

Transmission cost allocation issues for Behind The Meter (BTM) generation

vermont electric power company



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Introduction

- Why are we here?
 - TO's responding to the IMM's quarterly report
- Why is it an issue?
 - Cost allocation for transmission
 - Inconsistent interpretation of tariff language

Recap of IMM Key takeaways

Key Takeaways

1. Regional Network Load (RNL) is the allocator of transmission costs among network customers and is required to be grossed up (or reconstituted) to account for BTM generation
2. BTM generation is not a tariff defined term but is a well understood concept in the industry.
 - We consider it to generally include generation located behind the retail meter, connected to the distribution system and intended to serve host load
3. There is potential widespread non-compliance with this requirement and/or inconsistent application
4. Under-reporting of RNL results in a lower allocation of transmission costs to the under-reporting network customer, and consequently an over-allocation to others
 - The financial impact can be significant for individual projects and network customers, but does not appear to result in significant cost shifting between states (based on BTM photovoltaic estimates)

ISO-NE IMM Key takeaways (cont)

Key Takeaways (cont'd)

5. BTM generation can have positive impacts in terms of reducing peak load levels and potentially transmission investment, but under the current tariff provisions the benefits should not be monetized through under-reporting load
6. A number of recommendations are included to address issues raised in the assessment, including:
 - a) Non-compliant PTOs/network customers should change current practices and reconstitute monthly RNL values
 - b) Review tariff for potential helpful specificity and clarification [e.g. definitions, determination of peak load hours]
 - c) Undertake a wider review of the transmission rate structure for consistency with transmission planning process and benefits due to BTM generation

Guiding principals

- Address IMM concern
- Consistent approach for transmission costs
- Minimal investment for settlement, metering, and administrative costs
- Do no harm to New England State policies

Proposed tariff changes

Section I General Terms and Conditions

- **Behind-the-Meter Generation Resource** is, for the purpose of calculating Regional Network Load, an electric generation resource located within the ISO-NE Control Area that is not registered as a Generator Asset with ISO-NE.
- **Regional Network Load** is the load that a Network Customer designates for Regional Network Service under Part II.B of the OATT. The Network Customer's Regional Network Load shall include all load designated by the Network Customer (including losses) and shall not be ~~credited or reduced for any behind the meter generation~~ reconstituted to add back the load offset by **Behind-the-Meter Generation Resources**. A Network Customer may elect to designate less than its total load as Regional Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Transmission Customer has elected not to designate a particular load at discrete Points of Delivery as Regional Network Load, the Transmission Customer is responsible for making separate arrangements under Part II.C of the OATT for any Point-To-Point Service that may be necessary for such non-designated load.

Proposed Schedule going forward

- November 17: PTOAC discussion
- December 10:
 - Introductory discussion at Transmission Committee
- January:
 - PTOAC vote (to be scheduled)
 - Either vote or more discussion at TC (Jan 26)
- February/March: Votes at TC and NPC
- March: File at FERC
- June 1, 2021: Effective date

Questions/Comments

