

Southern California Edison

Stakeholder Comments

Energy Storage and Distributed Energy Resource Initiative

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) appreciates the opportunity to comment on the California Independent System Operator’s (CAISO) Energy Storage and Distributed Energy Resource Participation Initiative.

SCE requests that the ISO not implement the Metered Generator Output metering options at this time. Instead, the ISO should modify existing baseline type I measurement rules to account for sub-resource backed proxy demand response (PDR) programs. In these comments, SCE submits a proposal that is able to alleviate the concerns of sub-resource backed PDR programs without the complexity and jurisdictional issues that the current MGO proposal creates¹. Settlements should take place based on the utility revenue meter. The current ISO process is workable, except for a baseline issue in some narrow circumstances. Thus, rather than a complete overhaul, the CAISO only needs to address a narrow baseline issue. SCE provides a remedy to that narrow issue below.

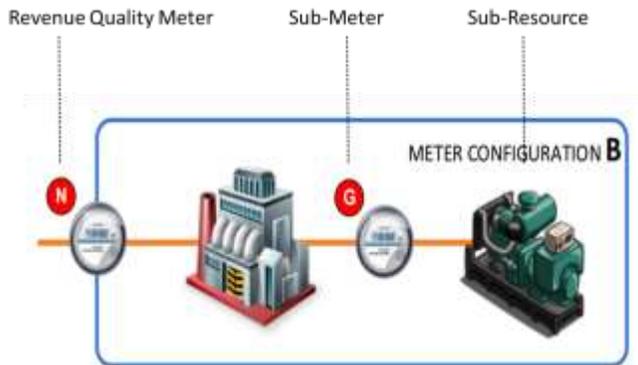
Baseline Measurement Type 1 with Baseline Negotiation Option Proposal

SCE proposes that sub-resource backed PDR programs be measured in the same manner as traditional PDR programs, that is, with a single Revenue Quality Meter (RQM) for the entire facility. While a revenue quality sub-meter may be installed for the sub-resource, the sub-meter will only be used for baseline negotiation purposes.

This proposal allows sub-resource backed PDR programs (or any PDR resource) to negotiate a baseline in the event the standard measurement will not accurately reflect the true performance of the facility. We expect the current process of baseline will continue in most instances. The negotiated baseline will be used when 5 non-event days cannot be obtained and will reflect the typical consumption of the facility. In this negotiation process, the scheduling coordinator can use the sub-meter data in addition to any other information that is useful in determining an appropriate baseline estimate. The ISO will then decide the appropriate baseline for the PDR resource.

¹ SCE and other parties have extensively described concerns with the MGO options in past comments and workshops, including jurisdictional issues and the potential for frequent double payments.

Baseline Measurement Type 1 with Baseline Negotiation



1. The PDR performance is based on a 10x10 baseline using the RQM
2. If 10 equivalent non-event days cannot be found, a minimum of 5 equivalent non-event days are used to create the baseline
3. If 5 non-event days cannot be found, the scheduling coordinator for the resources has two options:
 - A. (Current Rules) Use the highest usage prior event days within the Customer Baseline window to reach the minimum number of days² to create a baseline, OR
 - B. (New Option) Negotiate a baseline to use when 5 equivalent non-event days do not exist. The negotiation process will be similar to what is done today for market power mitigation purposes and can rely on the sub-meter data of the sub-resource as an input to the negotiation process.

Benefits of the Baseline Measurement Type 1 with Baseline Negotiation Option

Since sub-meter data will only be used in the negotiation process for baselines, and not for direct metering of sub-resources, SCE's proposal alleviates concerns with the current ISO proposal that does not address fundamental problems associated with using a sub-meter for settlements. Specifically, sub-meters only reveal "part of the picture" without providing the total information necessary to determine an appropriate settlement. Moreover, it has not been decided if ISO has the jurisdiction to directly meter non-WDAT resources connected through customers or the distribution systems. MGO options should not be adopted until this issue is resolved through a CPUC process.

The Baseline Negotiation option also has the benefit of being adaptable to a variety of technologies and PDR configurations that may exist in the future. A large amount of work was needed in the ESDER initiative to determine how to measure PDR programs with frequent dispatches. New technologies and configurations are likely to create new issues that the baseline measurement techniques are unable to account for. The Baseline Negotiation option allows CAISO to address these issues as they occur, on a project by project basis, without the need for large stakeholder initiatives and substantial tariff changes. This will help new technologies and capabilities integrate into the market faster since any shortcomings of baseline measurements can be addressed directly.

² See Page 47 of <https://www.caiso.com/Documents/DemandResponseUserGuide.pdf>

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Finally, given ongoing process at the CPUC, CAISO and the Courts, it may be prudent to revisit this issue after those forums provide additional clarity. SCE would not object to making this proposal interim, for say 12-24 months, and then revisiting to institute a permanent solution.