

Stakeholder Comments Template

Generator Interconnection Driven Network Upgrade Cost Recovery Initiative

Submitted by	Company	Date Submitted
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Issue Paper & Straw Proposal

This template has been created for submission of stakeholder comments on the issue paper and straw proposal for the Generator Interconnection Driven Network Upgrade Cost Recovery initiative that was posted on August 1, 2016. The proposal and other information related to this initiative may be found at:

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

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 19, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below as well as state if you support, oppose, or have no comment on the proposal.

1. Option 1. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

VEA supports Option 1 as the simplest and most equitable solution for recovery of network upgrades related to generator interconnections to the low-voltage portion of the CAISO Grid. As representatives from the CAISO argued on the stakeholder call on August 8, 2016, a new allocation method for these costs is needed to: 1) address the rate impacts of robust renewable resource development in VEA's service area, 2) facilitate the future entry of new small participating transmission owners (PTOs) into the CAISO, and 3) facilitate renewable resource development at the most economical locations across the CAISO Grid to meet a 50% or higher California renewable standard.

VEA's service territory includes some of the most attractive sites for solar development in the United States. In its Generator Interconnection Process, the CAISO is currently studying proposed solar projects that would interconnect to VEA's 138 kV transmission system that have a total capacity that is more than three times VEA's system peak load. Clearly, these projects are being built to serve loads outside of VEA's service area. VEA

supports including the costs of low voltage network upgrade costs in the TAC cost recovery mechanism, because generator interconnections to the low-voltage portions of the CAISO Grid serve the same function as connections to facilities above 200 kV, namely integrating generation to serve loads across the CAISO. Therefore, on a cost causation basis, there is no reason to treat these costs differently.

2. Option 2. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal. If in support, please comment on if you prefer Option 2a, 2b or 2c and why.*

As noted above, VEA believes that Option 1 is the superior method for treating low-voltage network upgrades for generator interconnections, based on simplicity and cost causation. Under Option 2, a portion of the low voltage network upgrades would be allocated to the local PTO even if there is no local benefit to the PTO. Nevertheless, if the CAISO rejects Option 1 and elects to pursue Option 2, VEA would support Option 2 as an improvement over the current tariff.

3. Comparison of 5% limit for option 2b versus 2c. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal. If you support a limit, but not 5%, please state what percentage limit you support and why.*

In the event that the CAISO pursues Option 2, VEA requests that the CAISO consider a lower percentage cap than 5%. Since the percentage amount is not tied to any PTO specific benefit from a network upgrade, the overall percentage should be low. VEA suggests a 3% cap under either the Option 2-b or Option 2-c proposals.

4. Other

VEA commends the CAISO for its efforts to address inequities in the current tariff provisions for low voltage generator interconnections to the CAISO Grid. This is an important issue that needs to be addressed in an expedited manner because it effects renewable projects that will sign generator interconnection agreements in the near future.