



Comments of the California Energy Storage Alliance (CESA)
on
CAISO ESDER 3 Revised Straw Proposal

Submitted by	Company	Date Submitted
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CESA appreciates the opportunity to comment on the Energy Storage and Distributed Energy Resources (ESDER) Phase 3 Revised Straw Proposal.¹

The CAISO should be proud of its robust stakeholder process for ESDER 3 as well as its progress to date in developing truly cutting-edge ideas. The CAISO’s Revised Straw Proposal (and previous workshop) showcased very advanced exploration and development of energy storage and distributed energy resource market participation structures. While CESA believes more work remains, it is appropriate to pause and recognize the CAISO’s valuable thought-leadership and high levels of collaboration with interested parties.

In recognition of the CAISO’s extensive collaboration efforts, CESA now supports ‘tabling’ some of the NGR issues as discussed by the CAISO, including approaches for determining and calculating use-limited status eligibility. CESA proposes to delay consideration of this issue and to tee up it and other issues for a future initiative, e.g. “ESDER 4”.

CESA provides further comments below.

¹ <http://www.caiso.com/Documents/RevisedStrawProposal-EnergyStorage-DistributedEnergyResourcesPhase3.pdf>

About CESA:

CESA represents over 67 energy storage industry companies focused on grid-connected energy storage matters in California and beyond. CESA's members are leaders in the energy storage industry. CESA is a 501(c)6 non-profit with offices in Berkeley, CA, and Sacramento, CA. CESA advancing the role of energy storage in the electric power sector through policy development, education, outreach, and research. CESA advocates on behalf of all storage technologies and business models, supports transparent and competitive market processes, and seeks to engage collaboratively with all stakeholders to develop smart polices and approaches. Join today! www.storagealliance.org

CESA's Comments:

A. CESA supports for now the proposed PDR-LSR baseline for determining 'typical use'.

The CAISO proposes to use a 'middle-ground' baseline to determine typical use. This baseline may leave some capacity 'on the table' in so far as it is more conservative than CESA's previously proposed 'true-baseline' approach. Still, as this PDR product is new, CESA understands the benefit and desire to iterate conservatively. CESA thus is on-board with the 'middle ground' baseline approach for now. CESA appreciates and recognizes the CAISO's critical evaluation of a range of baseline methodologies for PDR-LSRs.

The middle-ground baseline is appropriate for several reasons. As mentioned in CESA's past comments, the middle-ground baseline is calculated to be both more accurate and more fair than a more conservative baseline methodology. The currently proposed baseline calculation is also still sufficiently conservative and safe in terms or reflecting typical use, guarding against minute baseline 'gaming' risks, and in ensuring full expected or greater delivery on energy schedules in the CAISO Market from PDR-LSRs.

B. CESA supports the combined PDR-LSR approach but LSR range should be eligible to be counted as Effective Flexible Capacity.

Kudos to the CAISO team and stakeholders for developing the basic participation structures of the Load-Shift Resource. By linking this resource to the PDR function, the CAISO helps ensure PDR-LSR participants are potentially active in both load consumption and load reduction. This step also ensures resources remain eligible for RA and ongoing Demand-Response type participation.

CESA supports most of the technical aspects of the PDR-LSR function. Per the paper, CESA supports the pre-market processes as well as the bidding and Energy services product specifications. As mentioned above, CESA also for now supports the proposed updated baselines calculation methodology.

CESA looks forward to ongoing thought-development to ensure that resources do not receive infeasible or contradictory schedules as a result of using two resource IDs for a single PDR-LSR. While CESA sees this likelihood as low, the risk highlights that these resources deserve and need bid-cost recovery. CESA expects this need only grows if PDR-LSRs have a less than infinite ramp rate, because the market optimization, as far as CESA knows, may not register a dispatch as infeasible for one Resource ID based on that resource ID's ramp rate in addition to the ramp rate of the other Resource ID. CESA imagines that the PDR side of a resource may have a different ramp-rate than the LSR side of a resource, though this could be a rare occurrence.

C. CESA supports flexible and user-friendly approaches to implement the EVSE baseline.

The CAISO proposal establishes baseline and performance measurement methodologies for both residential and non-residential customer EVSE-baselines. CESA appreciates this work and believes the CAISO again is providing important market participation pathways for important segments of the grid. Nice job! CESA supports the somewhat simpler baseline approach for residential EVSEs.

CESA also seeks confirmation on whether the accuracy standards of on-board vehicle telematics are sufficient to act as the EVSE meter, and if not, what additional metering capabilities might be needed. If this is not already clarified in Appendix G of the CAISO's Metering Business Practice Manual (BPM), then it should be clarified as part of this process. Using the on-board measurement and data collection meters that come standard on many EVs can drive significant cost savings compared with installation of a separate meter. It may be that the CAISO should explore if and how non-interval EV meters can support EVSE baseline calculations.

D. CESA no longer recommends the immediate development of rules to establish and define use-limited status for Non-Generator Resources. This matter should be scoped into an eventual 'ESDER 4' or similar initiative.

CESA has long advocated for 'equal treatment' of energy storage resources. Similar to hydro, there can be conditions where energy storage reasonably needs to exit the market, e.g. due to inordinately high levels of cycling. CESA's pursuit of use-limited status for NGRs

also helped ensure that such resources do not ‘de-rate’ their ramping speeds in order to reflect the inherent costs of excessive cycling.

Due to the limited number of NGRs operating today, CESA is unable at this time to propose criteria for determining and documenting use-limited status for NGRs. CESA believes that industry input into this matter is reasonable to expect, and so CESA supports a change to ESDER 3 whereby this matter is not immediately prioritized. CESA appreciates the CAISO’s willingness to investigate and collaborate on this approach and looks forward to working with the CAISO at a later time on this matter.

Note that CESA also recognizes that a Commitment Cost field for NGRs is not needed at this time. Most NGRs can commit quickly and have limited Commitment Costs. These resources can also recover such costs in most foreseeable cases through bids, which are not mitigated per the NGR model’s rules.

In looking ahead, CESA also supports future tuning of the Distributed Energy Resource Provider (DERP) model to support participation from resources in less-than-24-hour periods. Aggregations may pursue the DERP as a viable model for Multi-Use Applications but need the ability to ‘exit’ the market to become a full retail resource, or other category of resource, at some times. CESA sees this matter as a top priority for an ESDER 4, as multi-use application considerations or policy gaps will have emerged or become clearer based on ongoing multi-use application discussions as part of the California Public Utilities Commission (CPUC) Storage Rulemaking “MUA Working Group” efforts and subsequent report.