

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE

Submitted by	Company	Date Submitted
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The California Energy Storage Alliance (CESA) hereby submits the following comments on the Joint Reliability Framework Proposal (Proposal). CESA’s comments respond directly to the questions posed in the template provided by the CAISO, and listed on pages 19-20 in the Proposal.

I. INTRODUCTION

CESA agrees with the overall assessment in the Proposal that current market structures have not created a sufficient platform to increase participation by energy storage, both standalone and integrated with preferred resources. CESA therefore supports the broadly stated intent of the CPUC and the CAISO staffs that the design set forth in the Proposal will provide additional opportunities for energy storage to meet capacity requirements, beginning in the near term 2 and 3 year-ahead time frames.

CESA agrees with the CPUC staff that a critical benefit of the Proposal is that it clearly allows the CPUC to maintain direct control over procurement mandates for energy storage and preferred resources for CPUC jurisdictional LSEs over both short- and long-term procurement time frames. Subject to satisfying applicable performance or other operational criteria and ensuring the reliable operation of the grid, and provided they are cost-effective in and of themselves, energy storage resources should count toward satisfying an LSE’s existing or expanded resource adequacy requirements even if they may not as economically competitive compared to other conventional resources at this time.

II. CESA’S RESPONSES TO QUESTIONS POSED IN THE COMMENT TEMPLATE.

- Is the CPUC and ISO staff’s Joint Reliability Framework proposal preferable to the existing set of policies and regulations designed to ensure long term resource adequacy in California?

Response: There is no doubt whatsoever. The shortcomings of the present regulatory scheme are well described in the Proposal and supported by the voluminous material it references to justify such a comprehensive reform effort on the part of the CPUC and the CAISO.

- What are the strengths and weaknesses of the Joint Reliability Framework in comparison to the existing set of policies and regulations designed to ensure long-term resource adequacy in California?

Response: The most critical strengths are clarity and immediacy. The most obvious weakness is the lack of detail as to exactly how energy storage will be afforded comparable treatment to that of other energy resources. CESA advocates for a detailed framework that will explicitly include all forms of energy storage, and that takes into full consideration all of the matchless strengths of energy storage resources, including flexible capabilities. A new framework should explicitly allow energy storage resources to provide energy, capacity, and ancillary services.

Specifically, CESA advocates that any new framework should address such services being provided by the following energy storage resources: (a) standalone energy storage systems, (b) energy storage integrated with preferred resources, and (c) energy storage integrated with fossil generating resources. CESA further advocates for adoption of a well defined net qualifying capacity value for energy storage resources with less than three-hour capacity by which they can be allocated MWs of flexible resource adequacy capacity corresponding to their sustained discharge over 15 minute intervals.

- Could the Joint Reliability Framework further the goals of ensuring sufficient resource capabilities to operate the grid and creating an opportunity for preferred resources?

Response: Certainly, if there is an unwavering high level of focus on the vital and immediate role energy storage can play. All other things being equal, for example, forward contracting percentages of load share for LSEs in CAISO balancing authority

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area should be higher for flexible and local resource adequacy supported by energy storage than for generic system resource adequacy.

- What other policy initiatives should the CPUC and the ISO coordinate with when undertaking further consideration of the Joint Reliability Framework?

Response: CESA appreciates the Proposal's recognition that overall efforts to expand participation of energy storage in capacity and energy markets will require work in other proceedings and through other initiatives. The CAISO's efforts to develop a flexible resource adequacy criteria and must-offer obligation for the interim flexible resource adequacy requirement recently adopted by the CPUC must also advance in tandem with development of the Proposal, so that they are both in place for the 2015 resource adequacy year. In addition to FERC initiatives, the minimum state-level initiatives are the policies presently being addressed in the CPUC's Energy Storage Rulemaking, RA, LTPP, RPS, and DG/Storage Interconnection proceedings.

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