

# 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 second revised straw proposal that was posted on October 16, 2018.



Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due November 6, 2018 by 5:00pm**

The second revised straw proposal, posted on October 16, 2018, as well as the presentation discussed during the October 23, 2018 stakeholder meeting, may be found on the [Storage as a Transmission Asset](#) webpage.

Please provide your comments on the second revised straw proposal topics listed below, as well as any additional comments you wish to provide using this template.

**Cost Recovery Mechanism**

The ISO has proposed three 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
3. Full cost-of-service based cost recovery with partial market revenue sharing between owner and ratepayer

Additionally, the ISO envisions two potential scenarios for option 1: Direct assigned SATA projects and 2) when the project sponsor bids into TPP phase 3 competitive solicitation process, selecting this option. The ISO has proposed the rules governing SATA bidding and cost recovery eligibility would differ slightly between these two scenarios. Please provide comments on these three options, including the two scenarios under option 1 and any other options the ISO has not identified.

**Comments:**

LS Power supports CAISO's proposal of establishing a Must Offer Obligation and requiring resources to bid discharge price at energy price cap. Absent this, market participation from these resources could have unintended impact of suppressing market prices.

LS Power supports CAISO's proposal to not assume market revenues from Direct Assigned projects. CAISO should make same provisions available to competitive solicitation projects under Option 1 as well.

**Options in the event of insufficient qualified project sponsors**

The ISO proposal would require all SATA projects sponsors to also submit a full cost-of-service bid as described in option 1, above. This bid would to be used in instances when there is fewer than three qualified project sponsors.

Please state your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

**Comments:**

LS Power doesn't support CAISO's recommendation for having at least three qualified project sponsors who bid under Options 2 & 3. While LS Power understands CAISO's concerns, but it believes imposing such requirement will unintentionally invalidate an otherwise valid project proposal. Also it is unclear how will CAISO select between different Options for same project. For instance, if there was one Option 2 bid and for same project there were two Option 1 bids, how will CAISO perform its selection process? In order for stakeholders to provide meaningful comments on whether minimum three project sponsor criteria should be imposed or not, we recommend CAISO flush this out at the next iteration of its proposal. Several scenarios could play out here; for instance if a qualified project sponsor submits three separate bids; one each under the three Options and if this is the only qualified Project Sponsor, will CAISO be okay with that or will it deem the Option 2 & 3 bids from the sponsor invalid, because CAISO didn't receive three separate project sponsors. In its next iteration of proposal, we recommend CAISO to

have detailed discussion on few of these scenarios and also provide a proposal on how the three Options will be compared.

### **Contractual Arrangement**

The ISO proposes to establish defined three contract durations: 10, 20, and 40 years. Additionally, the ISO has eliminated its previously proposed TRR capital credit in favor of contractual requirements for maintenance of the resources.

Please provide comments on these two modifications to the ISO's proposal, stating your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

#### **Comments:**

LS Power supports this element of CAISO proposal but would like CAISO to provide more details on how it will compare project proposals with different contract durations. LS Power recommends that CAISO bring forth a framework for comparison before stakeholders. This should help stakeholders analyze whether proposed approach provides a just outcome.

### **Market Participation**

The ISO has proposed that a SATA resource will be provided notification regarding its ability to participate in the market prior to real-time market runs, but after the day-ahead market closes. The ISO will conduct a Load based SATA notification test to determine a SATA resource's eligibility to participate in the real-time market.

Please state your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose), including any alternative proposals. If you support with caveat or oppose, please further explain your position and include examples (please note that any alternative proposals should be specific and detailed).

#### **Comments:**

No comments.

### **Consistent with FERC Policy Statement**

The ISO believes the revised straw proposal is consistent with the FERC Policy Statement. Specifically, that the straw proposal does not inappropriately suppress market prices, impact ISO independence, nor result in double recovery of costs.

Please state your organization's position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples. If you oppose, please clarify why and how the ISO might address this issue.

**Comments:**

No comments.

**Draft final proposal meeting or phone call**

The stakeholder meeting for the second revised straw lasted approximately 2.5 hours. As a result, the ISO requests stakeholder feedback regarding whether an in-person meeting is necessary for draft final proposal or if a stakeholder phone call will allow the ISO to adequately address the remaining issues in the draft final proposal.

Please state your organization’s position as described in the Second Revised Straw Proposal (support, support with caveats or oppose). If you support with caveat or oppose, please further explain your position and include examples.

**Comments:**

An in person meeting preferred, even if it is for half a day.

**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:**

- (1) CAISO should provide more information on how it would go about selection process to compare Option 1, Option 2, Option 3 project proposals for same project. While we understand exact details of this comparison will depend on actual proposals but general guidelines here would be helpful.
- (2) Storage projects in CAISO queue – Storage projects that are currently in CAISO queue and are not under construction should be allowed to offer their bids to address reliability/economic issues identified in TPP. Based on criteria described in CAISO’s Study Plan<sup>1</sup> for 2018/19 TPP, LS Power understands that not all projects in CAISO queue are modelled in TPP base cases. Projects (or portions of projects) that do not get modelled based on this criteria and are not already under Power Purchase Agreement with a Load Serving Entity should be allowed to submit proposals as SATA resource.
- (3) Use of SATA for reliability/economic needs – LS Power understands CAISO response that SATA resource may be used for reliability/economic needs that are different from what the resource was originally built to resolve. However, LS Power would like CAISO to confirm that these

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<sup>1</sup> <http://www.caiso.com/Documents/Final2018-2019StudyPlan.pdf>, page 18

resources will not be used to manage CAISO's Area Control Error, which could suppress the need for Regulation product that CAISO procures through its markets.