



Stakeholder Comments Template

Energy Storage and Distributed Energy Resources (ESDER) Phase 4

This template has been created for submission of stakeholder comments on the Revised Straw Proposal for ESDER Phase 4. The paper, stakeholder meeting presentation, and all information related to this initiative is located on the [initiative webpage](#).

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business **November 12, 2019**.

Submitted by	Organization	Date Submitted
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Please provide your organization's general comments on the following issues and answers to specific requests.

1. **End-of hour state-of-charge proposal**
2. **Discussion of end-of-day state-of-charge**
3. **Market power mitigation for storage resources**
4. **Variable output demand response**

Olivine supports allowing variable-output DR resources to fulfill their must-offer obligation through bidding available capacity. Olivine would support inclusion of methodology for assessing availability capacity as part of a CAISO audit. We would like clarification on whether contract limitations, either through program design or agreements between aggregators and end-use customers, qualify as acceptable run time or bid hour limitations. Aggregations may be designed to provide a relatively consistent capacity, but only under certain program hours, making them availability limited but not significantly variable in output. The bidding and forecasting process for availability-limited resources will be significantly less complicated than for resources that are also variable output. Olivine agrees with stakeholders that most availability forecasts can be made once in the day-ahead market, and if needed, updated in real-time market bids. Five and 15-minute availability forecasts are likely unnecessary for most DR Aggregations.

Olivine continues to have concerns over how ELCC can be applied to 3rd Party DR aggregations and how ELCC will account for actual resource performance versus availability. Unlike solar and wind that are typically zero-marginal cost and will be dispatched to their full capability when needed. In contrast, DR typically has a high opportunity cost that results in infrequent dispatches. DR may not even always be selected for dispatch during periods of high marginal cost if there are other lower marginal cost resources available (RA or otherwise). Given this limitation, Olivine suggests that RA capacity be set based solely on availability for each program and/or RA contract. This will be based on an agreed-upon LRA/CAISO methodology, ELCC or otherwise. Actual performance and bid-in availability for individual aggregators can be used to determine after-the-fact whether the initial capacity assessment was reasonably accurate.

5. Parameters to reflect demand response operational characteristics

Olivine supports a Maximum Daily Run time parameter that can allow DR to better reflect operational limitations than the currently available Maximum Daily Energy Limit.

Olivine appreciates CAISO's support of utilization of existing and future bid functionalities to allow DR to avoid infeasible real-time dispatches. Once CCE DEBE is fully implemented in Fall 2020, DR resources should be able to effectively utilize hourly minimum load bids along with non-zero PMin. We believe that there are still limitations within the current framework, including inability to limit availability hours, inability to adjust commitment costs more than once a month, and inability to submit bids with any intra-hour price variability.

6. Removing consideration of non-24x7 settlement of behind the meter resources under DER aggregation model

Olivine agrees that there is not sufficient regulatory certainty to proceed in the immediate future with a non-24/7 DERA model for behind-the-meter resources. However, we do not necessarily agree that it simply requires clarification from an LRA. Any BTM aggregation settlement rules should be developed in a collaborative rather than iterative process since DERAs straddle the boundaries of the transmission-distribution interface. The CPUC's Multiple Use Application Working Group effort did not find consensus on rules that would govern retail settlement of a BTM DERA. However, most non-CAISO stakeholders, including Olivine, Sunrun, and IOUs, supported allowing dispatchable export to count under an enhanced DR product¹. We suggest that CAISO ask for FERC guidance on the feasibility of DR including BTM exports (still utilizing a customer baseline) prior to elimination of this option.

¹ IOU Multiple Use Application Working Group Compliance Report, pages 8-9, [http://www3.sce.com/sscc/law/dis/dbattach5e.nsf/0/0EF9A015334951F8882582E4007ACC53/\\$FILE/R1503011-SCE%20MUA%20Working%20Group%20Report.pdf](http://www3.sce.com/sscc/law/dis/dbattach5e.nsf/0/0EF9A015334951F8882582E4007ACC53/$FILE/R1503011-SCE%20MUA%20Working%20Group%20Report.pdf)