

# Stakeholder Comments Template

## Review TAC Structure Stakeholder Working Groups

This template has been created for submission of stakeholder comments on the Review Transmission Access Charge (TAC) Structure Working Group Meetings that were held on August 29 and September 25, 2017. The working group presentations and other information related to this initiative may be found on the initiative webpage at:

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

Submitted by	Organization	Date Submitted
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Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **October 13, 2017**.

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

NOTE: See last page for definitions of some key acronyms and terms.

*The Transmission Agency of Northern California (TANC) appreciates this opportunity to provide comments regarding the California Independent System Operator's (CAISO) Review of TAC Structures. As indicated in our previous comments, TANC supports a transparent assessment of potential changes in the TAC and WAC structures. We strongly believe that all users of the transmission grid must pay for the use of the grid under cost causation principals. We also support an open process where all stakeholders have the opportunity to access the same data, and that data on transmission costs and transmission usage should be provided by and/or developed by the CAISO. The process to assess certain changes to potential TAC and WAC structures should also allow for a discussion and understanding of prudent transmission planning, and the importance of prudent transmission planning in developing and maintaining a reliable and dependable transmission system for all of California's electricity customers.*

1. One concept for allocating the costs of the existing transmission infrastructure is to charge each user of the grid in accordance with their usage of or benefits received from the grid. What do you believe is the most appropriate way to measure each end-use customer's or load-serving entity's (LSE) benefits or usage of the grid? What specific benefits should be considered? Please explain you answer.

*If a modification to the current methodology or process is required, TANC believes that there are multiple approaches to identify usages and/or benefits, including the approach currently implemented by the CAISO. As the CAISO assesses potential changes to the TAC/WAC structures, TANC believes it is important to consider the purpose of existing transmission planning processes and note the priority to develop and maintain a reliable and dependable transmission system. A reliable and dependable transmission system provides a range of benefits to all electricity users and allows for the development of a diverse resource mix to meet necessary reliability requirements, including the development and expansion of variable energy resources that help satisfy California environmental and economic policies. Any potential structure changes to the TAC/WAC should not threaten equitable cost recovery as to undermine prudent transmission planning for California's transmission system. As stated in our opening comments, all users of the grid should have an obligation to compensate for the current embedded cost of the grid.*

2. The example the ISO presented at the August 29 working group meeting (slides 21-22 of the ISO presentation) illustrated how using transmission energy downflow (TED) as the high-voltage TAC billing determinant (instead of end-use metered load) affects all ratepayers of each utility distribution company (UDC) irrespective of which LSE serves that load. If the ISO were to adopt TED as the billing determinant for the high-voltage TAC, what further procedures would be needed to ensure that the benefits of reduced TAC payments go to the correct LSEs that make the decisions to procure DG? Please explain your answer.

*Currently the CAISO's only determination for allocating TAC revenues is repaying transmission revenue requirements to PTOs as determined in appropriate FERC proceedings. Distribution of TAC revenues is generally done at the ratemaking level, either at the FERC, CPUC or by the utility's governing body. To the extent changes are made in the allocation of transmission revenues, the CAISO should carefully assess the manner in which any re-distribution of payments to LSEs can be made without infringing upon the regulatory and ratemaking jurisdictions of these entities.*

3. The ISO could (a) continue to use the end-use metered load (EURL) or customer energy downflow (CED) as the basis for assessing high-voltage TAC, or (b) propose a change to assess HV TAC based on downflow at the transmission-distribution interface (T-D TED), or (c) assess HV TAC based on downflow at the interface between the high-voltage and low-voltage transmission systems (HV-LV TED). Does your organization prefer one of these approaches at this time? Please explain the reasons for your preference.

*We support the current methodology utilized by the CAISO (EURL) for current embedded costs. Resource decisions (both on transmission and generation) were made under the current market rules and CAISO Tariff, modification from the existing construct may be applicable to going forward costs; but should not result in the ability to bypass costs/obligations previously undertaken.*

4. Does your organization believe that any of the options in the previous question present any potential problems or issues that have not been identified or explained during the stakeholder process thus far? If so, please explain. Also, please indicate what other analyses could be done to help understand the impacts of changing the point of measurement?

*No comment at this time.*

5. Does your organization believe that the ISO should change *only* the point of measurement utilized for assessing TAC apart from considering other changes to the TAC structure? Alternatively, should the ISO change the point of measurement in conjunction with other changes to the TAC structure? Please explain your position.

*See response to question 3 above.*

6. Does your organization believe that changing the point of measurement for assessing TAC to use TED instead of metered customer demand will result in increased procurement of DG by LSEs? Please explain your position.

*See response to 3 above.*

7. Does your organization believe that increased procurement of DG by LSEs will reduce the need for *future investment in transmission infrastructure*? Please explain your position.

*Increased DG could potentially reduce the need for future transmission investment, depending upon deployment, storage and likely other factors that parties are not fully aware of at this time. However, as stated above, TANC strongly believes that all current users of the high-voltage grid need to pay for the cost of providing service. Future changes in the attribution of new, incremental costs should be examined from both a load and a resource basis. That is, users of the grid that do not have a need or benefit from certain future investments (policy or economic) should not be required to pay for them – whether the customers are retail, BTM or wholesale.*

8. The Clean Coalition provided a spreadsheet and documentation (available at the ISO's TAC initiative web page link on page 1) showing their approach for estimating the savings from avoided future transmission investment that could result from increased DG procurement in response to the ISO adopting TED as the point of measurement for assessing TAC. Does your organization believe that Clean Coalition's analysis provides a reasonable projection of transmission cost savings as a result of DG growth? Please explain your position.

*TANC reserves the right to comment after further analysis of the Clean Coalition's position.*

9. If you do not agree with Clean Coalition's projections of transmission cost savings, what approach would you suggest for estimating savings from reduced need for future investment in transmission that could result from increased DG development?

*See comment above.*

10. The ISO must decide what types of analyses to perform to evaluate alternative TAC approaches, and how to prioritize them. Please provide your organization's view on what analyses would be most useful, and indicate the relative importance of each analysis you recommend to assist the ISO in determining which analyses should take precedence.

*As previously stated, TANC does not support a change that would enable current grid users to avoid an equitable share of current costs. We do support the CAISO leading the analysis in an open stakeholder process examining cost causation for future TAC/WAC costs. As previously stated in the CAISO White Paper, those costs should (and must) be assigned on a cost causation methodology. We highly recommend that this analysis clearly identify those grid users that have a **need** and benefit from future transmission investment. TANC believes it is appropriate to consider methodologies that would promote that only those grid users that have both a need for and benefit from future transmission investment should pay for such upgrades/investment.*

11. How can the ISO evaluate the downstream financial impacts of potential changes to the TAC structure? What data would best inform the ISO and stakeholders of the potential impacts to various entities? Does your organization believe the ISO should focus on this question now, or wait until potential TAC structure options are better defined (e.g., after the ISO issues a straw proposal)? Please explain your position.

*No comments at this time.*

12. How are transmission needs and costs driven by the delivery of energy versus the provision of capacity necessary to meet peak load conditions? Please explain your position.

*TANC reserves the right to comment on this matter at a later time.*

13. In considering potential changes to the TAC structure, what kinds of changes would best align with the impacts of energy delivery, peak load and other drivers of new transmission investment? Please explain your answer.

*TANC reserves the right to comment on this matter at a later time.*

14. What are the cost drivers of operating and maintaining the existing transmission system and what, if anything, could materially affect these cost drivers? In particular, does your organization believe that increasing the share of load served by DG can reduce any costs associated with the existing transmission system? Please explain your position.

*TANC does not support the notion that increased DG deployment directly reduces transmission O&M requirements. However, we do believe that replacement and modernization of the existing grid (as currently aggressively being undertaken by PG&E) should reduce future O&M costs as newer plant should require less O&M than aging infrastructure.*

15. Please offer any other comments your organization would like to provide on the material discussed in the two Review TAC Structure Working Group meetings (August 29 and September 25), or any other aspect of this initiative.

*TANC agrees with the CAISO that it is appropriate to look at the current TAC structure and assess if it is still viable in the evolving California and Western markets. As well as the need to examine potential mitigation measures if certain customers are subsidizing other users of the grid. TANC cautions the CAISO to be deliberate and diligent in this investigation to make sure that any change supports basic rate making principals of cost causation. We also believe that transparency of data and information is paramount to allowing for all stakeholders to assess and understand all proposals and that the CAISO is the entity that must provide the non-discriminatory data for the stakeholders.*

**Related Acronym Definitions:**

- **Community Choice Aggregator (CCA):** One type of non-utility Load Serving Entity that can operate in an investor-owned utility service area.
- **Customer Energy Downflow (CED):** Metered energy delivered from the grid to an end-use customer measured at a customer meter, also referred to as end-use metered load (EUML). Customer energy consumption that is met by output of DG located behind the same customer meter is not included in CED. Also, CED does not include any production of DG behind the customer meter in excess of consumption behind the same meter during the same interval.
- **Distributed Energy Resources (DER):** Energy resources connected at distribution level, either on the utility side or the customer side of the customer meter, without regard to technology type or size. DERs include distributed generation (DG), energy storage of various types, EV charging stations, as well as demand response and energy efficiency.
- **Distributed Generation (DG):** Generating resources deployed at the distribution system level, either on the utility side or the customer side of the customer meter; DG is one type of DER.
- **Electric Service Provider (ESP):** One type of non-utility Load Serving Entity that can operate in an investor-owned utility service area.
- **End Use Metered Load (EUML):** Another term for customer energy downflow (CED).
- **High Voltage (HV):** Transmission system 200-kV and above.
- **Low Voltage (LV):** Transmission system below 200-kV.
- **Transmission Energy Downflow (TED):** Gross metered energy flow measured at specified transmission system interfaces, either (a) from high-voltage to low-voltage transmission (**HV-LV TED**), or (b) from transmission to distribution (**T-D TED**). TED measurements do not reflect energy flows in the opposite direction from LV to HV transmission or from distribution to transmission.