

California Department of Water Resources State Water Project Comments On Energy Storage and Aggregated Distributed Energy Resources Participation

May 29, 2015

On May 21, 2015, CAISO held a call to discuss the proposed scope and schedule for a new stakeholder initiative titled Energy Storage and Aggregated Distributed Energy Resources Participation (DERP). Primarily to address enhancements to CAISO's existing rules, market products, and models for energy storage and distributed energy resources, the proposal suggests separating the issues into two categories, 1) for issues to be resolved in 2015, and 2) for issues to be resolved in 2016 and beyond. California Department of Water Resources State Water Project (SWP) appreciates the opportunity to submit comments on this proposed scope and schedule.

Comments

1. SWP believes the scope and schedule for 2015 should include model enhancements for all energy storage resources and resources capable of providing similar benefit to grid reliability that currently exist in the CAISO's wholesale electric market. SWP's Participating Load resources have the potential to help the CAISO during over-generation conditions, but current rules and modelling do not allow this participation in the real-time market.

Before MRTU, load could provide Real-Time bids to increase energy consumption, but despite FERC's directive that CAISO should improve its treatment of participating load, *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274, P 703 (2006), this functionality has never been restored for Participating Load resources. Since MRTU began, CAISO has developed several products to allow load or non-generator resources to provide demand response and aid in grid reliability such as Proxy Demand Resource (PDR), Reliability Demand Response Resource (RDRR), and Non-Generator Resource (NGR). During the past six years SWP has requested market enhancements to MRTU that would reinstate Real-Time load bidding, especially during the development of the above mentioned market products. This capability is critically more important today as the CAISO is in greater need of flexibility and resources capable of responding to over-generation conditions. Real-Time load bidding is also important to enable more immediate load response to price signals and other conditions. SWP believes that allowing full participation of existing resources located in California and in the CAISO wholesale market should be a CAISO priority, and should be included in this stakeholder proceeding to assure that it receives such priority attention.

Recently, SWP had discussions with CAISO market policy staff and subject matter experts to include potential enhancements to the CAISO's existing Multi-

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Stage Generator (MSG) model within this planned stakeholder initiative, and is disappointed to see that MSG is not included. It is unclear why the CAISO now only focuses on Non-Generator Resource (NGR), which as currently designed is not suited for SWP's current hydro resources. This proceeding should either revise the design of the NGR initiative to accommodate hydro resources, or expanded in other ways to provide the enhancements SWP has been expecting since MRTU went live.

2. SWP is very interested in the treatment of wholesale charging energy, which under the existing NGR model pays a reduced Transmission Access Charge (TAC). SWP believes the energy used in pumped storage facilities and other facilities used for energy recovery deserve similar treatment. Since this could simply be a settlement issue, and possibly implemented in an accelerated timeframe, this issue should also be included in the 2015 timeframe.