

# Stakeholder Comments Template

## Review Transmission Access Charge Wholesale Billing Determinant

### June 2, 2016 Issue Paper

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the June 2, 2016 issue paper. The issue paper, presentations and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeWholesaleBillingDeterminant.aspx>

Upon completion of this template please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **June 30, 2016**.

### Issue Paper

Currently the ISO assesses transmission access charge (TAC) to each MWh of internal load and exports. Internal load is measured as the sum of end-use metered customer load (EUML) in the service area of each participating transmission owner (PTO) in the ISO balancing authority area. Clean Coalition proposes that the ISO change how it measures internal load for TAC purposes, to measure it based on the hourly energy flow from the transmission system to the distribution system across each transmission-distribution substation; a quantity called “transmission energy downflow” (TED). The main difference between using TED or EUML as billing determinant is that TED excludes load that is offset by distributed generation (DG). Please see the ISO’s June 2 straw proposal for additional details.

The ISO does not yet have a position on the Clean Coalition proposal, and has posted the June 2 issue paper in order to stimulate substantive stakeholder discussion and comments on this topic.

1. At this point in the initiative, do you tend to favor or oppose Clean Coalition's proposal? Please provide the reasons for your position.

Yes, I strongly support the Clean Coalition proposal for the following reasons:

The TAC was put in place to pay for the transmission infrastructure when nearly all electricity was produced at central generating stations and sent over the transmission grid; the amount generated and circulated inside the distribution grid was negligible. Now, the situation is quite different; distributed energy resources within the distribution grid are significant, are growing and need to continue to grow as we work toward the goals of SB 350.

The Governor's Executive Order, SB 350 and worldwide climate require a sharp expansion of renewables and retirement of fossil fueled generation facilities. As costly central fossil fuel stations which feed their baseload power onto the high-voltage transmission grid retire, additional responsibility for consistent, reliable power and voltage regulation will shift to the local distribution grid. Storage in homes and businesses, utility-side distributed storage, and EV batteries, as well as demand response and time-of-use rates coupled with energy efficiency will even out fluctuations in renewable generation and reduce peak demand.

This will reduce the use of and capacity needed on the transmission grid, in turn reducing future costs of construction and maintenance of this infrastructure. Over time, the amount of revenue needed from ratepayers for this will decline.

This means that we need to make distributed energy resources on the distribution grid **more affordable**, not less as the current TAC charge on these resources does.

Currently, local generation to the distribution grid incurs a cost to support a transmission system that it does not use. FERC Order 1000 requires CAISO to ensure that transmission costs are roughly commensurate with estimated benefits. By changing the

TAC assessment basis to downflow of energy from the transmission grid, measured at the substation, CAISO can ensure that transmission-dependent energy properly bears the full cost of the transmission grid. This will incentivize all load serving entities – utilities of all kinds, CCAs etc. to install distributed generation and demand-side resources, since this will lower the downflow they pull from the transmission grid, and thus the amount of TAC they are charged. As noted above, the total charge will then decrease over time as transmission infrastructure costs decrease.

Sincerely,

Richard M. Rollins, P.E.