considered this in 2018 but held the item to enable EDAM development. Since 2018, levels of behind-the-meter solar have stabilized, rendering these changes unnecessary and overly complex in today’s market.”⁵

This statement misunderstands the motivation for developing a TAC structure that “fairly links the billing determinants to cost causation and benefits accruing to the users of the system.”⁶ Joint Commenters believe that, while the scope of the Western Energy Market has evolved since 2018, the underlying reasons for modifying the TAC structure to better reflect cost causation and benefits accruing to users of the system have not changed. Specifically:

- The current volumetric-only approach fails to reflect cost causation and utilization of the transmission system, resulting in inequitable allocation of costs.
- The proposal aligns with CAISO’s Resource Adequacy (RA) capacity obligations based on contributions to coincident peak demand.
- The proposal is consistent with California’s climate goals as articulated by Governor Newsom⁷ and state agencies⁸ regarding expansion of load/demand flexibility and maximizing the existing transmission network to incentivize future users to curtail and shift loads outside of peak hours.
- Other regional transmission organizations and independent system operators factor coincident peak demand in determining and allocating transmission charges, including MISO, SPP, NYISO, ERCOT, ISO-NE, and PJM.⁹
- The initial TAC Structure Initiative effort had broad support and thoughtful engagement from stakeholders, including CAISO’s Department of Market Monitoring (DMM), California’s three largest investor-owned utilities, municipal utilities, independent transmission developers, retail marketers, and the California Public Utilities Commission.¹⁰

In addition to our concerns about CAISO’s misunderstanding of the substance and need for the proposal, Joint Commenters are frustrated by the process used to date. CAISO infrastructure staff have dismissed the need for this initiative, without any stakeholder meetings to discuss the issues that motivated the initiative in 2016-2018, or to consider input from

⁴ [Regional Issues Forum Roundtable Report, May 22, 2025, Page 9](#)

⁵ [September 25, 2025, Transmission Planning Process Stakeholder Meeting, Pg. 61](#)

⁶ [September 24, 2018, TAC Structure Initiative Stakeholder Meeting Presentation, Pg. 5](#)

⁷ [Governor Gavin Newsom – Building the Electricity Grid of the Future: California’s Clean Energy Transition Plan, May 2023.](#)

⁸ [CPUC Demand Response Program / CEC Load Flexibility Goal Press Release](#)

⁹ [CAISO Review Transmission Access Charge Structure Issue Paper, June 30, 2017, pp.15-18.](#)

¹⁰ [See Stakeholder Comments on Transmission Access Charge Draft Final Proposal, September 24, 2018](#)



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stakeholders on the current need for the TAC structure changes that were fully vetted and proposed to be adopted in 2018. Joint Commenters therefore continue to request that the CAISO begin a stakeholder process in 2026 to evaluate whether there are any adjustments warranted to the recommendations included in the 2018 Draft Final Proposal.

We look forward to working with the Board of Governors, CAISO staff, and other stakeholders on this initiative in the current initiative cycle or potentially through the Sector Sponsor Pilot Program being considered as part of the Regional Issues Forum Enhancement Project.¹¹

Sincerely,

Jorge Luis Quintero, P.E.
ADM – Power Operations Management
CDWR – State Water Project

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Neil Millar, Vice President, Transmission Planning & Infrastructure Development, CAISO

¹¹ Regional Issues Forum Enhancement Project Draft Final Proposal 11/7/25