

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please find below comments from Southern California Edison per the stakeholder template.

The Issue Paper posted on March 22 and the presentation discussed during the April 4 stakeholder web conference may be found on the [ESDER Phase 2](#) webpage.

Please provide your comments on the Issue Paper topics listed below and any additional comments you wish to provide using this template.

NGR enhancements

The CAISO is proposing to explore two possible areas of NGR enhancement: (1) representing use limitations in the NGR model, and (2) representing multiple configurations in the NGR model.

The CAISO is requesting stakeholders provide comments and consider the following:

- Are these two possible areas of NGR enhancement the highest priority NGR enhancements to pursue in ESDER Phase 2?
- Are there other areas of NGR enhancement that are of higher priority that should be pursued instead? If yes, which ISO-proposed NGR enhancement should be omitted from the scope?
- Please provide examples of use cases that support the NGR enhancements you view are of the highest priority and should be pursued in ESDER Phase 2.

Comments:

SCE believes the two topics identified by CAISO, representing use limitations and multiple configurations in the NGR model, are the correct topics to focus on at this time. As stated in comments submitted on June 8th, 2015, SCE believes these two areas of the NGR model need to

be developed to best realize the capabilities and values storage has on the system¹. If the CAISO is willing to expand the scope of NGR enhancements beyond these two topics, SCE recommends the CAISO explore enhancements to better describe the representation of charge/discharge efficiency losses and add the ability to self-provide regulation in NGR-REM bidding.

Demand response enhancements

The CAISO is proposing to explore two possible areas of demand response enhancement: (1) Exploring the ability for PDR to be dispatched to both curtail and increase load, and provide regulation service; and (2) developing alternative baselines to assess the performance of PDR and RDRR.

The CAISO is requesting stakeholders provide comments on these two areas of enhancement and consider the following:

Demand response enhancement topic area #1 – Ability for PDR to both curtail and consume energy:

- What issues does this working group need to address and resolve to enable load consumption capability? For example:
 - How would financial settlements work given wholesale bids cause an increase in retail consumption and demand?
 - What does consumption mean? Is consumption when a load exceeds its “normal” maximum consumption at certain times or under certain conditions?
 - What are appropriate baselines/Performance Evaluation Methods?
 - Is there any differences if load consumption results from a BTM device versus true load consumption?
 - Retail and wholesale impacts of over or under performance?
 - CAISO Grid Management Charges for load consumption?
- Are any state policies impacted by wholesale-directed retail load consumption?
- Suggest a proposed schedule and milestones for working group to deliver a Draft Final Proposal by September 8, 2016 (use the stakeholder process schedule on pages 22-23 of the March 22 Issue Paper as a guide).

¹ <http://www.caiso.com/Documents/SCEComments-EnergyStorageandAggregatedDistributedEnergyResources-ProposedScopeandSchedule.pdf>

Comments:

SCE thinks the initial list of issues provided by CAISO represent a good starting point to develop the details for allowing demand response to both consume and curtail load. SCE looks forward to addressing these issues in future meetings and comments.

Demand response enhancement topic area #2 – Alternative baselines to assess the performance of PDR/RDRR:

- What baseline methods should the CAISO add and why?
- If a performance method is recommended that requires a control group, how would third parties be able to cost-effectively set-up and operate control groups? Are there services the UDC could provide in this area?
- What tools and capabilities will the CAISO require to assess best fit for different types of PDR aggregations?
- Suggest a proposed schedule and milestones for working group to deliver a Draft Final Proposal by September 8, 2016 (use the stakeholder process schedule on pages 22-23 of the March 22 Issue Paper as a guide).

Comments:

While SCE does not recommend any specific methods at the moment, SCE has found that the standard 10-in-10 baseline with a “day of adjustment” limit of +/- 20 percent underestimates the performance of SCE’s AC Cycling resources. The key reason is that there is a significant increase in customer consumption during event days when compared to consumption on non-event days and the “day of adjustment” limit of 20 percent prevents the baseline from being adjusted upwards accordingly. SCE observed that even on the days when customers dropped their consumption significantly during the event hours, the adjusted baseline used by the CAISO for the settlement performance calculation was too low – and as a result incorrectly showed very little performance, no performance, or even negative performance by the customers. SCE looks forward to being a part of the working team to address this topic further.

Multiple-use applications

To avoid redundant and potentially divergent efforts the CAISO will initially address this topic by participating in the CPUC Order Instituting Rulemaking (R.) 15-03-011, Track 2. The CPUC and CAISO are planning to hold a joint workshop May 2-3, 2016. If the CPUC proceeding identifies issues that should be addressed in a CAISO initiative, or develops proposals the CAISO should consider formally adopting, the CAISO can open a new initiative or expand ESDER Phase 2.

The CAISO is requesting stakeholders provide comments on this topic area as well as this proposed approach.

Comments:

SCE supports CAISO's proposal to initially address this topic through the CPUC's proceeding. At this time, SCE plans on addressing details on this topic through the CPUC's proceeding.

Distinction between charging energy and station power

Under this topic the CAISO intends to resolve the distinction between wholesale charging energy and station power. Although this is also a topic in Track 2 of the CPUC's energy storage proceeding, station power is specifically addressed in the CAISO tariff and the CAISO will primarily address this issue in ESDER Phase 2. However, because the question of station power is inherently jurisdictional, the CAISO intends to also contribute to this topic in Track 2 of the CPUC's energy storage proceeding as may be necessary. In doing so the CAISO will seek to economize its staffing resources where possible and avoid redundant efforts, and will also seek to avoid the conflicts that have arisen in the past over the wholesale/retail line.

The CAISO is requesting stakeholders provide comments on this proposed approach as well as respond to the following questions:

- Should the CAISO modify its definition of [station power](#) to better accommodate energy storage resources?
- Should battery temperature regulation be considered part of charging (similar to efficiency loss) and subject to a wholesale rate, or should it be considered consumption/station power subject to a retail rate (where consumption exceeds output in an interval)?
- Are there any means besides separately metering the storage device by which the CAISO should distinguish between charging and station power?

Comments:

Given that the CPUC determines if and when a sale of energy to a station power load occurs and that FERC will determine if and when a wholesale charging sale occurs, SCE agrees that this topic will benefit from joint workshops held by the CPUC and CAISO. Definitions developed by the CPUC and CAISO regarding station power should be consistent across jurisdictions.

SCE believes temperature regulation fits within the station power definition since it is a load required for the operation of the storage device rather than load to directly charge the storage

device. Treating temperature management as wholesale charging rather than station power seems to be inconsistent with the current station power definition.

If CAISO decides to make modifications to its definition of station power, SCE believes this topic will benefit from separating out use cases before a final definition is developed.

Review allocation of transmission access charge to load served by DER

The CAISO is proposing to review the rules for determining load subject to the transmission access charge (TAC) to reflect the effects of utility-side distributed generation, as proposed by Clean Coalition.

The CAISO is requesting stakeholders provide comments on this topic area. In particular, please comment on the three concerns the CAISO raised in the issue paper, and if possible offer examples to help illuminate these concerns.

1. Transmission investment is mainly driven by peak load conditions, which may not be reduced by adding distributed generation (DG).
2. New DG does not offset the cost of transmission that was previously approved and is currently in service.
3. Exempting some load from TAC charges would not decrease PTO revenue requirements, so some costs would be shifted to other customers.

Comments:

Clean Coalition envisions the CAISO charging TAC based on net load at each transmission/distribution interface – a proposal which appears to be based on the same faulty reasoning rejected by FERC in Docket No. ER97-2358. That is because even if load is theoretically being served by a resource on the same distribution system, the loads and the resources are still relying on the transmission system for reliability and ancillary services. For example, if a distribution-connected resource trips, the load(s) physically being served by that resource will not experience an outage. Rather, the balancing authority will make up for any energy loss through AGC and the customer(s) will continue to receive service. Clean Coalition's proposal thus could result in substantial and unjustified shifts in cost responsibility. The ISO noted this cost shift in ER97-2358 by stating wholesale-only distribution service would "unjustly permit a customer to avoid responsibility for its share of the costs associated with the construction, maintenance, and operation of the ISO Controlled Grid."

As noted, FERC has already rejected this approach, and SCE sees no reason to revisit the issue. If, nevertheless, the CAISO decides to continue with consideration of the Clean Coalition proposal, SCE requests that it be done through a TAC focused stakeholder initiative and not through the ESDER initiative as it would significantly impact all TAC ratepayers.