

**COMMENTS OF THE  
CALIFORNIA ENERGY STORAGE ALLIANCE:**

**Commitment Cost Enhancements Phase 3,**

**July 27, 2016 Workshop**

Submitted by	Company	Date Submitted
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The California Energy Storage Alliance (CESA)<sup>1</sup> offers these comments on the Commitment Costs Enhancements Phase 3 (CCE3) Workshop on July 27, 2016. The workshop facilitated technical discussions about where and how Proxy-Demand Resources (PDR) can designate use-limited status, how such use-limitations can be represented, and how such use-limitations will inform exposure to Reliability Services Initiative (RSI) rules planned for CAISO implementation, including when Resource Adequacy (RA) substation is required.

CESA appreciates the CAISO’s efforts to detail the key rules and steps involved in the PDR use-limited status and in RSI rules relating to RA showing, substitution, outage card submittal, etc. The workshop was informative and provided for helpful discussion. CESA also appreciates the diligence of other stakeholders, including the CPUC, in pursuing the more detailed vetting of the CCE3 design. While time-consuming, this additional layer of review and scrutiny was important.

At this point in this CCE3 initiative, CESA feels reasonably comfortable that the proposed rules and tools are workable. The rules, as CESA understands them, will reasonably allow resources with contractual or other applicable use-limitations to receive ‘use-limited designations’. Resources then have the tools to economically represent these limitations across the year while meeting RA requirements and must-offer obligations. In cases where use-limits are reached mid-month, the resource can take a ‘use-limit reached’ outage to avoid RAIM penalty exposure for the remainder of the month. This should reasonably insulate extant energy storage contracts from unexpected and potentially unreasonable regulatory risks.

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<sup>1</sup> The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>)

To finalize these designs, the CAISO should ensure that reasonable efforts to show ‘use-limitations’ are accepted. As such, the CAISO should accept documentation or attestations of use-limited status. If needed, the CAISO should accept supplemental paperwork indicating use-limited status, such as contract language, warranty documents, etc. Eligible use-limitations may result from technological, contractual, or other limitations, and the CAISO Tariff should affirm the eligibility of any and all reasonable showings of use-limitations. If needed CESA suggests the CAISO revisit this matter down the road.

The CAISO should also ensure that PDR (or other storage) resources also have means to reasonably and fairly represent and recover their costs. Such costs should include commitment costs, such as start-up costs or minimum load costs. Start-up costs may involve thermal management costs, pumps, energizing equipment such as exciters, or other costs necessary to start a unit and ready it for participation in the market. For storage, even a ‘no-load’ costs, similar to a minimum load cost, could involve costs such as these. CESA requests that the CAISO establish fields in the PDR (and NGR) market participation models to reflect these costs. Without fields, the optimization may not effectively ‘know’ or consider such costs, creating barriers to energy storage solutions.

Finally, CESA believes the CCE3 rules, layered with RSI rules, are complicated and so requests that educational tools or webinars be made available to market participants. Similar to the educational meetings and workshops that resulted from the Energy Storage Roadmap, CESA requests further education efforts to ensure storage market participants are reasonably informed and aware of rules that could affect the economic structure and viability of projects. CESA looks forward to continued collaboration with the CAISO on these matters.