

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider Policy and Implementation Refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap.

Rulemaking 15-03-011
(Filed March 26, 2015)

**COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON PETITION FOR MODIFICATION**

I. Introduction

The California Independent System Operator Corporation (“CAISO”) hereby provides comments regarding the California Energy Storage Alliance’s (“CESA”) petition to modify Decision 17-04-039 to Address Hybrid and Co-Located Resources (“Petition”). The CAISO participated actively in the rulemaking process that resulted in that decision, and continues to support CESA’s Petition.

II. Responses

The CAISO provides responses to the following questions:

Section 1.

1) What is the appropriate treatment for station power for hybrid resources?

As explained in detail in the CAISO’s prior comments in this docket, the station power and netting rules in Decision 17-04-039 should apply to hybrid and co-located resources. Like stand-alone storage and conventional generation, co-located and hybrid resources are engaged in the sale for resale of energy and ancillary services, and therefore should be able to self-supply

their own station power energy and receive wholesale treatment for station power when operating.

2) Is the appropriate treatment for station power for co-located resources different than that for hybrid resources? 3) What elements of station power rules for stand-alone storage are applicable to hybrid and co-located resources and what changes, if any, are needed to address hybrid and co-located resources?

Although hybrid and co-located resources may require different metering configurations or programming, there is no reason their station power treatment should be different. In other words, both hybrid resources and co-located resources should be eligible to self-supply or otherwise receive a wholesale rate for station power when generating, discharging, or charging pursuant to dispatch, consistent with the Decision 17-04-039.

4) Are there any other key questions that need to be addressed? If yes, provide specific questions.

The CAISO does not believe there are other issues at this time.

Section 4

Do you agree or disagree with the IEP's revisions to the Petitioner's proposed modifications to Conclusion of Law 9, 13, 14, and Ordering Paragraph (OP) 8 of D.17-04-039 (IEP Response at 3-4)? Explain your reasoning.

The CAISO generally agrees with IEP's proposed revisions, which simply clarify existing policies on wholesale charging loads, self-supplied energy, and station power demand. However, the CAISO opposes the edit to the penultimate bullet in OP 8. It is misleading to refer to *consumption* as being self-supplied. "Self-supply" refers to energy; not demand or consumption. Consumption that is served by self-supplied energy would not be metered, and as such does not need to be netted.¹ The CAISO believes IEP's addition to that bullet goes beyond the bullet's original intent, which was to allow consumption to be netted against charging energy

¹ Alternatively, the edit would at least need to be revised to "Allow consumption **that is not served by self-supplied energy** to be netted...."

where permissible. Including self-supplied generation is already addressed in the order, and referencing it in that bullet confuses the issue. The CAISO also takes no position on whether a single high-side meter is sufficient to assess appropriate retail charges to every hybrid or co-located configuration, and therefore defers to the Commission and other parties on IEP's added final bullet to OP 8.

Section 5

If any, provide specific examples to explain why the station power rules for stand-alone in-front-of-the-meter energy storage, including the permitted netting rules, should not apply equally to hybrid and co-located resources. What are the differences between co-located and hybrid resources that may render a different outcome? Provide specific examples in the context of the relief requested by CESA.

As the CAISO explained in its initial comments, the intent and reasoning in Decision 17-04-039 were an extension of the extant rules for conventional generation. The decision simply extended the self-supply and netting rules to storage to ensure a level and fair playing field. CESA's Petition does the same for co-located and hybrid resources. Being a mixed-fuel resource does not change the fact that co-located and hybrid resources are engaged in providing wholesale energy. Co-located and hybrid resources are even more similar to conventional generation than stand-alone energy storage because the former can produce their own energy.

Section 6

SCE contends that granting the petition's requests will create a conflict with the CAISO tariff, and that "The Commission should not alter its tariffs without first having a complete understanding of how these changes will interact and potentially conflict with the CAISO Tariff and its settlement procedures," (SCE Response at 2). Do you agree or disagree with SCE's assertion that some of the relief requested in the petition would conflict with CAISO's FERC jurisdictional tariff, and is therefore outside the Commission's jurisdiction? Please provide specific details of how and when these conflicts would occur.

The CAISO does not believe that extending Decision 17-04-039 to co-located and hybrid resources would conflict with the CAISO tariff. The CAISO revised its tariff in 2018

specifically to defer to local regulatory authorities on both the definition of station power and permissible netting, thereby avoiding jurisdictional conflicts.² Appendix A to the CAISO tariff defines station power as “retail energy, *as defined by the Local Regulatory Authority*, for operating electric equipment, for the sole purpose of participating in the CAISO Markets.”³

Section 10.1.3 of the CAISO tariff likewise provides:

CAISO Metered Entities and Scheduling Coordinator Metered Entities may net Station Power *only to the extent allowed by the Local Regulatory Authority* and as provided below.

CAISO Metered Entities and Scheduling Coordinators may, when providing Meter Data to the CAISO, net kWh or MWh values for output and Station Power electrically connected at the same point, provided that the resource is on-line and producing sufficient output to serve all of its Station Power. Where permitted by the Local Regulatory Authority, CAISO Metered Entities and Scheduling Coordinators may, when providing Metered Data to the CAISO, include Station Power within the resource’s wholesale Demand or output below zero (for dispatches to charge a storage resource, for example).⁴

Based on the CAISO’s deference to the Commission and other local regulatory authorities in defining and permitting the netting of station power demand, the CAISO has avoided any conflict with Decision 17-04-039. Expanding the Commission’s treatment to hybrid and co-located resources would not create any conflicts because the CAISO tariff essentially does not have rules that could create conflicts.

SCE supports its claim by citing examples using the CAISO’s Station Power Protocol.⁵ But the Station Power Protocol generally is anachronistic to merchant-owned generation. After FERC ruled that states and local regulatory authorities “need not use the same methodology

² *California Independent System Operator Corp.*, ESDER Phase 2 Tariff Revisions, FERC Docket No. ER18-2242-000, pp 15 *et seq.* (Aug. 17, 2018), available at http://www.caiso.com/Documents/Aug17_2018_TariffAmendment-EnergyStorage_DistributedEnergyResourcesPhase2Enhancements_ER18-2242.pdf.

³ Emphasis added.

⁴ Emphasis added.

⁵ Appendix I to the CAISO tariff.

[FERC] uses to determine the amount of station power that is transmitted in interstate commerce to determine the amount of station power that is sold at retail,”⁶ most suppliers were barred from using the Station Power Protocol by their local regulatory authorities and load-serving entities. At this time the CAISO is only aware of investor-owned-utilities’ using the Station Power Protocol. As such, expanding Decision 17-04-039 to apply to co-located and hybrid resources will not conflict with the CAISO tariff in any meaningful way.

In any case, both federal case law⁷ and FERC precedent are clear that neither FERC nor the CAISO has jurisdiction to define retail billing or enforce retail tariffs, including for station power. As recently as 2020 FERC plainly declared it “does not have jurisdiction over the supply of station power.”⁸ For this reason the CAISO revised its station power and permissible netting rules in 2018 to defer to the Commission and other local regulatory authorities, thereby avoiding the risk of conflicting tariffs.

Respectfully submitted,

By: /s/ William H. Weaver

Roger E. Collanton
General Counsel
William H. Weaver
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
T – 916-608-1225
F – 916-608-7222
bweaver@caiso.com

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⁶ *Duke Energy Moss Landing v. CAISO*, 132 FERC ¶ 61,183 at P 2 (2010) *on remand from Southern California Edison Co. v. FERC*, 603 F.3d 996 (D.C. Cir. 2010).

⁷ *Southern California Edison Co. v. FERC*, 603 F.3d 996 (D.C. Cir. 2010)

⁸ *Indiana Municipal Power Agency v. PJM Interconnection LLC*, 172 FERC ¶ 61,243 at P 88 (2020).