

COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE:

10-27-15 ESDER Working Group Call on Alternative Proposal

Submitted by	Company	Date Submitted
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The California Energy Storage Alliance (CESA)¹ offers these comments on the ESDER Working Group Call on 10/27/15 in which the Meter Generator Output (MGO) Alternative ‘g-typical’ proposal was discussed.² The proposal establishes a baseline from which to measure the market response of a Proxy Demand Resource (PDR) that has a metered generator such as an energy storage device on site.

CESA salutes the efforts of the CAISO to review and discuss the proposal and of Advanced Microgrid Solutions, SolarCity, and Stem to develop it. CESA recognizes the need for a robust and thoughtful market design, and appreciates the CAISO’s consideration of stakeholder ideas.

CESA believes the proposal will provide important avenues to market participation for PDR resources. Participation from these resources in the CAISO’s market can yield more competitive markets to support reliable grid operations. CESA recommends the CAISO incorporate the proposal into its ESDER market design.

The proposal reasonably addresses key challenges noted by the CAISO and stakeholders in a baseline-based performance measurement approach. Primarily, the CAISO seeks assurances that market awards lead to dispatch changes that help balance the grid and support grid reliability. By limiting participation in the CAISO market to capacity not used in average ‘typical’ resource actions, e.g. on non-dispatch days, the g-typical adjustment addresses this CAISO concern. The g-typical adjustment does this by measuring and adjusting for resource behaviors that typically occur on non-dispatch days. Second, the CAISO seeks reasonable assurance that typical non-dispatch activities are conservatively evaluated. To address this CAISO concern, the

¹ The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. CESA is a member-based organization with over 80 different companies aligned around the mission of supporting energy storage deployments to help promote a cleaner energy system, integrate renewables, support grid reliability, and empower energy users to better manage their energy needs. (<http://storagealliance.org>)

² <http://www.aiso.com/Documents/EnergyStorage-DistributedEnergyResourcesWorkingGroupCall102715AlternativeProposalPosted.htm>

proposal offers a large window of time (45 days) across which to identify 10 non-dispatch days under ‘like’ conditions, e.g. weekdays. This lengthy look-back window increases the likelihood that the minimum of 10 non-dispatch days are identified so that the CAISO has greater certainty that it only compensates for incremental market response capabilities. Finally, the proposal promotes a further conservative assessments by prohibiting any ‘positive’ baseline adjustments in the proposal’s g-typical calculation. Collectively, these controls reasonably address CAISO concerns.

CESA supports the proposal’s ‘10-day approach’ to assessing if the full dispatch capability of a resource should be available to the market. The proposal assumes that very frequently dispatched resource are fundamentally ‘market-first’ resources, which do not warrant a capacity haircut or adjustment. CESA expects this level of dispatch frequency for a resource – wherein a resource is dispatched so frequently across a 45 day period that there are fewer than 10 ‘like’ non-dispatch days – is higher than that of many more traditional market resources, highlighting the ‘market-first’ nature of the resource qualifying for a zero ‘g-typical’ adjustment. By contrast, a resource participating in the market infrequently, e.g. 12 in 45 days, could easily have 10 like non-dispatch days. For resources with this latter level of participation, the assumption of being ‘market-first’ is understandably less reasonable. CESA thus feels the 10-day approach is fair. The 10-day approach also provides a better average of the resource’s behavior on typical non-dispatch days. Per input from Advanced Microgrid Solutions, the range of non-dispatch day behaviors can range, so a 10-day averaging approach is a practical approach to determining g-typical.³

Based on these assessments, CESA recommends rapid resolution of the ESDER proposal with the inclusion of the g-typical proposal and with the 10 non-dispatch day limit. The proposal has evolved through extensive stakeholder discussions and reflects much stakeholder input, e.g. the CAISO’s concerns. Further, many energy storage deployments are planned to align with the CAISO’s timeline for ESDER and to support compliance with California’s energy storage and clean energy goals. Undue delays in the proposal should be avoided so that new resources can compete and gain entry to the CAISO marketplace.

With rapid finalization of the ESDER proposal and of the g-typical proposal, CESA also recommends further subsequent discussion of MGO alternative performance measurement structures in ESDER Phase 2. With an on-the-way ESDER Phase 1 solution, ESDER Phase 2 should allow for deliberations of different MGO alternative ideas, enhancements, and solutions. These deliberations should include the potential for positive g-typical adjustments.

³ Source: discussions during the 10/27/15 Stakeholder call.