

Storage as a Transmission Asset

Stakeholder Comment Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Storage as a Transmission Asset second revised straw proposal that was posted on October 16, 2018.



Submit comments to InitiativeComments@CAISO.com

Comments are due November 6, 2018 by 5:00pm

The second revised straw proposal, posted on October 16, 2018, as well as the presentation discussed during the October 23, 2018 stakeholder meeting, may be found on the [Storage as a Transmission Asset](#) webpage.

Please provide your comments on the second revised straw proposal topics listed below, as well as any additional comments you wish to provide using this template.

Cost Recovery Mechanism

The ISO has proposed three alternative cost recovery mechanisms in the straw proposal:

1. Full cost-of-service based cost recovery with energy market crediting
2. Partial cost-of-service based cost recovery with no energy market crediting
3. Full cost-of-service based cost recovery with partial market revenue sharing between owner and ratepayer

Additionally, the ISO envisions two potential scenarios for option 1: Direct assigned SATA projects and 2) when the project sponsor bids into TPP phase 3 competitive solicitation process, selecting this option.

The ISO has proposed the rules governing SATA bidding and cost recovery eligibility would differ slightly between these two scenarios. Please provide comments on these three options, including the two scenarios under option 1 and any other options the ISO has not identified.

Comments:

Full cost-of-service based cost recovery with complete energy market crediting to ratepayer. It is WPTF's understanding that under this option the CAISO proposes that for both competitive and directly-assigned projects the CAISO will not assume any market revenues in the TPP cost-of-service assessment. Therefore, WPTF does not understand the purpose of imposing a must-offer obligation on the resource. Presumably if the TPP found the project cost competitive without market revenues, a project sponsor would have only chosen this option if they had other incentives to lower ratepayer costs - through company goals or state mandate – or wanted to keep the option open for some reason. WPTF does not support forced market participation from transmission assets, especially as this would increase personnel and infrastructure costs due to daily market participation.

Options in the event of insufficient qualified project sponsors

The ISO proposal would require all SATA projects sponsors to also submit a full cost-of-service bid as described in option 1, above. This bid would to be used in instances when there is fewer than three qualified project sponsors.

Please state your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

Comments:

WPTF supports a back-up bid with no market participation, rather than a back-up bid with allowed market participation.

Contractual Arrangement

The ISO proposes to establish defined three contract durations: 10, 20, and 40 years. Additionally, the ISO has eliminated its previously proposed TRR capital credit in favor of contractual requirements for maintenance of the resources.

Please provide comments on these two modifications to the ISO's proposal, stating your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

Comments:

WPTF supports these modifications. We seek additional clarification that in the even a 10-year storage contract was compared against a conventional transmission asset, that there would continue to be comparable cost estimates for both projects over their entire life as there are under the existing TPP rules.

Market Participation

The ISO has proposed that a SATA resource will be provided notification regarding its ability to participate in the market prior to real-time market runs, but after the day-ahead market closes. The ISO will conduct a Load based SATA notification test to determine a SATA resource’s eligibility to participate in the real-time market.

Please state your organization’s position as described in the Second Revised Straw Proposal (support, support with caveats or oppose), including any alternative proposals. If you support with caveat or oppose, please further explain your position and include examples (please note that any alternative proposals should be specific and detailed).

Comments:

WPTF supports Calpine’s previous comments that describe the potential issues with doing a load-based assessment.

Consistent with FERC Policy Statement

The ISO believes the revised straw proposal is consistent with the FERC Policy Statement. Specifically, that the straw proposal does not inappropriately suppress market prices, impact ISO independence, nor result in double recovery of costs.

Please state your organization’s position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples. If you oppose, please clarify why and how the ISO might address this issue.

Comments:

WPTF believes that the revised straw proposal is mostly consistent with the FERC policy statement; however, would like to call out two area areas of potential concern. First, WPTF is uncertain that a must-offer obligation at “95 percent level at a given location” is consistent with not inappropriately suppressing market prices and maintaining CAISO independence. A must-offer obligation is established when the market is unable or unlikely to provide sufficient incentives for resources to optimally participate. A must-offer obligation will prevent the opportunity for physical withholding to increase market prices or ensures reliability through the resource adequacy construct. Neither of these reasons are applicable to storage device acting as a transmission asset. The storage devices primary use and cost-justification is proposed to be as a transmission asset. Additionally, for the CAISO to impose a must-offer obligation at a specific price, this seems very close to fully mandating exactly how the resource must participate, which seems counter to the CAISO retaining independence.

Draft final proposal meeting or phone call

The stakeholder meeting for the second revised straw lasted approximately 2.5 hours. As a result, the ISO requests stakeholder feedback regarding whether an in-person meeting is necessary for draft final proposal or if a stakeholder phone call will allow the ISO to adequately address the remaining issues in the draft final proposal.

Please state your organization’s position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

Comments:

WPTF supports a call rather than an in-person meeting but does not feel strongly either way.

Other

Please provide any comments not addressed above, including any comments on process or scope of the Storage as a Transmission Asset initiative, here.

Comments:

WPTF appreciates the CAISO’s changes to the revised straw proposal. WPTF has the following remaining questions:

1. Will there still be a fourth participation option for storage resources in the TPP with no market participation?
2. How will the CAISO break-out market revenues for transmission participation versus market participation at a high level? For example, if a resource must charge to meet their transmission asset obligation, is this considered a market revenue or a transmission revenue? How will this revenue be treated in each of the participation options as ‘unaccounted for energy’ (UFE) or in some other manner?
3. WPTF supports the CAISO proposal that any incremental capacity not covered by TRR and must also go through the complete the generation interconnection process. However, it also seems reasonable that projects be able to upsize their capacity to account for future degradation. Will the CAISO accommodate any cost-recovery up front for upsizing if it is included in the initial TPP phase 3 process?
4. Re-asking a Boston Energy question, Can the scheduling coordinator for a SATA resource be a competitive market participant? If a SATA SC is a competitive market participant, how does this comply with FERC’s long-standing rule of separating transmission and generation market participants?
5. WPTF seeks further information on the proposal to set a discharge rate at Energy Price Cap or “95% percent level at a given location.” Does this refer to the 95% percentile of economic offers at the nearest Pnode? Given that the resource could set the marginal price across the entire system, discharging at a locational specific percentile does not ensure there would not be price suppression, and guarantees it will be possible to displace other nearby resources that are in > 95th percentile of economic offers.