

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the ESDER Phase 2 stakeholder initiative Straw Proposal posted on May 24 and as supplemented by the presentation and discussion during the stakeholder web conference held on May 31.

Submit comments to InitiativeComments@CAISO.com

Comments are due June 9, 2016 by 5:00pm

The Straw Proposal posted on May 24 and the presentation discussed during the May 31 stakeholder web conference may be found on the [ESDER Phase 2](#) webpage.

Please provide your comments on the Straw Proposal topics listed below and any additional comments you wish to provide using this template.

Introduction

SolarCity appreciates the opportunity to provide comments on ESDER Phase II. We support many of the proposed changes and generally support the CAISO's initiative to enhance the current market structure to allow for participation of behind-the-meter (BTM) distributed energy resources (DERs). SolarCity has been an active participant in the ESDER Phase II proceeding since its inception.

NGR enhancements

The CAISO is proposing to explore two areas of possible NGR enhancement: (1) represent use limitations in the NGR model and (2) represent dynamic ramping in the NGR model.

The CAISO is requesting stakeholders provide comments in each of these two areas.

Comments:

SolarCity has no comments at this time.

Demand response enhancements

Two stakeholder-led work groups are up and running within ESDER 2 to explore two areas of potential demand response enhancement:

- Baseline Analysis Working Group – Explore additional baselines to assess the performance of PDR when application of the current approved 10-in-10 baseline methodology is sufficiently inaccurate.
- Load Consumption Working Group – Explore the ability for PDR to consume load based on an ISO dispatch, including the ability for PDR to provide regulation service.

The CAISO is requesting stakeholders provide comments in each of these two areas.

Comments:

SolarCity strongly supports the proposed enhancements that would allow PDR resources to increase energy consumption and, more importantly, to provide frequency regulation services under the PDR model. Oversupply not only creates market inefficiencies and negative prices, but also jeopardizes the reliability of the grid. Distributed storage can provide value in its ability to manage energy consumption and discharge in real time, and therefore providing a pathway to unlock this value is critically important.

As CAISO noted, with the recognition that oversupply of generation has already resulted in periods of low prices in the middle of the day, incenting additional demand during those hours is a reasonable construct. SolarCity understands that a potential challenge could be to separating wholesale behavior from retail consumption for the purposes of compensation or settlement. For purposes of addressing this challenge, SolarCity agrees with the working group

that the payment for load consumption is nearly always the inverse of demand reduction participation in wholesale markets. Therefore, any discussion of jurisdictional issues or settlement against the retail meter needs to specify why the treatment of load consumption is different than *existing rules* for demand reduction. If the act of load consumption will have an uneconomic impact on the customer's retail bill, then it is up to the resource operator to make that decision.

SolarCity strongly believes that frequency regulation needs to be accessible to distributed energy storage, and it is crucial that DERs are allowed to provide these services to help improve reliability of the grid. Due to the NGR's 24 hour settlement (and without the developments of an opt-in opt-out market as previously proposed by SolarCity), SolarCity supports extending frequency regulation participation to PDR in order to allow certain DERs to bring this valuable service to the market. SolarCity agrees with the CAISO that this would be a valuable product and believes it is a good first step. Because the current proposal will only allow for capacity compensation, however, SolarCity strongly believes the CAISO should develop a framework whereby resources can be compensated for energy as well.

Multiple-use applications

The ISO has not yet identified specific MUA issues or topics that require treatment in ESDER 2. The ISO proposes to continue its collaboration with the CPUC in this topic area through CPUC Rulemaking 15-03-011. If an issue is identified that should be addressed within ESDER 2 the ISO can amend the scope and develop a response.

The ISO is requesting stakeholders provide comments on this topic area as well as this proposed approach.

Comments:

SolarCity supports the ISO's proposal to continue its collaboration with the CPUC in this topic area through CPUC Rulemaking 15-03-011.

Distinction between charging energy and station power

The ISO proposes to seek Board approval in two ways:

- To revise the ISO tariff definition of station power to exclude explicitly charging energy (and any associated efficiency losses); and

- Permit the ISO to revise its tariff later to be consistent with IOU tariffs, as needed, in the event that they revise their station power rates.

The CAISO is requesting stakeholders provide comments on this proposed approach.

Comments:

SolarCity has no comments at this time.

Other comments

Please provide any additional comments not associated with the topics above.

Comments:

SolarCity does not support the 24-hour settlement rule under the NGR construct for DERs and advocates for an “opt-in/opt-out” mechanism. While a full-day settlement process is appropriate for wholesale resources, BTM DERs will be settled based on utility tariffs that lead to ISO settlements in hours in which market awards are not granted. Therefore, the 24-hour settlement requirement for non-RA resources will render BTM DERs basically infeasible, which seems to be at odds with the intention of both ESDER and NGR.