

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on the California Independent System Operator's (CAISO) 11/6/2017 workshop¹ on the Energy Storage and Distributed Energy Resources (ESDER) Phase 3 initiative. SCE understands that the initiative is still in the scoping stage and, at the workshop, the CAISO requested prioritization and any supporting comments. SCE notes that while all items are appropriate for discussion, due to the CAISO's specific request, SCE is prioritizing certain items over others. Below, SCE presents its ranking, in decreasing order of priority².

1. Removing single LSE requirement/DLA discussion

As mentioned in its earlier comments, SCE strongly supports removal of the single Load Serving Entity (LSE) requirement for registering Demand Response (DR) resources. With the advent of new CCAs entering the market, the LSE requirement would put pressure on the minimum size requirements for DR integration and would cause more stranded DR MW. SCE understands that this requirement is closely tied to the implementation of the Default Load Adjustment (DLA), and that therefore both should be examined. The discussion of both elements is timely.

2. Weather-Sensitive DR

The CAISO should determine the right approach to weather-sensitive DR through a stakeholder discussion, with a focus on the Must Offer Obligation (MOO) and exposure to Resource Adequacy (RA) Availability Incentive Mechanism (AIM). This should be coordinated with the CPUC's RA proceeding to ensure consistent treatment across the CPUC and CAISO jurisdictions.

¹ <http://www.aiso.com/Documents/Agenda-Presentation-EnergyStorageandDistributedEnergyResourcesPhase3Workshop-Nov62017.pdf>

² SCE also cites its prior comments: <http://www.aiso.com/Documents/SCEComments-EnergyStorageandDistributedEnergyResourcesPhase3-IssuePaper.pdf>

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Furthermore, as DR resources can be (re)designed to meet market needs, this conversation should include feedback from DR providers and coordinated with the program design discussed in the CPUC DR proceeding.

3. Demand Response Modelling Limitations

SCE strongly supports addressing the identified modeling limitations in ESDER 3 and including commitment costs when modeling DR. This issue is important enough that the priority to address RDRR economic buy-back of DA awards is contingent on its resolution. Depending on how the DR modeling limitations and commitment cost inclusion are addressed, the RDRR economic buy-back of DA awards may not need high prioritization.

4. Load consumption and Load shift

SCE is looking forward to working with stakeholders on this issue, and creating opportunities for market participants to provide additional flexibility to the CAISO to manage over-generation and other system needs. While SCE understands that there are several issues to work through, SCE sees merit in exploring this topic.

SCE is indifferent toward the prioritization of the remaining items included in the scope.

It has recently come to SCE's attention that RDRRs utilizing the RA Supply Plan process will not be able to integrate in the Day-Ahead market. The CAISO needs to review the operations and the system requirements to allow RDRRs to continue to participate in the Day-Ahead market once the IOUs are required to place the RDRRs in their supply plans.

SCE does make a note regarding the MUA subtopic identified as wholesale market participation model for a micro-grid. During the workshop discussion, SCE understood that this was an issue not about micro-grids but rather about whether resources can provide various services at different times. Given that the CPUC proposed decision on this topic is just out, SCE does not believe the priority for this topic can be established until the final decision. Thus, while this item, along with others, should remain in scope, establishing any prioritization on this topic is premature. The proposed decision on this topic contemplates a working group between the CAISO and the CPUC to address a variety of issues that were also discussed at the ESDER workshop. It would be most prudent then to define the scope of this topic within ESDER based upon the final outcome of the CPUC proceeding.