

Storage as a Transmission Asset

Stakeholder Comment Template

Submitted by	Company	Date Submitted
Mark J Smith	Calpine	Nov 6, 2018

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:

[See earlier comments.](#)

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:

[Calpine supports the proposal to default to full cost of service if there is insufficient competition.](#)

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:

Calpine remains concerned that different term contracts will introduce complexities in the evaluation process that are not being addressed. That is, while many attributes are evaluated in TPP, the economic evaluation of projects made in the TPP phase 3 competitive solicitation must accommodate the differing useful lives of a project. How for instance will the analysis compare a 10 year BESS with a 40 year BESS?

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:

Calpine does not understand the proposal. Specifically, what will the ISO be evaluating after DA that is different from the security-constrained model used in the IFM? Load is unlikely to change significantly between pre-IFM and post-IFM runs. If in fact the ISO will be using constraints different from the IFM (e.g., the specific constraints that led to the BESS selection), the post DA proposal may be appropriate. Calpine seeks a more wholesome discussion of the “load-based test”.

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:

As Calpine has previously stated, the FERC Policy Statement states a preference to “allow” market participation. The CAISO seems to have interpreted that as a mandate to “encourage” market participation and this is where the interference with price formation can occur.

Calpine supports the ISO proposal to allow market participation, but with administrative bidding at or very near the cap. While the ISO has proposed this mechanism for Option 1 (full cost-of-service) resources, Calpine believes this requirement should apply to all SATA resources.

If the CAISO allows non-administrative bidding, it must clearly define the marginal cost of a storage asset. Absent such a definition, and mechanism to observe and enforce competitive behavior, the CAISO cannot blithely conclude that a submitted bid is competitive.

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:

Phone call is fine.

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:

Calpine repeats its concern that SATA resources – if not considered and included in the interconnection studies and deliverability analysis – will negatively affect the deliverability of any resource with a higher priority in the interconnection queue.