

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:**Asset Life:**

On page 15 of the June 29th Working Group Meeting Presentation, within the "Economic Assessments of Project Alternatives" section, the ISO indicates they are not locked into one single economic evaluation but can consider a range of evaluations as appropriate. The top chart on page 16, however, could imply that a SATA product life of 40 years is comparable to traditional transmission solutions. NextEra does not agree that a 40-year product life is an appropriate timeframe for SATA resources, and feels that methods are available to compare solutions with different lifecycles. NextEra Energy recommends that the ISO consider benefits of additional flexibility and modularity offered by SATA compared to traditional transmission solutions. For example, storage resources are nimbler than transmission lines and can be surgically deployed faster than traditional solutions to resolve identified near-term transmission needs without the risk of stranded assets due to rapidly changing system needs. Considering the factors above, NextEra Energy recommends that the ISO determine product life for SATA projects on a project by project basis to best resolve identified transmission needs. NextEra Energy further suggests the ISO consider alternative economic evaluation methodologies for SATA resources, such as comparing equivalent revenue requirements for SATA and traditional transmission solutions over determined product life as described above. The ISO might find that in some instances, where a long term transmission asset is needed, the least cost approach could be to offset new transmission by initially installing a SATA resource. Further, the ISO could re-purpose the SATA interconnection point to the grid for future tie-in of a transmission line.

Shared facilities and SATA oversizing:

NextEra Energy recommends sizing each SATA specific to the ISO's need (specific MW to solved need over time). Should a developer propose to over-size a SATA, the SATA should be considered a separate facility with a separate resource ID to avoid scheduling conflicts and the developer should be required to go thru the ISO generator Interconnection request process. This separation would avoid issues with charging/discharging, asset life, market manipulation, etc..

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:

NextEra Energy supports the ISO's proposal to develop a new agreement with SATA resource owners, as long as such agreement incorporates existing requirements governing a PTO and clearly outlines when SATA resources can participate in market services. However, NextEra Energy cautions the ISO against contract renegotiations or modifications due to any changes in the ability of a SATA resource to participate in markets after initial contract and agreement have been reached. Such modifications may increase uncertainty regarding expected level of market revenues for SATA owners, likely resulting in higher project costs to account for increased financial risk. Additionally, contract modifications will likely be time-consuming for both the ISO and SATA owners. Instead, NextEra Energy contends that the ISO allows market participants to propose creative provisions when proposing SATA projects such as progressive revenue sharing agreements with ISO customers to ensure that the resource is justly compensated for any changes in the ability to participate in markets.

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:

NextEra Energy supports cost recovery options that encourage competition for the benefit of ISO customers and incentivize SATA owners to maximize market revenues and thus potential customer savings. NextEra Energy recommends that the ISO maintains the cost recovery optionality proposed by in the Straw Proposal to allow SATA owners to select one of available cost recovery options as part of a sponsors' submission into the Phase 3 TPP competitive solicitation process. Further, NextEra Energy recommends that the ISO allow SATA owners optionality to propose creative structures, such as cost caps, minimum revenue guarantees, and/or revenue sharing agreements in order to maximize consumer savings.

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:

No comments