

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider  
Policy and Implementation Refinements to  
the Energy Storage Procurement  
Framework and Design Program (D.13-10-  
040, D.14-10-045) and related Action Plan  
of the California Energy Storage Roadmap.

Rulemaking 15-03-011  
(Filed March 26, 2015)

**COMMENTS OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
ON PETITION FOR MODIFICATION**

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Date: April 19, 2021

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**I. Introduction**

The California Independent System Operator Corporation (“CAISO”) hereby provides comments regarding the California Energy Storage Alliance’s (“CESA”) petition to modify Decision 17-04-039 to Address Hybrid and Co-Located Resources (“Petition”). The CAISO participated actively in the rulemaking process that resulted in that decision, and supports CESA’s Petition. Clarifying the station power and netting rules for hybrid and co-located resources will provide much-needed clarity to developers and stakeholders.<sup>1</sup> The CAISO’s generator interconnection queue has seen hundreds of new interconnection requests and modifications to existing interconnection requests to implement co-located and hybrid projects including energy storage. The station power and netting rules in Decision 17-04-039 should apply to these resources. Like stand-

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<sup>1</sup> The CAISO tariff defines a “Co-located Resource” as “A Generating Unit with a unique Resource ID that is part of a Generating Facility with other Generating Units. An EIM Participating Resource with a unique Resource ID that is part of a single resource with other EIM Participating Resources;” and a “Hybrid Resource” as “A Generating Unit, with a unique Resource ID at a single Point of Interconnection, with components that use different fuel sources or technologies.” Both co-located and hybrid resources typically consist of variable energy resources paired with energy storage.

alone storage and conventional generation, co-located and hybrid resources are engaged in the sale for resale of energy and ancillary services, and therefore should be able to self-supply their own station power energy and receive wholesale treatment for station power when operating.

## **II. Comments**

### **A. CAISO Treatment of Station Power**

Generators and storage resources typically have load at their locations. All such load is referred to as “auxiliary load.” Auxiliary load typically includes station power, which the CAISO defines as “retail energy, as defined by the Local Regulatory Authority, for operating electric equipment, for the sole purpose of participating in the CAISO Markets.”<sup>2</sup> Generally station power consists of load used exclusively to run generation and storage.<sup>3</sup> The CAISO notes that station power is considered “retail energy” because the local regulatory authority has jurisdiction over station power; not the Federal Energy Regulatory Commission.<sup>4</sup> But that does not mean station power must be subject to a retail consumer rate. Typically generators’ station power demand is subject to a wholesale rate because they can self-supply energy from their generation to meet their station power demand. For example, a generator with 100 MW of gross capacity and 1 MW of station power load could provide the CAISO markets with 99 MW while meeting its station power demand. The value of this 1 MWh would equal the CAISO’s wholesale locational marginal price (“LMP”) because it represents the opportunity cost of

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<sup>2</sup> Appendix A to the CAISO tariff.

<sup>3</sup> For storage, charging energy (including any round-trip efficiency losses) is *per se* wholesale, and not considered, metered, or settled as station power.

<sup>4</sup> See *S. Cal. Edison Co. v. FERC*, 603 F.3d 996 (D.C. Cir. 2010); *Indiana Municipal Power Agency v. PJM Interconnection LLC*, 172 FERC ¶ 61,243 (2020).

self-supplying station power instead of delivering it to the CAISO markets for settlement. This practice is referred to as “netting,” because the CAISO and the retail billing entity only see the net supply (or demand) based on the generator’s ability to self-supply station power.

The CAISO allows generators and storage resources to engage in any netting construct for station power allowed by the local regulatory authority.<sup>5</sup> This includes the netting constructs permitted for storage under Decision 17-04-039. But under the CAISO tariff, only station power can be netted under the CAISO’s wholesale meter.<sup>6</sup> Generators cannot serve other retail loads through self-supply.<sup>7</sup> This rule prohibits generators from escaping retail charges for load that does not support the sale for resale of energy.

## **B. CESA’s Petition**

The CAISO agrees that hybrid and co-located resources using storage should be subject to the same station power and netting rules designed for storage in Decision 17-04-039. The intent and reasoning in that decision were an extension of the extant rules for conventional generation. The Decision simply extended the self-supply and netting rules to storage to ensure a level and fair playing field. CESA’s Petition does the same for co-located and hybrid resources. Being a mixed-fuel resource does not change the fact that co-located and hybrid resources are engaged in providing wholesale energy. As CESA notes, co-located and hybrid resources are even more similar to conventional

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<sup>5</sup> Section 10.1.3 of the CAISO tariff.

<sup>6</sup> And eligible cogeneration load for Qualifying Facilities, which is not relevant here.

<sup>7</sup> Section 10.1.3.2 of the CAISO tariff.

generation than stand-alone energy storage because the former can produce their own energy.

Granting CESA's Petition and modifying that decision to clarify this treatment would not require any modification to the CAISO tariff. The CAISO's tariff provisions on station power are designed to accommodate such a clarification.<sup>8</sup>

Respectfully submitted,

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<sup>8</sup> See Section 10.1.3 *et seq.* of the CAISO tariff.