

Storage as a Transmission Asset

Stakeholder Comments 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 initiative Issue Paper that was published on March 30, 2018.



Submit comments to InitiativeComments@CAISO.com

Comments are due April 20, 2018 by 5:00pm

The Issue Paper posted on March 30, 2018, as well as the presentation discussed during the April 6, 2018 stakeholder web conference, may be found on the [Storage as a Transmission Asset](#) webpage.

Please provide your comments on the Issue Paper topics listed below and any additional comments you wish to provide using this template.

Scope of policy examination

The ISO's initial identified scope for this stakeholder process is to enable storage to provide cost-based transmission services and participate in the market and receive market revenues. Specifically, the ISO will focus on (1) transmission-connected storage only and (2) storage resources identified as needed to provide reliability-based transmission services. Please provide comments on the proposed scope. If there are specific items not already identified by the ISO that you believe should be considered, please provide specific rationale for why the ISO should consider it as part of this initiative.

Comments:

[Sempra Renewables \(Sempra\)](#) believes energy storage can potentially provide value as a transmission asset, and appreciates the CAISO's continued national leadership in reducing barriers to integrating

storage into its markets and operations. Regarding scope, Sempra agrees that this effort should be limited to addressing transmission-connected storage. However, Sempra questions the decision to limit the initiative's scope to storage resources identified as needed to provide only *reliability-based* transmission services. As currently scoped, energy storage and conventional wires can theoretically compete to resolve an identified reliability issue or meet a reliability need, however, the CAISO contends that only conventional wires solutions should be considered when addressing *economic* needs/issues. Such a distinction arbitrarily discriminates at the expense of transmission ratepayers. Sempra requests that the initiative's scope be broadened to include both reliability and economically driven transmission projects or upgrades.

The CAISO correctly argues that identifying upgrades necessary to maintain transmission system reliability is a transmission planning function that is squarely within the CAISO's jurisdiction. Assuming it is cost effective, this initiative's scope seemingly allows energy storage to be the physical electrical infrastructure added to the system to address an identified reliability need. Similarly, the CAISO process of identifying transmission upgrades that provide an economic benefit – for example, to reduce market congestion costs, or reduce resource adequacy requirements – is also a transmission planning function that is squarely within the CAISO's jurisdiction. Here, however, the CAISO maintains that energy storage is not eligible to be the physical electrical infrastructure added to the system to achieve the economic benefit. Instead, only conventional wires solutions will be considered. The CAISO argues that in the economic scenario, storage potentially resembles a “resource” or “generator,” and mindful of jurisdictional boundaries between transmission procurement and resource or generation procurement, opts to disallow storage.

Sempra is sympathetic to this position, but remains unpersuaded. In both the reliability and economic scenarios, the CAISO's TPP has identified potential system upgrades that either maintain reliability, or drive economic benefits that exceed the upgrade's costs. In the reliability scenario, the CAISO concludes that that energy storage is simply a piece of electric infrastructure – a “box,” if you will – that should be allowed to compete against all other electric infrastructure to find the lowest cost solution to the reliability issue. In the economic scenario, however, the CAISO makes an arbitrary value judgement about storage. It's no longer just a box in the economic scenario; now, it's similar to a “resource,” and for that reason, CAISO takes the position that because it's not just electric infrastructure, storage can no longer compete to provide the lowest cost solution. This value judgment, in Sempra's view, is unnecessary. In both scenarios, energy storage should be allowed to compete to provide a cost-effective solution.

Preventing non-wires alternatives to economically-driven projects is not only capricious, it also potentially increases costs and disadvantages transmission ratepayers. If storage can provide the same benefits at a lower cost than a wires solution, then storage should be selected. Any other outcome increases transmission rates without any corresponding increase in benefits. Generally speaking, a policy that artificially constrains the pool of potential solutions to address an identified need is economically irrational. More specifically, absent compelling justification, such a policy could be viewed as unduly discriminatory, or unjust or unreasonable by FERC.

Sempra urges the CAISO to expand the initiative’s scope include both reliability and economically driven transmission projects or upgrades.

Cost recovery mechanism

The ISO has offered two alternative cost recovery mechanisms for discussion as part of the issue paper:

1. Asset in PTO’s TAC rate base, and
2. Contractual provision of “cost-based” transmission service without becoming a PTO

Please provide comments on these two options and any other options the ISO has not identified. Additionally, please provide comments on the “wholly in rate base” and “partially in rate base” alternatives discussed within each of the above options.

Comments:

[For the reasons outlined in the Issue Paper, Sempra believes having the asset wholly in a PTO’s TAC rate base is conceptually clear, and creates a potentially cleaner implementation path. For these reasons, the CAISO should prioritize exploring Option \(a\)’s feasibility. Sempra has no comments on this issue at this time.](#)

Allocation to high or low voltage

TAC

The ISO has expressed its plans to maintain the current practice of allocating costs to high or low voltage TAC based on the point of interconnection. Please provide comments on this proposal.

Comments:

[The proposed allocation of costs to high or low voltage TAC is reasonable.](#)

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:

[Sempra has no additional comments at this time.](#)