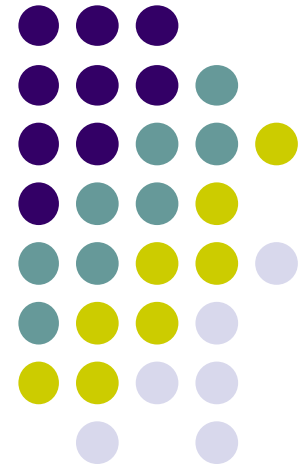


Large-scale Solar Association Comments on ES Enhancements Revised Straw Proposal

April 13, 2021



Issues with CAISO Grid-Charging Proposal for Mixed Fuel Resource (MFR) Co-located Resources (CLRs)



- **Mechanics**
- **Eligibility**
- **Other tools**
- **Unresolved HR1 storage-related issues**

MECHANICS



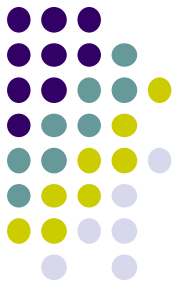
- CAISO proposal would:
 - Limit hourly storage charging schedules to forecasted solar output
 - Allow storage in charging mode to deviate from RT Dispatch Instructions to match solar output below “forecast”
- **LSA supports this concept**
- Clarifications needed for:
 - Solar dispatch down pursuant to economic bids
 - How storage operator would know PIRP forecast
 - CAISO override situations

ELIGIBILITY



- **Issue:**
 - Full ITC recovery & property-tax exemptions require limited or no grid charging
 - Latest CAISO proposals identify the wrong issue
- **Straw Proposal eligibility correctly focused on ITC:**
 - Eligibility required proof of tax-credit eligibility & expected timeframe
 - However, no property-tax recognition

Revised Straw Proposal Eligibility is Much More Limited and Not Coherent



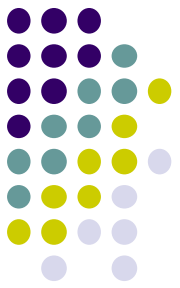
- **Resources only eligible if they have:**
 - “Contractual” ITC “implications” – PPAs prohibiting grid charging; **or**
 - Property tax “implications;” **and**
 - Taken some kind of timing action – resources eligible if:
 - “Participating on the grid,” but <5 years, when option implemented
 - Executed PPAs prohibiting grid charging before option implemented
 - “Implications” were in place before option implemented
- **Misidentifies the issue:** ITC recovery is the main policy/economic issue, not PPA provisions
- **5-year limit**, though property tax issue may be longer-term

OTHER TOOLS: STILL NEED CAISO CLARIFICATION ON ACCEPTABILITY



- **“Self-help” tools:** Seemingly allowed in CAISO documents.
 - **CAISO Technical Bulletin (2016):** Projects w/multiple Resource IDs could have “all options,” including charging “from on-site generation only.” (p.12) (*Table also included in HRI Revised Straw Proposal.*)
 - **HRI Straw Proposal/Rev Straw Proposal:** “Metering” sections include CLR charging only from on-site generation, saying “A limiting scheme must be in place to prevent charging from the grid.”
- **Physically disabling grid charging:** CAISO statements at stakeholder meetings that Master File can only reflect “physical” and not software, financial, or contract limitations.
- **Zero setting** for: (1) ACC for CLR; or (2) Pmin for HRs

Other Unresolved HRI Issues



- **Recovery of lost ITC through market bids**
 - The HRI2 Draft Final/Final Proposals:
 - Said bidding could recover “lost” ITC recovery w/grid charging, included example.
 - Deferred the question of whether the bid-price floor is too low for ITC recovery.
 - LSA/SEIA commented that the issue is more complex and offered to explore these issues w/CAISO. That could be done in this initiative.
- **Other market issues:** Unexplained HRI2 Draft Final/Final proposal statements here:
 - **Market bids generally:** “If a resource is unable to bid costs associated with generation from the grid into the market, the ISO may make special allowances for these resources to not show that capacity in the market.”
 - **Default Energy Bids:** “ITC resources may receive special modeling considerations in DEB...These will only be granted for resources that cannot recover costs from economically bidding into the market”