California ISO

Stakeholder Comments Template

Energy Storage and Distributed Energy Resources (ESDER) Phase 4

This template has been created for submission of stakeholder comments on the Straw Proposal Working Group Meeting for ESDER Phase 4 that was held on August 21, 2019. 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 **September 4, 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. **Discussion on non-24x7 settlement of BTM Resources**

   Which areas will require the local regulatory authority to change its rules or provide clarification to load serving entities?

2. **Market Power Mitigation for energy storage resources**

   The two options proposed in the calculation of cycling costs.

3. **Variable Output Demand Response resources**

4. **Additional comments**

   Please offer any other feedback your organization would like to provide from the topics discussed during the working group meeting.

   Cobia Capital has developed a through-the-meter, multi-use battery project in California. The stand-alone NGR Project (non DER) achieves commercial operation in the third week of September 2019 (SDGE's service territory).

However, the CAISO RIMS process will not be complete until January or February of 2020. The project is 1 MW with a four-hour duration and is physically located behind the SDGE meter at an industrial facility. The project is installing a CAISO meter and RIG. The industrial customer of SDGE is also a direct access participant. From an operational perspective, charging and discharging energy will take place behind-the-meter and there will not be any net exports through the meter.

For the first five months of the Project's operation (Sep 2019-Jan 2019) there are no commercial, legal or regulatory issues with settlements as the tariff construct with SDGE, the direct access provisions and the supply arrangements with the LSE are clear. However, based on current market participation rules, when the RIMS process is complete and CAISO market participation is introduced to the Project basic, simple accounting questions still remain unanswered. At the Project commercial and operational levels these are easily addressed but the under the current market participation rules even simple to address issues like the CAISO double-billing the Project and the LSE for the same energy will take place.

We have the following comments:

1. During the ESDER proceeding the NGR discussions seem to be focused on the perspective of a DER. In our case the project is a stand-alone resource that will provide behind the meter demand reduction to the customer and, once the RIMS process is complete, through the meter services in the form of Resource Adequacy and Regulation Services.
2. Multiple changes are required in the RIMS process to accommodate stand-alone NGR operating through-the-meter.
3. The FERC and CPUC rulings surrounding multi-use applications clearly allow projects at the retail level to participate in the upstream markets; however, the current tone of the CAISO discussions takes an all-or-nothing approach and seemingly requires projects to participate in all aspects of the market without making any allowances for unique aspects of behind-the-meter operations.
4. We note that some of the questions posed by the CAISO are focused on how other entities like the BTM Resource, the UDC and the LSE are addressing minor commercial issues. However, we would like the CAISO to address a more pertinent question…..How will the CAISO's settlement procedures change for stand-alone BTM, NGR resources so that the CAISO will NOT double-bill for energy with both the LSE and the Project receiving settlements from the CAISO for the same energy?

   As an example, if the project uses charging energy then the ISO meter will read the charge and settlement will take place. At the same time the retail meter will show consumption and settlement with the LSE will also take place.

This is not a sound commercial/accounting practice. Time is of the essence in addressing this particular issue as it will come into play within five months.

The Project proposes the following procedures:

A. Award Periods, Charging Energy. When the project uses charging energy as part of Reg Dn activities under AGC, or as part of IFM/RT energy bid/award operations, Settlements should occur with the Project as currently provided in the Tariff. However, the LSE should receive a null settlement for the corresponding amount of energy.

B. Non-Award Periods. If the Project offers into the market, and does not receive an award, then the Project should be treated as self-scheduled, similar to a cogeneration plant, and the Project should receive a null settlement. In our Project's case, the appropriate settlements automatically take place with the UDC and LSE.