

Western Power Trading Forum Comments on EFC Ratings for Resources May 14 Presentation
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The Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency to facilitate transactions among market participants. The membership of WPTF and the WPTF CAISO Committee responsible for providing these comments include CAISO and EIM entities, load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities that are active participants in the California market, other regions in the West, and across the country.

Comments

WPTF appreciates the opportunity to provide these comments on the CAISO's EFC presentation dated May 14, 2019. We have no objections to the CAISO moving forward with (1) the tariff clarification for EFC formula that will not change how the CAISO is calculating EFC for resources, and (2) the limited tariff waiver. These are appropriate items to discuss within a tariff process.

WPTF strongly objects to a tariff process being run for policy and process changes. These changes either need to go through an initiative process (albeit an abbreviated one) or through the BPM process. It is inappropriate to push these changes through a side-tariff process, particularly when there is an active RA Enhancements initiative currently ongoing for RA rule and process improvements.

WPTF objects to the following proposals (within this process):

1. Changing the EFC calculation for Non-REM Batteries
2. Changing the EFC eligibility requirements for hydro
3. Requiring an attestation for all resources wanting an EFC value by June 3

EFC calculation for Non-REM Batteries

The CAISO states on slide 4 of the May 14 presentation that "[t]his tariff development does not establish new policy but rather better aligns the implementation of the tariff with the policy." A new EFC calculation for Storage clearly is establishing new policy and WPTF asks that the CAISO move this proposal to a formal stakeholder initiative.

Beyond this; however, WPTF does not support the proposal without additional justification from the CAISO. Even beyond the "should charging capability count as flexibility" argument, we note that there are a few issues with the formula that should also be discussed.

The CAISO proposes EFC is equal to: $\eta * (-P_{min}) + NQC$, where η is charging efficiency.

Charging efficiency is the efficiency of charging a device in a percentage term. An 80 MWh/20 MW battery with a 90% charging efficiency beginning with a 0 MWh state-of-charge can charge 20 MWh and then only return 18 MWh at the most. Using this battery as an example, the CAISO is therefore proposing:

$$.9 * (-20) + 20 = 18 + 20 = 38 \text{ MW EFC}$$

The intent behind this formula is unclear to WPTF for a few reasons.

- First, the battery can charge for four-hours (as required to qualify as an RA resource) and then full discharge at 20 MWh over the next three hours, which is the time period flexible capability is measured over.
- Second, EFC should be tied to actual operational capability. It is unlikely that a battery will be dispatched in a manner that fully charges and then discharges it from one hour to the next. WPTF asks that at a minimum the CAISO evaluate how current NGR resources are operating and providing flexibility in the market prior to redoing the EFC calculation.
- Third, if the CAISO is going to use a formula that uses charging efficiency, it should put this parameter on the discharge side of the equation and ask whether NQC is being appropriately set. It is inaccurate to make it look like the charging efficiency parameter is impacting a battery's ability charge, when really it is reducing its discharge capability.

Finally, WPTF asks the CAISO to describe how the new EFC methodology may change the resources RAAIM or must-offer obligations. If efficiency is included in the EFC it seems like this would decouple the needed MOO and RAAIM assessment. Using the earlier example, the EFC would be 38 MW, but the MOO and RAAIM would need to be on 40 MW to ensure the resource could achieve the 38 MW given its efficiency parameter.

WPTF therefore asks that this formula be further discussed in a public and transparent policy process prior to being included in a tariff filing.

EFC eligibility requirements for hydro

WPTF asks that the CAISO clarify how the hydro EFC is changing and demonstrate what this will do in aggregate to hydro EFC RA values. We do not object in principle, but it is unclear that this is a tariff clarification and again seems like a policy change.

EFC attestation

WPTF is unclear where the attestation requirement is in either the BPM or tariff. While we do not object to an annual attestation, we note that often they are a paper-pushing exercise and unnecessary. In this case, we ask that the CAISO at a minimum issue a market notice reminding stakeholders of the deadline and clearly indicate which flexible resources (perhaps all?) must submit this new attestation.

WPTF thanks the CAISO for consideration of its comments.