

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

**Reactive Power Requirements and Financial Compensation, Straw Proposal**

Submitted by	Company	Date Submitted
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The California Energy Storage Alliance (CESA)<sup>1</sup> offers these comments on the Demand Response Baseline Working Group meeting and presentation on August 27<sup>th</sup>, 2015.<sup>2</sup>

CESA broadly supports efforts to augment the Demand Response baseline metering option with a Metered Generator Output (MGO) aspect. Such an approach will provide an important avenue for market participation by resource aggregations. CESA believes such an approach can be expediently designed to work fairly and effectively for both the CAISO and for Distributed Energy Resources (DER) aggregations. Soon, any updates to the MGO proposal should be reflected in the next Energy Storage and Distributed Energy Resources Initiative proposal.

CESA thanks the CAISO for its consideration, diligence, and urgency in this important design effort.

**The MGO approach is promising and can be effective.**

The Proxy Demand Resource (PDR) metering arrangements can be effective for many resources. The baseline PDR methodology provides a reasonable avenue for infrequently dispatched PDR participants to compete in markets with a satisfactory metering structure. The MGO approach builds on this by allowing a NAESB-approved metering structure to be informed by the on-site metering of a storage device, such that dispatch responses can be measured. Meter Configuration B, in the CAISO’s August 27<sup>th</sup> slides, is an effective and useful metering approach which should be pursued. By measuring the ‘net facility’ reduction, this approach can work not only for storage resource on a customer premise but also for combinations of storage resources and demand response.

<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>)

<sup>2</sup> “[Demand Response Baseline Working Group Meeting and Presentation](#)”, CAISO, August 27, 2015

**Potential concerns with the MGO approach can be satisfactorily resolved or addressed.**

As further discussions of the MGO Alternative Baseline occur, CESA expects certain issues or potential concerns will be raised or noted. In this manner, the CAISO's market design process yields a more robust, effective, reasonable, and competitive design. When stakeholders and the CAISO gain clarity on potential issues, solutions can be developed. CESA looks forward to further collaboration on any issue that arise with the MGO Alternative Baseline methodology.

Some issues may require further discussion and or a forum for discussion. Such issues likely include concerns over whether a resource needs to provide meter data only during dispatch periods or throughout the day so that the CAISO has more insights into whether unique dispatch instructions are followed and create the correspondingly meaningful response to the system. Concerns over the enforcement of Rule 21 interconnection non-export limitations, however, are better addressed by the CPUC. Rule 21 is a robust process that requires compliance by resources interconnected under Rule 21. CESA looks forward to further discussion and resolution of any CAISO or stakeholder concerns, within reason.

CESA urges a rapid resolution of these matters so that the MGO Alternative Baseline approach can be approved, implemented and used. Numerous important projects are underway or planned, intending to leverage a MGO Alternative Baseline methodology. CESA appreciates the CAISO's actions to rapidly raise concerns and pursue solutions.