

DOCKETED

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Market Distortion from TAC prevents development of microgrids

Transmission Access Charges (TAC) have created a market distortion that has prevented the development of microgrids in Ventura County and elsewhere. We are within nine days of the two-year anniversary of the Thomas fire that left so many without power for days and yet we are aware of no progress developing community microgrids that we need and want so we can make it through wildfires, extreme weather events and PSPS. We endorse the comment by the Sierra Club about microgrids for climate adaptation but we hasten to point out that it is an empty recommendation without TAC reform.

Additional submitted attachment is included below.



November 26, 2019

Commissioners
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: Written Comments on CEC IEPR Workshop on Climate Adaptation

Dear Commissioners:

350 Ventura County Climate Hub requests that the Commission highlight the need for reform of Transmission Access Charges (TAC). Few single actions touch on so many areas of Integrated Energy Policy. As relates to the Climate Adaptation Chapter of the 2019 IEPR, it is an essential remedy to the slow development of local microgrids for energy resiliency. SCE sent a PSPS warning two days ago and may turn off the power at any moment due to a forecast of heavy wind and rain. We need to get this comment submitted before the computer goes dark.

The Sierra Club's comment #229514 submitted for the Climate Adaptation chapter on August 23 cites microgrids as the third of three priorities for climate adaptation. We want to make this need graphically real by reminding you about our small businesses, hospitals, nursing homes, families with disabled people who need to recharge the batteries on their mobility equipment, and our farmers that must have power to run water pumps to give them any kind of fighting chance to protect crops during wildfires. We are early adopters doing our part. An early Nissan Leaf has a 72 mile range—depending on when SCE turns off the power, if evacuation is needed, that EV owner could be hiking out of the river valley.

It does not have to be this way. Unless and until CPUC reforms Transmission Access Charges (TAC), we will continue to see very little or no development of microgrids. We cannot repeat this problem enough ways: **the current TAC incentivizes long distance projects instead of local renewable energy and storage.**

We see on page four of SCE's Transmission Update for May in the Energy Reliability chapter of the 2019 IEPR that engineering has been underway on the so-called "Reliability Driven" Moorpark-Pardee 230 kV circuit—the infamous 4th line that our community and county has been fighting for over a decade. Construction has apparently begun. It was carefully documented by experts that CAISO's analysis was sloppy and

ignorant about battery storage and should not have approved the project. Among many problems they failed to consider the lack of O&M for DERs! Everyone knows sunshine doesn't cost as much as natural gas.

If there were no TAC, then the future ratepayers of Ventura County would not be facing decades of needless charges for that 4th line in a wildfire-prone region. Moreover, there would be a correction such that the IEPR would receive reports about many many more microgrid projects instead of transmission lines calendared for construction. We could finally be on a path for local resiliency. Instead since CPUC always gives SCE its way, we are on a path of more vulnerability as our grid becomes more dependent on distant utility scale generation and lines exposed to 60-80 mph Santa Ana winds.

These negative impacts are arguable, but we want to make the basic problem as clear as possible regarding assessing Transmission Access Charges: the current system is inefficient and creates a market distortion

- We're paying more all the time for energy transmission.
- In SCE territory, we are charged for using the transmission system regardless of whether any energy actually goes through the transmission lines!! This is quite unfair.
- Not you, not CAISO, not the Governor's office and obviously not the CPUC can see this senseless barrier to our ability to adapt to frightening climate impacts resulting from uncaring, self-serving corporate and shareholder interests.

The current favoring of transmission over microgrids is expensive and prevents clean energy decentralization

- These charges to ratepayers in CA could add up to \$60 billion over the next 20 years.
- California is being prevented from having more clean local energy including renewables-driven microgrids.
- Fix TAC to see deployment of local projects and less transmission infrastructure built, saving Californians billions of dollars.

The TAC fix is successful in municipal utility service territories that assess at transmission-distribution substations. The fair system is to charge for electricity transmission based on for-real use of the transmission grid! Handle it the same sensible, fair, proven way as assessed in most municipal utility territories.

The CPUC appears uncaring about this serious problem. Therefore will YOU and the Governor please put your full attention on the urgency to fix TAC. Without addressing TAC reform your entire chapter about Climate Adaptation is dishonest. Nobody seems to want to talk about how the IOUs and CPUC have long partnered in a system that prevents local microgrid development that is vital for climate adaptation.

- CAISO has agreed that TAC needs to be fixed, but deferred to the CPUC to lay out a roadmap for the fix.
- The CPUC rate cases dealing with locational differences in pricing is an opportunity for the CPUC to take up TAC reform. It is overdue to look for the swiftest way to get this done.

Streamlining, efficiency, resilience, decarbonization, and ultimately even resource adequacy—all of these facets of Integrated Energy Policy are improved with TAC reform.

- TAC Reform will streamline our system, making it more accurate charging only when transmission lines are used. This, in turn, will enable localities to be more efficient.
- Transmission costs are the fastest-growing component of California electricity bills. TAC reform will lower these costs by making clean local energy cheaper, because local energy won't be charged for the transmission system. That will lead to more local projects being deployed, which means less transmission infrastructure will be built — saving billions, and protecting assets and providing security during catastrophes.
- Energy resilience does not result from cutting down trees to reduce fuel or minimizing power shut-offs. The resilience people deserve and should expect is from the acceleration of community microgrids and make local energy competitive in cost with long-distance energy.
- Transmission by the IOUs has not been managed in the public interest. No need to dismantle the IOUs. Just take transmission assets into public ownership in exchange for the debt and wildfire liability, and let them continue to be Distribution System Operators with elimination of \$.03/kwh market distortion and a correction of incentives for full-speed decarbonization.

We hope you hear the urgency of this plea and find the courage to raise this issue. Many of the smartest people in the clean energy development business have been asking the previous Governor, the CPUC, CAISO, and our legislators for years to reform TAC. We are running out of time to prepare for what the climate models tell us is coming.

Sincerely,
Jan Dietrick, Policy Team Leader
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