

# Stakeholder Comments Template

## Transmission Access Charge Options

### May 20, 2016 Revised Straw Proposal

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the May 20, 2016 revised straw proposal. The revised straw proposal, presentations and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/TransmissionAccessChargeOptions.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 10, 2016**.

### **Revised Straw Proposal**

1. In the previous straw proposal the ISO proposed to define sub-regions, with the current ISO footprint as one sub-region and each PTO that subsequently joins as another sub-region. Now the ISO is proposing an exception to allow a new PTO that is embedded within or electrically integrated with an existing sub-region to have a one-time choice to join that sub-region or become a separate sub-region. Please comment on whether such an embedded/integrated new PTO should become a new sub-region, be given a one-time choice, or whether another approach would be preferable.

Seattle City Light supports the proposal that new PTOs be provided a one-time option to join an existing sub-region, or at their election, to become a separate sub-region. This option addresses the potential for undue cost shifts resulting from a future blending of existing transmission revenue requirements.

2. The proposal defines “existing facilities” as transmission assets in-service or planned in the entity’s own planning process for its own service area or planning region, and that have either begun construction or have committed funding. The ISO proposed criteria for what constitutes a facility having “begun construction” and “committed funding” and for how these criteria would be demonstrated. Please comment on these criteria and their use for this purpose.

3. The proposal defines “new facilities” as transmission projects planned and approved in an expanded TPP for the expanded BAA. Projects that are under review as potential “inter-regional” projects prior to the new PTO joining may be considered as “new” as long as the “existing” criteria are not met. Please comment on the potential inclusion of candidate inter-regional projects in the new facilities category.

As a transitional matter, “new facilities” should also include those currently being studied by any planning entity in the WECC which is providing services that support Order 1000 compliance (e.g. ColumbiaGrid, NTTG, and WestConnect); provided the studied project does not qualify as an “existing project”.

4. Consistent with the previous straw proposal, the ISO proposes to recover the costs of existing facilities through sub-regional “license plate” TAC rates. The ISO’s decision to retain the previous proposal, rather than develop a new proposal for allocating some costs of existing facilities across the sub-regions, was based on the importance of retaining the principle that only new facilities planned through the expanded TPP should be eligible for region-wide cost allocation. Please comment on the license plate approach and the logic for retaining that approach, as explained here and in the revised straw proposal.

Seattle City Light supports the proposal to recover costs through a sub-regional “license plate” rate. Due to significant differences in system costs from one sub-region to another, the “license plate” approach is the best way of allocating costs to prevent unnecessary cost shifts.

5. “New facilities” will undergo a two-step process to determine eligibility for regional cost allocation. First, the project must be planned and approved through the integrated TPP for the expanded BAA. Second, the project must meet at least one of three criteria to be a “new regional facility” eligible for region-wide cost allocation. Please comment on the two-step process to determine “new facilities.”

In evaluating “new facilities” for possible regional cost allocation, it is important to determine the degree to which state-specific policies drive the need for the proposed facility and allocate costs regionally in accordance with the state policies that are promoting or requiring the proposed project.

6. The proposal would allocate the cost of new reliability projects approved solely to meet an identified reliability need within a sub-region entirely to that sub-region. Please comment on the proposed cost allocation for new reliability projects.

City Light supports the development and deployment of “new facilities” that will improve the reliability of the bulk electric system in a cost-effective manner. It will be important to evaluate whether there are “non-wire solutions” that provide equal or greater reliability benefits at equal to or lower cost than the long, and often very costly, process of developing new transmission facilities.

City Light also recognizes that there may be circumstances where a reliability project may provide reliability benefits to load serving entities adjacent to a sub-region within which the new facility is proposed. If a given facility that provides reliability benefits to a participating and non-participating transmission organization, then the cost allocation should be shared appropriately by all entities who benefit.

7. The ISO proposes that a body of state regulators, to be established as part of the new regional governance structure, would make decisions to build and decide allocation of costs for new economic and policy-driven facilities. Please comment on this proposal.

Seattle City Light generally agrees with the concept of establishing a Regional Authorities Committee that would include representation from both state regulators and public power as part of a regional governance structure.

Due to this proposal being directly linked to the SB350 study process, which is being led by the California Energy Commission and the California Governor's Office, Seattle City Light suggests that a more integrated and holistic approach be used to address the transmission access charge options in a wider context. All affected/interested parties, as well as the durability of any eventual proposal, would benefit from a transparent regional stakeholder process where the appropriate stakeholders consult with the CAISO, California regulatory agencies, Western state representatives, and others on governance, transmission access charge options, and regional resource adequacy.

City Light believes that, at a minimum, the potential governance structure for a regional ISO should be resolved either prior to, or contemporaneously with, consideration of the role of regional ISO Board committees in matters such as transmission access charges and regional resource adequacy. For example, inclusion of a proposal for a body of state regulators in the transmission access charge options discussion before any such body has been formally presented in the CAISO governance structure seems premature. City Light believes it is critically important that a regional ISO governance structure have imbedded within it a set of carefully crafted "checks and balances" that will provide the western United States the assurance that its interests will be fairly and equitably protected in the context of a regional ISO, if one is formed. In that context, it may well be prudent for a Regional Authorities Committee to have a unique role in the review or approval of new transmission facilities. However, attempting to firmly establish that role today seems imprudent.

With the comments in the preceding paragraph in mind, if a state body of regulators is in fact adopted, Seattle City Light strongly supports inclusion of one or more public power representative members on that Regional Authorities Committee to serve the interests of non-jurisdictional entities and properly reflect the views of public power's very diverse regulatory authorities.

8. Competitive solicitation to select the entity to build and own a new transmission project would apply to: (a) economic and policy-driven transmission projects approved by the body of state regulators for regional cost allocation, and (b) new projects whose costs are allocated entirely to one sub-region but are paid for by the ratepayers of more than one PTO within that sub-region. The ISO has determined that this policy is consistent with FERC Order 1000 regarding competitive solicitation. Please comment on this proposal.
9. FERC Order 1000 requires that the ISO establish in its tariff "back-stop" provisions for approving and determining cost allocation for needed transmission projects, in the event that the body of state regulators is unable to decide on a needed project. The revised straw proposal indicated that the ISO would propose such provisions in the next proposal for this initiative. Please offer comments and your suggestions for what such provisions should be.

City Light recommends that the ISO consider “backstop” provisions that would provide for the regional ISO Board to make this decision, fully within its discretion, in the event that the affected parties are unable to reach mutual agreement on cost allocation, and the Regional Authorities Committee is similarly unable to reach a consensus. This would be similar to the process that ColumbiaGrid currently applies in such circumstances under its Planning and Expansion Functional Agreement.

10. The proposal indicated that the ISO would establish a formula for a single export rate (wheeling access charge or WAC) for the expanded region, and this rate would be a load-weighted average of all sub-regional license plate rates plus any region-wide postage stamp rate. Please comment on this proposal.
  
11. The ISO proposed to retain the provision that once the BAA was expanded and a new TPP instituted for the expanded BAA, any subsequent PTO joining at a later date could be responsible for a cost share of new regional facilities approved in the expanded TPP, based on the benefits the new PTO receives from each such facility. Please comment on this proposal.  

Subsequent PTOs that consider joining a regional ISO (if one is formed) should have clarity on the potential cost and benefits of doing so. City Light believes this clarity should include, but is not limited to, financial responsibility for new regional facilities.
12. The ISO dropped the proposal to recalculate sub-regional benefit shares for new regional facilities every year, and instead proposed to recalculate only when a new PTO joins the expanded BAA and creates a new sub-region, but at least once every five years. Please comment on this proposal.
13. Please provide any additional comments on topics that were not covered in the questions above.