

SCE Comments on Energy Storage and Distributed Energy Resources Phase 3

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) provides the following comments on the California Independent System Operator (CAISO) June 5 and June 25 meetings on Energy Storage and Distributed Energy Resources Phase 3 (ESDER)¹.

SCE requests the following clarifications:

1. The CAISO proposal states that "SIBR will accept bids only above the established net benefits threshold price." SCE notes that bids at the NBT are also beneficial to the system and thus the CAISO should clarify that bids at the NBT are also accepted.
2. The CAISO proposes that event hours do not disqualify an entire day from setting a baseline. In the CAISO's PDR-LSR example, the CAISO proposes only exclusion of event hours. This is a departure from the existing treatment of excluding an entire day if there is any dispatch during that day. Can the CAISO elaborate on the driver for this change? Further, will this change apply only to PDR-LSR or to all PDR and RDRR resources?
3. SCE retains its concern on EVSE submetering regarding the lack of a dedicated meter for the resource. SCE appreciates the CAISO raising the topic of concern and the productive discussion between stakeholders. Some stakeholders claim that EV resources will lack sufficient incentive to switch from the SE submeter to the host facility meter, due to the lower charging rate involved. However, it has not been demonstrated that being paid by the CAISO for the full expected load drop is an insufficient incentive to accept a purportedly lower charge rate. While SCE appreciates the stakeholder input, these claims do not substitute for appropriate incentives to prevent resources from switching from submeter to host meter.

¹ <http://www.caiso.com/Documents/Agenda-EnergyStorage-DistributedEnergyResourcesPhase3-Jun52018.pdf>
<http://www.caiso.com/Documents/Agenda-EnergyStorageandDistributedEnergyResourcesPhase3-June252018.pdf>

More importantly, two points should be noted. First, on the supplier side, the DR resource is being paid for a specific load drop. For a DR to provide less than that specific amount but be paid in full, is not appropriate. Second, on the CAISO side, the grid operator anticipates a specific load drop on the system. To have anything less be represented as the specific drop would be to have the operator rely on incorrect information. In sum, not appropriately addressing this issue will lead to unfair treatment across resources as well as the CAISO relying on a wrong assumption.

4. During the June 25, 2018 ESDER call, the CAISO discussed registration requirements for the PDR-LSR product. On page 12 of the presentation, the CAISO states that both resources (curtailment and consumption) may utilize the same service account(s). SCE asks the CAISO to clarify whether the curtailment and consumption must (instead of may) utilize the same service account(s) or if the PDR-LSR resource can consist of curtailment and consumption from elements not with the same account number(s) (e.g. curtailment and consumption registrations may be from separate locations).
5. The retail charging of the energy storage device may significantly affect the baselines for the curtailment component of the PDR-LSR product. SCE asks the CAISO to clarify how retail charging of the energy storage device is accounted for in the baseline calculations for the PDR-LSR product.

The CAISO should work toward using state-of-charge (SOC) management as a viable use-limitation representation tool

While SCE supports the representation of longer term use-limitations, such as monthly or annual, through contracts, the CAISO should recognize that managing shorter term use-limitations cannot be solely the responsibility of the SC. Contracts can neither anticipate bidding behavior for a resource, nor would it be appropriate to share between a resource owner and the contracting SC. SCE urges the CAISO to work with stakeholders in using SOC management to manage short-term use-limitations.

SCE does not agree that weather sensitivity should be deferred

Conditions impacting a large amount of CAISO-integrated MW capacity of DR need to be addressed by the CAISO. These include issues such as weather sensitivity. While the CAISO tied weather sensitivity to RA impact and proposed deferring the topic, SCE does not agree. Addressing limitations due to weather sensitivity should still be addressed in ESDER 3, as well as in the relevant CPUC proceedings (e.g. the RA OIR).

Among such limitations are run-time parameters. SCE does not anticipate any problems with the CAISO optimizing a resource over a time window, however, along with other stakeholders, sees the need for the CAISO to better recognize run-time use limitations. For example, the Capacity Bidding Program is one example of a DR program that has a limit on maximum number of event hours per day (6 hours in its case), which cannot be properly addressed with the existing parameters. This is especially true for weather sensitive resources, such as the Summer Discount Plan – where using the parameters such as the Maximum Daily Energy Limit does not adequately represent the hourly program limitations to the CAISO.

The impacted resources present hundreds of MW in the CAISO market, and should be considered a higher priority than emerging technologies which do not have a significant market presence at this time.