Stakeholder Comments Template

Submitted by	Company	Date Submitted
Dr. Barbara R. Barkovich Barkovich & Yap, Inc. Barbara@barkovichandyap.com (707) 937-6203	California Large Energy Consumers Association	10/29/15

CLECA Comments on Use of Statistical Sampling for Customers Without 15-Minute SQMD

These comments focus on the proposed MGO baseline changes discussed on the October 27, 2015 teleconference. However, CLECA first reiterates its strong support for completing work on the Statistical Sampling baseline enhancement; this work is needed for the Type 2 baseline where 15-minute SQMD are not available for certain customers, most likely residential customers. There is interest in bidding residential customer load into the CAISO's market via the DR Auction Mechanism (DRAM) in 2017 for real-time energy and ancillary services. There are limits to the amount of reprogramming that can occur to switch residential customer meters from 60-minute to 15-minute data before 2017, not to mention pending questions on costs and cost recovery for such reprogramming in the CPUC Rule 24/32 dockets (A.14-06-001/002/003). Without 15-minute data, residential customers cannot participate in those two markets. The ability to use statistical sampling would allow some of the residential load with meters that could be reprogrammed to provide 15-minute data to support participation by a larger population of residential customers in 2017, assuming appropriate tariff amendments are made and rules are established.

CLECA Comments on the CAISO Proposal for a MGO Baseline and the Alternative Proposal of AMS, STEM, Solar City, and CESA, referred to here as the Storage Parties (Alternative Proposal)

CLECA shares the CAISO's concern that the Meter Generator Output (MGO) baseline cannot distinguish dual use. We would characterize this situation as one where an onsite resource like storage is used during non-dispatch periods for peak-shaving and then used in dispatch periods

to provide PDR or RDRR (more likely PDR, given the nature of RDRR). The actual load change seen by the grid during dispatch periods will only differ from that in non-dispatch periods to the extent there is a load change over and above the load change for peak-shaving during non-dispatch periods.

It is our understanding that on the October 27 call, the CAISO somewhat modified its proposal for MGO Options B2 and B3. Its original proposal was that a "baseline adjustment" (our term for the purposes of discussion) be created based on the generation/storage device's output metered quantities (G) during non-PDR-dispatch intervals.[1] This would be developed by conducting a "look-back" of comparable non-dispatch intervals. The proposal was that the "baseline adjustment" would be the average G from the most recent 10 non-dispatch intervals during the last 45 days, similar to a 10-in-10 baseline for load. As an alternative, the CAISO proposed developing the "baseline adjustment" using randomly selected days. The "baseline adjustment" would represent typical non-event interval output of the onsite generation/storage ($G_{typical}$) and would not count toward the calculated load baseline for PDR. $P=B-N-(G-G_{typical})$ where N is the boundary meter read and B is the PDR baseline. We are using the Storage Parties' term here rather than the CAISO's for comparability.

The proposed modification on the October 27 call was that if 10 non-dispatch intervals were not available to establish the "baseline adjustment", $G_{typical}$ could be based on the most recent 5 non-dispatch intervals in the last 45 days. If there were not 5 event days, $G_{typical}$ would be set to zero and the MGO baseline would be set on N-(-G). It appears that the CAISO will not pursue the use of a random selection of non-dispatch intervals any further.

Two Alternative Proposals were presented by the Storage Parties. The first is essentially similar to the CAISO proposal for Options B2 and B3, where a $G_{typical}$ quantity would be calculated based on the 10 most recent non-dispatch intervals and that quantity would not count toward performance for PDR. Performance would be $P=B-N-(G-G_{typical})$ where N is the boundary meter read and B is the PDR baseline. The Storage Parties argued that there is such variability in output by storage devices for onsite usage that the use of an average of $G_{typical}$ for less than 10 non-dispatch intervals out of the last 45 days would introduce too much variability and understate the actual PDR delivered.

Where 10 non-dispatch intervals are not available during the last 45 days, the storage parties propose that there be no subtraction of $G_{typical}$ from the resource metered as G so that P=B-(N-G). The basis for this position is that if the resource is in the PDR market (it is hard to believe that this would apply to RDRR) more than 35 days out of the last 45 days, it is "dedicated to the wholesale market" and any use of the BTM storage to serve retail load is only incidental.

[1] We have not had time to consider the difference between intervals and days here.

CLECA is sympathetic to the concern of the Storage Parties that are about to build projects under contracts to a utility where some of their output will be sold into the CAISO markets by the utility. They do not know how often the utility will seek to bid a significant portion of their output into the CAISO markets and presumably do not know bid prices nor frequency of awards. Thus, they do not know how many dispatches they may have in a 45-day period. The rest of the output will be used onsite for retail purposes. The conundrum here is that the dual use of the storage does indeed raise the dual use concern noted by the CAISO and commented on by CLECA in its earlier comments. If a resource is used regularly onsite, whether to peak-shave, if storage, or, for NEM, if solar, then its use for PDR will not appear to make a change from the perspective of the grid. It will still be offsetting the same load, just for a different purpose. This is a substantial policy issue that cannot be fully considered or addressed in this time-constrained CAISO stakeholder process. Indeed, a joint CPUC-CAISO process is needed to fully vet the issues of the overlap of wholesale and retail participation and compensation.

We have no idea how often resources with BTM storage will be participating in the CAISO's markets or how often they will receive an award. We would think that would be a function of the offer price, to which we have no visibility. If they are charging at retail rates, they would lose money if their offer prices were not at least the retail charging price. If they are bidding in at lower offer prices, it may be for other reasons such as gaining experience in the market. We cannot know. However, we are still concerned about the market and the end-use consumers paying for a calculated load change that is not fully incremental to prior load behavior. Thus, our preferred approach would be the CAISO's proposed use of 10 non-dispatch days to create a $G_{typical}$ to make a downward adjustment to what qualifies as PDR, based on the working assumption that they are unlikely to be dispatched more than 35 days out of a 45-day period.

In order to address the case where the PDR is actually intended to be bid in regularly at an offer price where it fully expects to be dispatched on a very frequent basis, perhaps there could be an agreement that was signed with the CAISO that makes a commitment to do so. In exchange, $G_{typical}$ could either be based on fewer non-dispatch days or perhaps set at zero only for a limited pilot period. We recognize that price is the critical factor in whether this would actually happen, and one over which the CAISO has no control. We also recognize that the intention here is to make a tariff change, not to support a pilot. However, perhaps the ability to set $G_{typical}$ to zero could be time-limited, with all parties on notice that this will not continue unless the actual operation of the resource demonstrates that its behavior as PDR does indeed differ markedly from the non-dispatch behavior of the resource and that use of the resource for peak-shaving is indeed de minimus by comparison.

It is urgent that the CAISO, the CPUC, and others undertake a review of the options for providing DR in wholesale markets using BTM storage, solar, or other resources; the CPUC and

the CAISO must rationalize the obligations and revenue possibilities in the wholesale and retail markets to be sure that PDR provided by load without BTM storage or generation and PDR provided without such facilities are each treated fairly, as are the non-participating consumers who are ultimately paying the bill.