Stakeholder Comments Template

Review TAC Structure Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Second Revised Straw Proposal that was published on June 22, 2018. The Second Revised Straw Proposal, Stakeholder Meeting presentation, and other information related to this initiative may be found on the initiative webpage at: http://www.caiso.com/informed/Pages/StakeholderProcesses/ReviewTransmissionAccessChargeStructure.aspx

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on **July 18, 2018.**

Please provide your organization's comments on the following issues and questions.

Hybrid billing determinant proposal

1. Does your organization support the hybrid billing determinant proposal as described in the Revised Straw Proposal?

   CLECA is supportive of using cost-causation principles to inform the collection of transmission costs. Since the transmission grid is planned to meet the peak load, the hybrid billing determinant proposal which includes a peak load metric is an improvement to the current energy-only collection.

2. Please provide any feedback on the proposal to utilize PTO-specific FERC rate case forecasts to implement the hybrid billing determinant proposal.

   For context, under the second revised straw proposal, the ISO modified the proposal to use PTO specific rate case forecasts to set the HV-TRR bifurcation and resulting HV-TAC volumetric and demand rates. Does your organization support this modification to the proposal?

   a. Please provide any feedback on the possibility that this proposal causes a need for PTO's FERC transmission rate case forecasts to be modified to include coincident hourly peak load forecasts.

   b. Does your organization believe that the use of historic data from the prior annual period could be a viable alternative for this aspect of the proposal? Please explain your response; if you believe this would be more appropriate or potentially problematic please indicate support for your position.

There are advantages and disadvantages of using forecast or historical data. Forecast data could be more accurate since electrical use is changing due to CA's energy policy to support renewable and distributed generation. However, forecast error will always occur and there is the additional complication of the use of different forecast methodologies by each Participating Transmission Owner (PTO). The proposal also mentions an iterative process with the PTOs to determine the coincident peak values; this will add complexity and additional time. The use of historical data has the advantage of accuracy; furthermore, since hourly data is already being collected for settlement, the implementation may be simpler.

CLECA notes that the CAISO has started an Excess Behind the Meter (BTM) Production initiative to determine how that energy should impact the calculation of gross load. This will need to be resolved before the TAC proposal is implemented and would apply to either a forecast or a historical data approach.

	Forecast	Historical
Reflects future electric usage which is changing due to CA's energy polices	Pro	Con
Reflects weather variation (i.e., hot versus normal weather year) [Assumes forecast is based upon a normal weather year]	No	Yes
Complexity of different PTO forecast methodologies and iterative process to determine the co-incident peak	Con	Pro
Uses existing processes and settlement data	Con	Pro
True-up in the Transmission Balancing Account	Yes	Yes

3. Please provide any additional feedback on any other aspects of the hybrid billing determinant proposal.

Additional comments

4. Please offer any other feedback your organization would like to provide on the Review TAC Structure Second Revised Straw Proposal.

The expected revenue shifts to SCE and SDG&E will have impacts on customer bills. To minimize the rate shock to customers, CLECA recommends that the proposal be phased in over two years. This will also allow time for the UDCs to make any desired changes to their retail transmission billing. Phase-in is a common practice for retail rate changes and, given the estimated amounts, a two-year phase-in seems appropriate.