Stakeholder Comments Template

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<th>Submitted by</th>
<th>Company</th>
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<td>Sebastien Csapo</td>
<td>Pacific Gas and Electric Company</td>
<td>June 23, 2017</td>
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**Baseline**

PG&E appreciates the effort undertaken by the Baseline Analysis Working Group (BAWG) to develop an expanded suite of baseline methodologies. The additions in the updated Nexant Report\(^1\) are useful for clarifying baseline treatment for resources comprised of both residential and non-residential customers. Key questions that remain, which may be considered in the implementation phase, include the frequency by which baseline methodologies can be updated (e.g., annually, monthly, intra-monthly) and when a participant needs to declare what baseline methodology they are using (e.g., ex-ante or ex-post). CAISO should define how frequently baselines could be updated.

PG&E recommends that baselines should not be able to be updated more frequently than monthly (in alignment with the ability for a control group to be updated monthly). This is a policy issue that warrants further discussion as it could have unintended implementation consequences if baselines are updated in a manner that does not allow systems to accurately capture their performance and/or settlement of those resources. These parameters will also impact the cost of developing a system to calculate baselines now that CAISO will no longer hold that responsibility. Lastly, participants must be required to state what baseline they are using in advance. If participants are not required to do so, they could change their baseline after the fact, leading to gaming concerns if the later baselines that are selected are more advantageous for the DR participant.

With respect to implementation, there will be numerous elements within the three-step framework\(^2\) that will require stakeholder input. PG&E requests that the implementation phase be initiated in the near term with sufficient lead time for DRPs/SCs to develop appropriate mechanisms. Moreover, as indicated in prior comments from May 18, 2017, operational practices and processes needed to accommodate the transfer of the responsibility to measure baselines will require CPUC funding and approval in order for IOUs to implement them.

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**Distinction between charging energy and station power**

PG&E generally agrees with the CAISO’s observation that a practical approach is to simplify the definition of station power. Having a specific list of retail and wholesale functions in the CAISO tariff may be difficult to maintain, as CAISO notes that use cases and technologies change and evolve. Furthermore, CAISO believes that specific examples and use cases should be incorporated into the BPM rather than the tariffs. Inclusion of examples in the BPM appears appropriate. The one procedural clarification that PG&E requests is the forum by which CAISO “intends to work with stakeholders in the tariff development process.” Based on the proposed scope of ESDER, Phase 3, it appears that this development process would occur elsewhere.

PG&E foresees a potential conflict if a Local Regulatory Agency develops rules and definitions that may conflict with the examples set forth by the CAISO. Also, PG&E reiterates that separate metering is optimal for measuring retail and wholesale activities since estimations have the potential to be inaccurate, add administrative costs and could be subject to gaming. Finally, PG&E recommends that upon issuance of the CPUC’s Multiple Use Application (MUA) Decision (R. 15-03-011, Track 2), the CAISO coordinate with the CPUC to determine the stakeholder process for developing metering standards. These standards should address both retail and wholesale MUA applications for distributed energy resources.

**Net Benefit Test**

PG&E appreciates the CAISO’s clarification on the stakeholder call of its intent to publish the specific gas indices that will be utilized for Energy Imbalance Market entities. PG&E requests that parties be given the opportunity to review and comment on the proposed indices before they are finalized and incorporated into the Business Practice Manuals.

**Other comments**

The CAISO’s proposed scope for ESDER, Phase 3 is appropriate, including keeping a placeholder for MUA issues from the CPUC’s energy storage proceeding, as it may require CAISO’s involvement. While the final straw proposal in Phase 2 provides additional discussion on the topics scoped for Phase 3, PG&E will assess and provide input once the official ESDER Phase 3 straw proposal is released later this year.