Recommendation Comments of LS Power on PRR 1278

October 20, 2020

LS Power does not support emergency implementation of this PRR 1278. This is a significant change in the way NGRs can perform in the market that could have unintended consequences. In the case where a NGR has a self-schedule in a later hour, this PRR appears to function very similarly to the proposed and widely criticized Minimum Charge Requirement under discussion in the Resource Adequacy Enhancements initiative.

Section 7.8.2.5 of PRR 1278 is of particular concern, as it would restrict storage's real-time capability in all hours prior to future self-schedules. Self-schedules are a legitimate market tool that resources use mostly to deliver on day-ahead awards. This PRR would significantly limit ability of NGRs to serve the grid in the afternoons, at a time when the grid most needs quick ramping and more flexible capacity to enhance reliability, effectively forcing the unit out of the market in an unpaid reserve status. This restriction would create a disincentive for storage to use self-schedules as a way to physically deliver on their day ahead energy schedules, reducing certainty for resource operators and CAISO grid operators alike.

LS Power understands CAISOs need to ensure the reliable operation of NGRs, but suggests changes such that the PRR's reduction in real-time market access, caused by the self-schedule term in the equation, be limited to the minimum number of time periods possible such as under System Emergency conditions. Note also that combination of the new End of Hour State of Charge biddable parameter and the already existing market risk associated with missing a schedule will combine to effectively eliminate the operational concern of having an NGR too empty for its scheduled discharge. As such, this is an "emergency" change to solve an unlikely problem that is already on track to being solved with more appropriate measures.

LS Power respectfully requests that CAISO reassess this proposal, as it could disincentivize the appropriate use of self-schedules to ensure physical delivery of energy during certain periods, reducing the utility of an important tool for operating storage assets in the energy market. We stand committed to working with the CAISO team in addressing these issues.