



27 September 2017

California Independent System Operator Corporation
P.O. Box 639014
Folsom, CA 95763-9014

RE: Clean Coalition Comments on Estimating Model for Transmission Program Impact on High Voltage TAC – 2016-2017 Version

- We request that the ISO publish an estimate of projected future total TAC rates actually charged, and not limited to only the impact of approved expenditures.

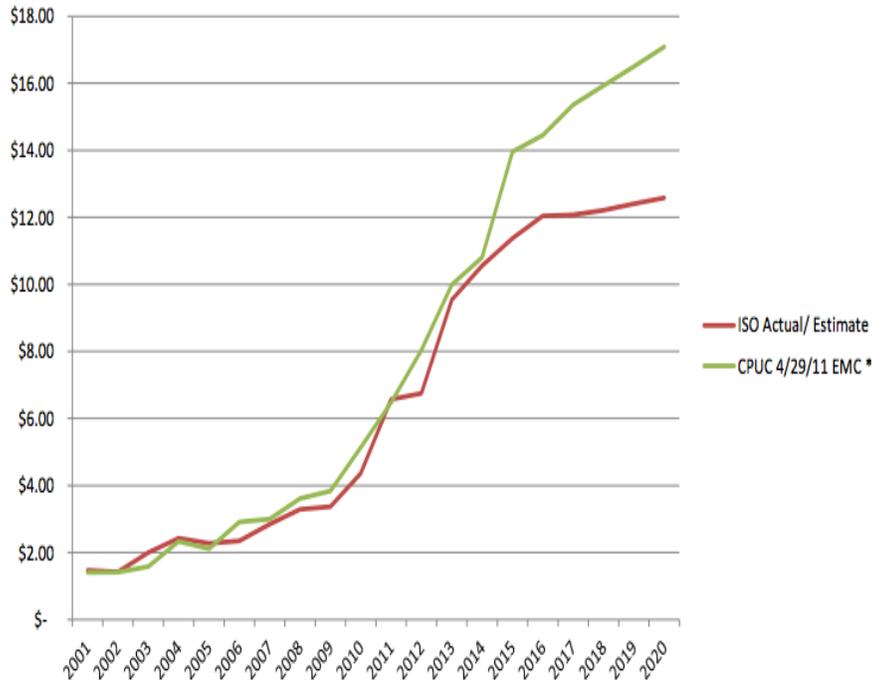
We commend ISO staff on the development and updates to the Forecasting Tool, and support the additions and enhancements in the 2016-2017 version. The Tool incorporates appropriate inputs and assumptions, and provides useful results. However, the Tool and results would have substantial additional value if the ISO included data and results necessary to estimate the projected future total TAC rates.

We believe the methodologies incorporated in the model for the purpose of estimating the impact of planned transmission projects is entirely applicable for the purpose of estimating future TAC rates, rather than creating a separate model. Future TAC rates will include both the currently approved transmission projects, and additional projects that will be identified in future annual Transmission Planning Process (TPP) results.

While the model's focus on assessing the TAC rate impact of approved projects is useful and appropriate, numerous agencies, stakeholders, and proceedings would also benefit from an ISO estimate or projection of the future total TAC rate. This is of increasing importance as increases in the TAC rate contrast to decreases in energy costs resulting in the TAC becoming an increasingly large component of the cost of delivered energy. The ability to modify inputs and assumptions to assess their impact on future TAC rates would also be of value, but is less fundamental than establishing a base projection.

In 2012 CASIO published historic and estimated TAC rates for the 20-year period of 2001-2020 in a comparative assessment to that produced by the CPUC, as shown below.¹ While historical data showed a 15% average annual growth in TAC rates from 2005 to 2014, the ISO projected a lower 7% annual growth rate in subsequent years, markedly varying from CPUC estimates prior to this analysis. This estimate and comparison have been useful, however we are not aware of an update to these figures, or the level of methodological detail and clear assumptions now available in the current Forecast Tool.

¹ CAISO Memorandum on Long-term Forecast of TAC, Oct 25, 2012



We acknowledge that the model could be considered to already perform this function if we adopt the assumption that there will be no future transmission projects beyond those currently planned and approved, however we believe this scenario is extremely unrealistic and not supported by CAISO. Various stakeholders have put forward estimates of how much investment will be required in relation to future transmission projects that have not yet been planned, and without an ISO baseline it is impossible to assess how these projections compare to ISO forecasts and assumptions.

For these reasons, we request that the ISO publish an estimate of projected future total TAC rates, not limited to only the impact of approved expenditures, and recommend inclusion of this output option in the Forecast Tool.

Sincerely,

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