

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA
ON THE DRAFT FINAL PROPOSAL FOR ENERGY STORAGE INTERCONNECTION**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the Draft Final Proposal for Energy Storage Interconnection:

The Six Cities continue to support treating energy storage resources as generation resources for both charging and discharging, as the ISO proposes to do in the Draft Final Proposal. The Cities also have no disagreement with the ISO's general conclusions that no immediate tariff changes are needed to address issues relating to the interconnection of proposed storage resources for Queue Cluster 7 and that needed clarifications can be addressed in relevant Business Practice Manuals.

The Six Cities also believe, however, that certain policy determinations may need to be revisited in the future, as the ISO's and industry's understanding of and experience with the operational aspects of energy storage and impacts on the ISO system evolves and in conjunction with policy determinations made in the Energy Storage Roadmap proceeding. For example, the Six Cities understand that the ISO intends to take a "wait and see" approach with respect to whether "unbundling" of flexible capacity from system/local capacity is appropriate given a pending CPUC proceeding on this topic in which the CPUC's existing policy to require bundling is being reconsidered. (*See, e.g.*, Draft Final Proposal at 24-25.) The Six Cities support unbundling (provided costs associated with interconnection and deliverability are appropriately assigned) and urge the ISO to move forward with consideration of unbundling (and related cost issues) in a future stakeholder proceeding. Unbundling will maximize the value of energy storage resources, both economically and operationally. We also note, however, an ambiguity concerning the ISO's unbundling policy in the Draft Final Proposal. Although, as stated above, it appears the ISO is planning to consider unbundling after the CPUC completes its proceeding, the Draft Final Proposal also states "[t]he CAISO allows for a resource to be shown as flexible capacity without also being shown as a system RA resource. The CPUC intends to consider a similar provision in the recently opened RA proceeding." (Draft Final Proposal at 25.) It would be helpful to understand what degree of unbundling is currently permitted within the ISO, if any, and what incremental changes might be anticipated as a result of future CPUC decision making.

The Six Cities also understand that the ISO has elected not to perform a charging deliverability assessment, despite the Six Cities' and others' comments recommending that the ISO consider doing so. The ISO's rationale is (i) that there is no "specific system condition when the energy storage facilities must be able to charge"; (ii) that it would be difficult to conduct these types of assessments, because circumstances that would prevent charging cannot be easily defined; and (iii) performing a charging deliverability assessment may increase costs to ratepayers by identifying deliverability upgrades needed to accommodate charging during off-

peak times to facilitate discharging during peak times. More information about how energy storage resources will operate may require the ISO to reconsider its current conclusion in the future, and the Six Cities recommend that the ISO remain open to consideration of whether this type of assessment may become appropriate.

Submitted by,

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