

Storage as a Transmission Asset

Stakeholder Comment Template

Submitted by	Company	Date Submitted
Julie McLaughlin juliemclaughlin@cogentrix.com (415) 209 4367	Cogentrix Energy Power Management, LLC	November 6, 2018

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:**Option 1:**

- For Direct Assign SATA projects under option 1, Cogentrix Energy Power Management (“Cogentrix”) does not support a MOO obligation. A MOO obligation would only make sense if, in the TPP planning, the ISO counted on market revenue.
- Additionally, a MOO obligations at the 95 percent level could result in price suppression.
- Presumably, the full cost-of-service option could offer the ISO the opportunity to use the SATA to compensate for forecast error in real-time. Imposing a MOO obligation would limit such functionality.

Option 2:

- Cogentrix still views this option as problematic and would like to understand how the ISO plans to ensure the right level of partial cost-of-service recovery as well as the appropriate terms and conditions such that SATA projects under option 2 do not have a negative impact on market prices.

Option3:

- No comment.

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:

Cogentrix respectfully requests the high-level definition and/or requirements associated with “qualified project sponsors.” It is critically important that the criteria for “qualified project sponsors” be broad enough to reflect the large universe of potential sponsors likely to participate in any SATA RFP.

Separately, Cogentrix supports requiring a full cost-of-service bid as described in option 1 for all SATA bids as a mechanism for comparing apples with apples across bids.

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:

Cogentrix is supportive of the three contract durations and also the elimination of the previously proposed TRR capital credit.

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:

Cogentrix does not oppose use of load based SATA notification. Cogentrix would like to emphasize that any information used to notify SATA resources whether they have been deemed a transmission asset for the following day or whether they can participate in the market, should be information that is publicly available.

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:

Cogentrix believes that the ISO has additional work to do around clarifying details of each option in order to ensure that SATA resources benefiting from both cost-of-service and market participation do not negatively impact market pricing.

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:

Cogentrix is indifferent between a call and a meeting.

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:

Cogentrix believes that the ISO should include an option for full cost-of-service with no market participation for SATA resources. This option might be particularly applicable for RFPs for storage projects with significant projected use as transmission assets.