

## Stakeholder comments – Hybrid Resources Second Revised Straw

Submitted by	Organization	Date Submitted
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Southern California Edison (SCE) provides the following comments on the California Independent System Operator (CAISO) Hybrid Resources Revised Straw.<sup>1</sup>

### **SCE supports the CAISO’s Addendum published on May 13, 2020 that removes the previously-proposed Co-Located Resources (CLRs) one Scheduling Coordinator limit**

SCE thanks the CAISO’s deliberation on this issue of CLRs and supports the CAISO’s Addendum that proposes to remove the single SC requirement for CLRs<sup>2</sup>. SCE entered into contracts to procure such resources in good faith, with the knowledge from the last proposals that there were no such limitations in all the prior iterations. Given that there are at least 770MW of storage resources to be expected to come online in August 2021, SCE commends the CAISO for addressing its internal system limitations regarding operator visibility of Point Of Interconnection (POI) limits for sake of Exceptional Dispatches (EDs).

The CAISO’s proposal to allow multiple SCs for CLRs is appropriate as those resources are individually optimized by the CAISO markets based on their individual bids, even though they are co-located. Further, as described in the Addendum, adjusting flow limits at POIs of CLRs, and not limiting the CLRs to one SC, is a reasonable approach for exceptional dispatch purposes. SCE thanks the CAISO for adapting to the needs of incoming resources and for the CAISO’s efforts in helping the state realize its goal of renewable integration.

### **CLR POI constraint**

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<sup>1</sup> <http://www.caiso.com/InitiativeDocuments/SecondRevisedStrawProposal-HybridResources.pdf>  
<http://www.caiso.com/InitiativeDocuments/Presentation-HybridResources-SecondRevisedStrawProposal-May7-2020.pdf>

<sup>2</sup> <http://www.caiso.com/InitiativeDocuments/Addendum-SecondRevisedStrawProposal-HybridResources.pdf>

SCE notes that an interconnection agreement is not a guarantee of market dispatch. An interconnection specification decreases the probability of congestion and increases the probability of delivering energy. While deliverability assurance is important for Resource Adequacy (RA) participation, it is not the single factor for determining energy dispatch in the market. For energy dispatch, the economics of the resources should be considered and used in determining their dispatch. Thus, SCE disagrees that an interconnection should guarantee an energy award and believes the CAISO proposed POI constraint is a reasonable approach.

SCE supports the CAISO proposal to price CLR's at the POI and believes pricing behind the POI is unnecessary. Pricing should include information relevant to where a resource is interconnected rather than any information behind the POI. Including pricing information behind the POI may lead to the CAISO's inclusion of extra information, such as commercial arrangements, in the CAISO market model and market clearing price - it is not clear at this point whether this is the role the CAISO should play.

### **Dynamic Limit Tool**

As SCE understands the proposal, it does not see a coordination between outage coordination and the dynamic limit tool. In SCE's opinion, the objective of this tool is similar to RA – to enable resource availability in Real Time (RT). How does the CAISO plan to ensure that it has the correct information reflected on each resource, as well as information relevant to RA performance, if outages are not reflected by the dynamic limit tool? Does the CAISO propose to have cross-validation between the two systems of outage reporting and the dynamic limit tool? If yes, then does the CAISO believe that there may be a redundancy between these systems and would the CAISO consider an enhancement of having outage reporting being included within the dynamic limit tool? SCE is not advocating for a particular position, merely asking the CAISO to clarify its vision of the need for the dynamic limit tool in the larger framework of operational processes.

### **Limitation of Grid Charging to Support ITC**

The ITC Federal tax credit facilitated the accelerated and cost-efficient procurement of co-located resources in support of system reliability. California customers bear the financial risk created by charging co-located energy storage from the grid and mitigating this risk through bids alone is not sufficient. SCE urges the CAISO to consider additional tools, such as outage cards, to help mitigate the risk that ITC credits will be lost.