

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:

[No comments]

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:

[No comments]

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:

As previously stated by LS Power, Option 1 which involves Full cost-of-service based cost recovery with energy market crediting does not incentivize SATA owner to participate in energy markets, hence will likely end up being a full cost recovery through TAC for ratepayers. Option 2, Partial cost-of-service based cost recovery with no energy market crediting, will encourage multiple competitive proposals

from parties which will lead to cost savings to ratepayers. Project Sponsors for SATA resources should be able to make their assumptions for market revenues and bid what costs they will need to get recouped from TAC. Third option as discussed at the working group meeting, i.e. Full cost-of-service based cost recovery with partial energy market credit may work better than Option 1 as it offers some incentives for market participation, however it would still not guarantee lower cost to ratepayers as full cost recovery through TAC will still be the baseline case for this Option.

Option 2 is the only Option that guarantees more saving to ratepayers while still providing same benefits which is why LS Power recommends that Option 2 should be the only Option used for competitive solicitation scenarios. Bare minimum CAISO should atleast allow Project Proponents to bid their projects along with their choice for what Option they want to use for cost recovery rather than prescribing a particular cost recovery option for all projects. This will help promote competition and encourage multiple proposals from all parties incumbent and non-incumbents, which will work towards the benefit of ratepayers.

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:

Market Participation of SATA resources:

In order for SATA Project Sponsors to provide their best offers under competitive solicitation, CAISO should provide detailed information with respect to hours/times of the year the resource is expected to be needed for reliability. This will allow Project Sponsors to develop assumptions for market revenues and provide their bids for cost recovery through TAC accordingly. Further, CAISO should allow SATA resource to participate in the market as much as possible and only pull the resource out of market should there be specific reliability reasons, such as extended transmission/generation outages, persistent heat wave. For normal operations as long as all contingencies and nomograms are modelled in the market, SATA resources should be dispatched through the markets to meet reliability needs just like other generators.