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

February 15th, 2018


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.

350 Bay Area*
350 San Diego*
3fficient
Appraccel*
BBL Solar Design & Consulting
Berkeley Climate Action Coalition*
Borrego Solar*
California Alliance for Community Energy*
California Consumers Alliance
Californians for Energy Choice
Carbon Free Mountain View*
Carbon Free Palo Alto
calseia
Center for Biological Diversity
Center for Sustainable Energy
Civic Solar
Climate Action Campaign*
Commercial Solar Design
Community Choice Partners*
Community Environmental Council*
Community Renewable Solutions LLC
Cratus Energy*
Dan Kammen (UC Berkeley Energy & Resources Group)
Dynamic Grid Council
Earthwise Energy
East Bay Clean Power Alliance
eMotorWerks
Energy and Policy Institute
The Energy Coalition
Enphase*
Environment California
Foresight Renewable Solutions
Fossil Free California
Foundation Windpower
Green Lynx LLC*
ImMODO
Institute for Local Self-Reliance*
Integrated Resources Network
JKB Energy
JTN Energy LLC
LEAN Energy*
Local Clean Energy Alliance*
Local Power
McCalmont Engineering*
Menlo Spark*
Microgrid Media
Microgrid Resources Coalition
Mirasol Development LLC
Nectar Solar
Nutter Consulting
The Offset Project*
Pacific Environment
Panel the Planet
Pathion*
Photon Power
Preserve Wild Santee
Pristine Sun*
Promise Energy*
Récolte Energy*
REP Energy
San Diego Energy District
San Diego Community Choice Alliance*
Sierra Club California*
Simply Solar
SkyCentrics*
SLO Clean Energy*
SolAgra*
Solar Electric Solutions
Solar Engineering Consultants
Solar Land Partners
Soltage
Sunrun
Sustaenable
Sustainable Economies Law Center
Sustainable Silicon Valley
TeMix
Terra Verde Renewable Partners
UCLA Luskin Center for Innovation
Voltaic Capital Markets LLC
World Business Academy*