

California Independent System Operator
250 Outcropping Way
Folsom, CA
Attn: Christopher Devon

February 15th, 2018

RE: Stakeholder Letter in support of measuring transmission usage at the Transmission-Distribution interface in the Review Transmission Access Charges Stakeholder Process.

Dear Mr. Devon,

We are writing to express our joint opposition to CAISO's current straw proposal to continue measuring transmission usage at the customer meter, and to urge CAISO to reform the formula for transmission access charges to be based on measures of transmission usage at the transmission-distribution interface as Transmission Energy Downflow (TED). This change will correct five major drawbacks that currently disadvantage distributed generation (DG).

CAISO's proposed continued use of customer energy downflow (CED) at the customer meter as the measurement of transmission grid usage has the following drawbacks:

- 1) The current TAC structure inappropriately shifts the costs of existing infrastructure from the customers of Load Serving Entities (LSEs) that rely more heavily on transmission resources onto the customers of LSEs that have historically reduced their use of transmission resources by procuring local energy from DG, which does not use transmission capacity.
- 2) The current TAC structure places a proportionally higher burden of future transmission investments on the customers of LSEs that act to reduce overall transmission spending by procuring DG. Since increased use of DG has been shown

repeatedly to avoid or defer transmission investment, this penalty for those doing the most to reduce costs for all is inappropriate.

- 3) CAISO's proposed Demand Charge at the customer meter could only be mitigated with behind the meter generation. This means that LSEs could not reduce their customers' transmission charges with community-scale storage or local in-front-of-the-meter energy generation.
- 4) The current TAC structure distorts the energy procurement market because it prevents procuring entities from accurately accounting for delivery costs. It is absolutely untenable to suggest that transmission-connected resources hundreds of miles from load and distribution connected resources next door to load cost precisely the same amount to deliver. So long as Transmission Access Charges do not reflect the differential impacts of different resources on the transmission grid, there will be no mechanism for rewarding LSEs for acting to the benefit of all. The current CED-based TAC structure fails to and appropriately credit LSEs for their DER contributions to lowering historic and future transmission system costs.
- 5) The lack of any price signal that differentiates transmission costs between local and remote energy means that local energy resources are actively discriminated against in procurement because there is no mechanism for capturing the real differences in value between resources. This depresses California's wholesale distributed generation market relative to other states and countries which have far more robust and vigorous distributed generation sectors. As a result, California's communities do not benefit from local energy as they should.

We have reviewed the CAISO straw proposal and unfortunately find it lacks solid rationale for retaining the current market distortion and therefore oppose the straw proposal in its current form.

Sincerely,



Doug Karpa
Policy Director
The Clean Coalition

A broad range of organizations support the goal of correcting the CAISO tariff language to assess Transmission Access Charges (TAC) on a utility's metered TED, better aligning charges with cost causation. The positions expressed herein are consistent with those expressed in the prior stakeholder process. Supporters designated with an * confirmed review and endorsement of these specific comments.

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350 San Diego*
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Appraccel*
BBL Solar Design & Consulting
Berkeley Climate Action Coalition*
Borrego Solar*
California Alliance for Community Energy*
California Consumers Alliance
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Carbon Free Mountain View*
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