

Submit comment on initiative scope and schedule

Initiative: Market enhancements for summer 2021 readiness

**1. Provide a summary of your organization's comments on the proposed initiative scope and schedule:**

EDF-R appreciates the CAISO’s expedited effort to ensure reliability for summer 2021, and we appreciate the continued coordination with the CPUC and CEC.

It is critically important to implement Ancillary Service (A/S) participation for hybrid resources prior to summer 2021. This effort was delayed from Fall 2020 with an expected implementation date of Fall 2021. EDF-R and other hybrid generators limited by ACC constraints are already online and can provide much needed A/S to the market but for this lag in technology implementation. CAISO experienced A/S scarcity events during the August heat storm as well as in September. Both months A/S scarcity reached higher than 70% of requirements**. A/S from hybrid resources is ready to go, and we strongly urge CAISO to move implementation to the spring or an independent 2021 software release to be deployed in advance of summer.**

EDF-R also urges CAISO, the CPUC, and CEC to consider how they are planning for summer 2022, summer 2023, and beyond. This current effort is good and needed. But we will continue to face the same concerns each summer without some comprehensive effort to plan for the future. For the vast majority of clean energy resources and consistent with California’s statutory emissions goals, a lead time of less than a year for transactions does little to bring on flexible and zero-emissions resources. We have the ability to engage, plan, and provide incentives right now. We should do so concurrent to this near-term effort and not subsequent.

EDF-R does not believe additional requirements for energy storage resources are necessary during tight system conditions. EDF-R believes price signals will drive the desired performance and urges market design in price formation, for example scarcity pricing, as opposed to administrative actions.

EDF-R requests that the CAISO commit to a timeline for a stakeholder process to develop and implement permanent solutions for any measures identified as temporary by including a sunset date for these policies in tariff language. In this instance where the CAISO asks for stakeholder support on serious austerity measures, the CAISO must make an equivalent commitment.

**2. Provide your organization’s feedback on export and load scheduling priorities:**

None

**3. Provide your organization’s feedback on reliability demand response resource dispatch and real-time price impacts:**

None

**4. Provide your organization’s feedback on the requirements for storage resources during tight system conditions:**

EDF-R does not believe there needs to be additional requirements for energy storage resources during tight system conditions but will continue to work with CAISO as this topic becomes clearer.

The CAISO briefly mentioned the idea of updating the AGC signal to preserve the state of charge. EDF-R understands this is a high-level proposal and CAISO is working to flesh these ideas out. EDF-R does not support the idea of updates to the AGC signal to preserve the state of charge without the proper economic incentives to do so. This seems like some type of administrative action, an out-of-market action to change dispatch, when system conditions are tight. This would only be employed when system conditions ‘trigger’ so the use should be discrete and limited. But we always caution out-of-market actions, especially for a whole set of generators.

EDF-R supports a reliability-via-markets approach where possible, and CAISO has not demonstrated with empirical evidence that economic signals alone are insufficient to appropriately position storage or hybrid generators.

Should the CAISO choose to proceed with an updated AGC policy, or any policy designed to limit storage generators’ autonomy for reliability’s sake, EDF-R requests CAISO do so temporarily and outline specific sunset provisions in its tariff implementation.

**5. Provide your organization’s feedback on cost recovery provisions for hourly block imports during tight system conditions:**

None

**6. Provide your organization’s feedback on short-term scarcity price enhancements:**

EDF-R supports efforts to improve price formation and to allow the market to reflect proper price signals for conditions in the market. This is important, especially in tight supply conditions. Tight supply conditions should be reflected in high market prices, and, when appropriate, in scarcity pricing. EDF-R believes price signals reflective of system conditions will be sufficient to ensure storage or hybrid generators are available to meet system needs.

**7. Provide your organization’s feedback on EIM coordination during emergency conditions and review of the current resource sufficiency evaluation design:**

None

**8. Please provide suggestions for additional topics to be considered in this stakeholder process that can be implemented by June 1, 2021:**

EDF-R reiterates it is critically important for reliability to implement Ancillary Service (A/S) participation for hybrid resources prior to summer 2021. And it can be done. Hybrid resource A/S participation is already approved through the stakeholder process last fall, so there is no need for additional policy development. Thus, hybrid resource A/S participation can be implemented before June 1, 2021. EDF-R and other hybrid generators limited by ACC constraints are already online and can provide much needed A/S to the market but for a lag in implementation to the market. CAISO experienced A/S scarcity events during the August heat storm as well as in September. Both months A/S scarcity reached higher than 70% of requirements. A/S from hybrid resources is ready to go, and we strongly urge CAISO to move implementation to the spring or an independent 2021 software release to be deployed in advance of summer.

**9. Additional comments:**

EDF-R asks CAISO to more clearly define the temporary or permeant nature of these market changes. Are these market changes which are being developed with a discrete focus on the needs for summer 20201 intended to be implemented for summer 2021 only? CAISO notes this effort is not meant to take the place of long-term initiatives such as Scarcity Pricing Enhancements and Extended Day-Ahead Market. EDF-R asks CAISO to elaborate on what the permeance of these market design changes is intended to be and for the CAISO to commit to a timeline for stakeholder process to develop and implement a permanent solution by including a sunset date for these policies in tariff language. In this instance where the CAISO asks for stakeholder support on serious austerity measures, the CAISO must make an equivalent commitment.

EDF-R does not support a proposal (temporary or permanent) that specifically limits energy storage generators, like the Minimum State of Charge (MSOC) proposal in the CAISO’s RA enhancements draft final proposal. Currently, the MSOC proposal would apply restrictions to *storage* when *traditional resources* cannot meet demand. If the CAISO insists that some form of generator command measure is needed to prevent future blackouts, then the proposal should be generator attribute driven so that they apply to all resources uniformly (use-limited resources, for example) rather than being specifically and only applicable to energy storage. EDF-R believes that energy storage resources are no less predictable than “traditional generation” nor are energy storage resources specifically responsible for causing or solving supply problems. Where energy storage resources are uniquely suited to solve supply problems, they should be compensated for doing so, rather than being corralled into forgoing revenue opportunities.