Comments of A123 Systems on the Regulation Energy Management Straw Proposal
December 1, 2010

A123 applauds the CAISO for its innovative straw proposal on Regulation Energy Management (REM). As proposed, the requirements for qualification, capacity determination, bidding, and settlement would enable a wide variety of limited energy storage resources to provide useful regulation services in the CAISO market. While the proposal defers consideration of a mileage payment to the RI-MPR Phase 2 process, A123 would suggest that in this proceeding the CAISO consider a mechanism to recognize the value from resources that can precisely follow a fast dispatch signal.

The CAISO’s actions should be very favorably viewed in light of the November 18 Notice of Proposed Rulemaking on Variable Energy Resources (RM10-11-000) from FERC. In particular, the REM proposal would help the CAISO satisfy the proposed intra-hour scheduling requirement. Not only will REM help solve an operational need in California, the proposal may well satisfy a forthcoming federal requirement.

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