

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE
ON DRAFT CATALOGUE OF MARKET DESIGN INITIATIVES

The California Energy Storage Alliance (CESA) strongly supports the CAISO'S decision to include Regulation Energy Management (REM) in its Draft *Catalogue of Market Design Initiatives* issued on September 13, 2010 (Draft Catalogue), in order to open the door to energy storage and traditional generation resources to compete in its wholesale markets on a level playing field as expeditiously as possible. As described at Section 6.2 (page 26) of the Draft Catalogue, REM would simply use the 5-minute CAISO imbalance-energy market to continuously replenish energy storage resources with less than an hour of energy-storage capability to provide regulation continuously for a full hour or more.

CESA is further greatly encouraged to note that the REM concept is the subject of considerable discussion and analysis in an issue paper titled the *Renewable Integration: Market and Product Review, Phase 1*, issued on September 30, 2010. (Issue Paper). CESA appreciates the fact that the CAISO's staff are focusing on the merits of REM, as well as non-generator provided ancillary services generally, and looks forward to working with the CAISO staff and stakeholders. As described at Section 4, the Issue Paper promises to provide a very constructive framework for design of the REM concept to be finalized as well as other Phase 1 activities related to Ancillary Services.

CESA's view has been, and remains, that REM is not a new product *per se*, but including it as part of the Phase 1 review process described in the Issue Paper is the best way to assure early adoption by market participants in a fair and transparent manner. It is, of course, CESA's hope that prompt implementation of REM will lead directly to modeling, design and other new product development activities needed to rapidly expand the CAISO's markets to the whole array of ancillary services that can be provided with less emissions and more cost effectively by energy storage technologies.

CESA thanks the CAISO for including REM in the Draft Catalogue, and working actively and collaboratively to address its implementation as described in the Issue Paper

