

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 19, 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:

The CAISO notes in its presentation that a compelling reason for storage needing to be a transmission asset is an “overly complex interconnection as a market resource.”¹ This reflects an earlier concern that was raised regarding the interconnection process for these assets, and whether it would disregard the impact to deliverability of market resources that have gone through a different interconnection process. The local capacity process uses an established approach for resources that have obtained deliverability through a specific generator interconnection process. Generation that is increased to reduce the flow on the limiting constraint becomes part of the local capacity need, but only capacity resources with deliverability are considered for this dispatch. Taking storage into account without a comparable deliverability process could impact market resources that have gone through a different interconnection process. The CAISO should consider the implications of allowing storage providing transmission reliability services to be taken into account when determining local capacity area needs.

Additionally, it would help to understand specific examples in which the CAISO expects to exceptionally dispatch a significant amount of time, and the instances other than voltage mitigation in which a “must offer obligation” would not be consistent with the transmission needs.

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:

Cost Recovery Mechanism

¹Storage as a Transmission Asset: Working Group Meeting, <http://www.aiso.com/Documents/AgendaandPresentation-StorageasaTransmissionAsset-June292018.pdf>, p.18

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:

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:

PG&E notes that the “Allocation to High- or- Low Voltage TAC” was not addressed at the June 29, 2018, stakeholder working group meeting. This is an issue of concern to PG&E and PG&E believes that the current proposal is an appropriate forum for addressing this issue. We therefore, reiterate our initial comments to the Straw Proposal, as filed on June 7, 2018, summarized as follows.

PG&E understands that the CAISO's current method of dividing a PTO's transmission revenue requirement (TRR) to high or low voltage TAC (see Appendix F, Schedule 3, Section 12 of the CAISO Tariff) is based largely on the voltage ratings of the PTOs transmission assets. However, allocating the costs of a SATA to high or low voltage TAC by the voltage of its point of interconnection may not be the best method for allocating costs to users of the CAISO grid. Another criterion for cost allocation may rely on the transmission need that the storage is addressing. This method is consistent with the general rate recovery principle of cost causation recovery. Grid users that benefit from a service should bear the cost of providing the service that they receive. It is possible, under today's rules, that high voltage-only users of the CAISO grid might escape cost allocation of a SATA that is selected to resolve a high voltage transmission need simply because it is interconnected at voltages lower than 200 kV. In essence, a cost shift would result.