

Storage as a Transmission Asset

Stakeholder Comment Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Storage as a Transmission Asset stakeholder working group meeting that was held on June 29, 2018.



Submit comments to InitiativeComments@CAISO.com

Comments are due July 16, 2018 by 5:00pm

The working group meeting, hosted on June 29, 2018, as well as the presentation materials discussed during the stakeholder web conference, may be found on the [Storage as a Transmission Asset](#) webpage.

Please provide your comments on the Straw Proposal topics listed below, as well as any additional comments you wish to provide using this template.

Informational discussion

Based on stakeholder comments to the straw proposal, the ISO provided additional information regarding how SATA resources will be considered in the ISO's Transmission Planning Process (TPP). The ISO's working group presentation built on the materials covered through the straw proposal and focused on:

1. Assessments of need and technical requirements
2. Economic evaluation of project alternatives
3. Transmission Asset versus Market Local Resource considerations
4. ISO Operational control of storage assets

Are there additional questions regarding the materials that the ISO provided during the working group process or questions specifically relating to how the ISO will consider SATA resources in the TPP that the ISO has not yet discussed?

Comments:

ITC Grid Development, LLC (“ITC”) believes that the CAISO has appropriately recognized the link between the SATA initiative and the consideration of SATA in the Transmission Planning Process (TPP); in particular, the need to address questions about the evaluation of transmission project alternatives and competitive bids. During the 6/29 stakeholder meeting, the CAISO requested stakeholder comments on the evaluation of SATA as opposed to traditional “poles and wires” transmission projects, and valuing the replacement of storage asset components, particularly during the latter portion of the 40-year period of a typical transmission asset’s useful life. ITC respectfully submits that the CAISO likely has (or could develop) options for evaluating SATA versus traditional transmission projects, and for valuing replacement of storage asset components. We would like to request that the CAISO put forward a proposal or options for consideration, and allow stakeholders to comment.

Contractual Arrangement

The ISO proposes to develop a new agreement with SATA resource owners that captures elements from Participating Generator Agreement (PGA), Participating Load Agreement (PLA), Reliability-Must-Run (RMR) and Transmission Control Area (TCA) agreements, among others. At the working group meeting, the ISO provided additional details about this proposed new agreement. Please provide comments on this proposal.

Comments:

As discussed during the 6/29 working group meeting, it appears that the CAISO is planning to include the full universe of details on transfer of operational control of SATA assets in individual agreements between the CAISO and the SATA entity. While some operational details may be laid out in individual agreements, ITC sees the need for the CAISO to develop and propose certain generally applicable business practices and protocols for the transfer of operational control from the Scheduling Coordinator to CAISO for transmission operations, and back to the Scheduling Coordinator for the asset to participate in the market.

The question of whether SATA entities would be required to become Participating Transmission Owners (PTOs) was raised during the discussion. If SATA owners agree to assume the required compliance obligations and responsibilities, but do not wish to become PTOs or sign the Transmission Control Agreement (TCA), ITC does not feel strongly that they should be required to do so.

As a general matter, ITC notes that it would be helpful for the CAISO to provide additional details at the next working group meeting on the specific terms and conditions that the CAISO envisions being part of the new SATA entity agreement. This would allow stakeholders to have a more robust discussion about the appropriate structure and contents of that agreement.

Cost Recovery Mechanism

The ISO has proposed two alternative cost recovery mechanisms in the straw proposal:

1. Full cost-of-service based cost recovery with energy market crediting
2. Partial cost-of-service based cost recovery with no energy market crediting

At the working group meeting, CRI and SDG&E provided additional ideas for cost recovery. Through the discussion, a third option was proposed: Full cost-of-service with partial cost recovery. This option would mitigate risks associated with option 2 and provide incentives that do not exist under option 1. Please provide comments on the proposal and/or comments provided by CRI and SDG&E along with this third option. In comments, please provide a description of how they compare and contrast to the ISO's first two options, specifically as it pertains the direction provided in the FERC policy statement.

Comments:

Based on discussion during the 6/29 stakeholder meeting, the CAISO appears to have recognized that they do not have the ability to compel market participation by an entity choosing the full cost of service cost recovery option (option 1). ITC agrees with the CAISO that they should assume 0% market participation under this option.

ITC also does not have an issue with the removal from consideration of cost recovery option 2, although perhaps the CAISO should consider keeping this option open for entities who wish to select it, given the potential ratepayer savings.

ITC seeks clarification from the proponents on how the third option, which we understand to be full cost-of-service cost recovery via the Transmission Access Charge (TAC), plus partial retention of energy market revenues, would align with the FERC policy statement. Specifically, it is unclear to ITC how this option would not constitute double-recovery, in that it would provide an opportunity for an entity to earn recovery of its full cost-of-service via the TAC, plus additional market revenues over and above the cost of service.

Other

Please provide any comments not addressed above, including any comments on process or scope of the Storage as a Transmission Asset initiative, here.

Comments:

Overall, the issues raised and the level of discussion at the most recent working group meeting suggest that the CAISO and stakeholders are considering the appropriate questions. However, in order to move the initiative forward more expeditiously and allow for more targeted feedback, ITC suggests that at the next meeting, the CAISO provide a specific proposal or options for the major policy areas (contractual arrangement, cost recovery, etc.) of the SATA initiative.