

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System )  
Operator Corporation )**

**Docket No. ER23-1485-000**

**MOTION TO INTERVENE AND COMMENTS  
OF THE DEPARTMENT OF MARKET MONITORING  
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

**I. MOTION TO INTERVENE**

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission’s Order 719, the CAISO tariff states “DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”<sup>1</sup> As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM’s purview.

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<sup>1</sup> CAISO Tariff Appendix P, Section 5.1.

## II. SUMMARY

In this filing, CAISO proposes a single tariff revision to extend the sunset date of the minimum state of charge constraint for resource adequacy storage resources until the earlier of September 30, 2023, or the implementation of CAISO's planned exceptional dispatch state of charge enhancements.<sup>2</sup>

CAISO has developed the enhanced exceptional dispatch tools for storage resources, and the CAISO Board of Governors has approved these tools. However, CAISO has indicated it will be unable to implement the new tools until fall 2023. DMM understands that CAISO is therefore proposing this extension in response to concerns by CAISO operations staff about managing batteries in tight system conditions this summer without either the minimum state of charge constraint or the replacement exceptional dispatch tools.

DMM agrees with most stakeholders that it would be best to implement the new exceptional dispatch tools rather than to extend CAISO's authority to use the minimum state of charge constraint. However, given that CAISO cannot implement the enhanced exceptional dispatch tools by this summer, DMM supports the proposed tariff revisions extending the authority of CAISO operators to use the minimum state of charge constraint. Without either the minimum state of charge constraint or the enhanced exceptional dispatch tools, DMM believes it would be significantly more difficult for CAISO operators to manage battery resources in tight system conditions and that this would pose an unnecessary risk for system reliability.

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<sup>2</sup> *California Independent System Operator Corporation Tariff Revisions to Extend Minimum State of Charge Requirement*, California Independent System Operator Corporation, Docket No. ER23-1485-000

### III. COMMENTS

#### **DMM supports the proposed tariff revision given the potential reliability risk of not extending CAISO's ability to use the minimum state of charge constraint**

The minimum state of charge constraint for resource adequacy battery storage resources was approved in 2021 as a part of CAISO's resource adequacy enhancements initiative. CAISO sought authority to use the constraint as an interim measure through May 2023, since CAISO intended to develop and implement new market tools as a replacement for the constraint. CAISO has completed the design of the enhanced exceptional dispatch tools that will replace the constraint in the energy storage enhancements initiative in 2022. However, CAISO will not be able to implement the replacement exceptional dispatch tools until the fall of 2023.

CAISO operations staff have expressed concern about managing batteries in tight system conditions this summer without either the minimum state of charge constraint or the replacement exceptional dispatch tools. Therefore, CAISO has proposed the tariff revisions in the immediate filing. DMM supports CAISO's proposed tariff revisions given the potential reliability risk of not extending CAISO's ability to use the minimum state of charge constraint.

The minimum state of charge constraint ensures that in the real-time market during critical hours of the most critical days, resource adequacy battery storage resources have enough charge to meet their day-ahead schedules. In hours when batteries are subject to this constraint, they are not compensated for opportunity cost of not being able to discharge below that charge level. The enhanced exceptional dispatch tools will allow operators to replicate the minimum state of charge constraint. Further, under additional

pending tariff revisions, batteries would be compensated for opportunity cost of holding state of charge through the exceptional dispatch settlement process.<sup>3</sup>

The enhanced exceptional dispatch tools will also give operators more flexibility to manage batteries in ways that may differ from their day-ahead awards. Therefore, the new exceptional dispatch tools should be superior to the minimum state of charge constraint from the perspective of both CAISO operators and operators of battery storage resources.

DMM agrees with most stakeholders that it would be best to implement the new exceptional dispatch tools rather than to extend CAISO's authority to use the minimum state of charge constraint. However, given that CAISO cannot implement the enhanced exceptional dispatch tools by this summer, DMM supports the proposed tariff revisions extending the authority of CAISO operators to use the minimum state of charge constraint.

Without either the minimum state of charge constraint or the replacement exceptional dispatch tools in place this summer, managing batteries may be significantly more difficult for CAISO operators in tight system conditions. CAISO operators can currently only use exceptional dispatches to schedule batteries to operate at a specified megawatt power output level. CAISO operators can instruct batteries to hold their current state of charge by ordering them to operate at 0 MW output. However, replicating the current functionality of the minimum state of charge constraint via exceptional dispatches would be complicated. Issuing customized manual instructions to ensure each battery

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<sup>3</sup> *California Independent System Operator Corporation Energy Storage Enhancements Tariff Amendment*, California Independent System Operator Corporation, Docket No. ER23-1533-000

charges and discharges according to day-ahead schedules could add significant burdens on the time and attention of operators during these stressed conditions. Given the potential reliability risk this poses, DMM supports CAISO's proposed tariff revisions.

#### **IV. CONCLUSION**

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

Respectfully submitted,

**By: /s/ Adam Swadley**

Eric Hildebrandt, Ph.D.  
Executive Director, Market Monitoring

Ryan Kurlinski  
Senior Manager, Market Monitoring

Adam Swadley  
Senior Advisor, Market Monitoring

California Independent System Operator  
Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: 916-608-7123  
[ehildebrandt@caiso.com](mailto:ehildebrandt@caiso.com)

Independent Market Monitor for the  
California Independent System Operator

Dated: April 18, 2023

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 18<sup>th</sup> day of April, 2023.

**/s/ Ariana Rebancos**  
Ariana Rebancos