



Utah Association of Energy Users (UAE)

Summary of Comments on Regional Transmission Integration

To the Utah Public Utilities and Technology Interim Committee, July 13, 2016

UAE is actively involved in ongoing discussions regarding the potential integration of PacifiCorp's transmission system with the transmission system of the California Independent System Operator (CAISO), and perhaps others, to create a regional independent system operator (ISO). UAE believes that a regional ISO holds the potential for significant savings and efficiencies, and we are thus keeping an open mind. At this point, however, no analysis has been performed to demonstrate that the potential benefits to Utah ratepayers of PacifiCorp's participation in an ISO will outweigh the costs, either on a short-term or long-term basis. Moreover, to this point we have not seen adequate proposals or sufficient specificity as to changes that will be necessary in ISO governance, ISO charges, resource planning, etc., to allow UAE to evaluate whether PacifiCorp's participation in an ISO is in the Utah public interest.

Governance. CAISO recognizes the need for governance changes and has circulated straw proposals and principles. To this point, however, the straw proposals and principles have not resolved UAE's concerns. Among other things, UAE is concerned that, based on current proposals:

- CAISO is attempting to resolve governance issues too quickly and without sufficient stakeholder involvement and negotiations;
- California representatives and interests may continue to dominate and control the governing ISO boards and committees; and
- Utah authority over Utah policies and costs may not be adequately preserved.

Charges. CAISO's current approach to allocation of transmission costs and collection of transmission charges is very different than Utah's approach and may be very detrimental to Utah businesses. Significant changes to CAISO's current cost allocation and charges will be necessary in order for UAE to support PacifiCorp's participation in a regional ISO. Moreover, significant additional clarity on these issues is necessary.

Resource Adequacy. CAISO's current approach to determining the need for new resources is also different than Utah's approach. This and several other issues must be further explored, evaluated and resolved before UAE can support further regional integration of PacifiCorp's transmission facilities.

UAE intends to continue to work with PacifiCorp, CAISO and other stakeholders in Utah and elsewhere in an effort to evaluate and negotiate terms that may make PacifiCorp's participation in a regional ISO of benefit to Utah companies and residents.

UAE is an organization with more than 35 members including many large energy users with operations in the State of Utah that represent a diverse group of universities, hospitals, and companies in the aerospace, retail, mining, steel and oil and gas industries, among others.

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