

Six Cities' Comments

Submitted by	Company	Date Submitted
Meg McNaul mmcnaul@thompsoncoburn.com 202.585.6940 Bonnie Blair bblair@thompsoncoburn.com 202.585.6905	The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities")	April 19, 2016

Please use this template to provide your comments on the ESDER Phase 2 stakeholder initiative Issue Paper posted on March 22 and as supplemented by the presentation and discussion during the stakeholder web conference held on April 4, 2016.

Submit comments to InitiativeComments@CAISO.com

Comments are due April 18, 2016 by 5:00pm

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:

The Six Cities have no comments on this topic at this time.

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).

Comments:

The Six Cities have no comments on this topic at this time, but observe that they look forward to participating in the development of proposals for this topic through the working group and/or through comments on the ISO's Straw Proposal.

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:

The Six Cities have no comments on this topic at this time, but observe that they look forward to participating in the development of proposals for this topic through the working group and/or through comments on the ISO's Straw Proposal.

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:

The Six Cities have no comments on this topic at this time, but observe that the ISO may need to take steps to adapt and/or modify the application of any CPUC-developed policies within the

ISO region to reflect that the ISO has, within its footprint, both CPUC and non-CPUC jurisdictional utilities.

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:

The Six Cities have no comments on this topic at this time, but, again, they note that the ISO may need to take steps to adapt and/or modify the application of any CPUC-developed policies within the ISO region to reflect that the ISO has, within its footprint, both CPUC and non-CPUC jurisdictional utilities.

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:

The Six Cities do not support the changes to the TAC methodology as proposed by Clean Coalition. The Six Cities generally agree with the concerns identified by the ISO and believe that consideration of changes to the TAC are premature in the absence of any evidence or information demonstrating that the current TAC methodology acts as an impediment to the development of utility-side distributed generation; the Six Cities are skeptical that this is the case. In view of statements by the proponents of this change at the initial stakeholder meeting regarding the absence of cost-shifts, the Six Cities are concerned that there is a need for the ISO to provide further information, including specific numerical examples, of the changes in TAC billings and allocation if the change suggested by Clean Coalition were adopted.

Other comments

Please provide any comments not associated with the topics above here.

Comments:

The Six Cities have no further comments at this time.