

Recommendation Comments of the California Energy Storage Alliance (CESA) on PRR 1278

October 20, 2020

CESA is concerned with the current drafting of PRR 1278. Specifically, CESA considers that Section 7.8.2.5 would substantially limit energy storage's ability to provide real-time ancillary services (AS) or energy, hindering the flexibility of the resource, reducing the efficiency of dispatch, and potentially affecting the incentives surrounding energy storage deployment. As drafted, PRR 1278 would essentially create a limitation similar to the minimum charge requirement (MCR) proposed under the Resource Adequacy (RA) Enhancements initiative any time an NGR enters a self-schedule into the energy market.

Section 7.8.2.5 of PRR 1278 states that state-of-charge (SOC) constraints shall be applied to non-generator resources (NGRs) to ensure these are able to meet their day-ahead (DA) AS awards and RT self-schedules in intervals beyond the scope of the real-time dispatch (RTD) time horizon. This proposed modification would then unduly limit the ability of resources to use self-schedules as a mean to ensure that the resource physically delivers on its market obligations, which typically come from the DA market, although potentially they could be from some other contractual requirement with a counterparty like a load-serving entity (LSE) too. The current formula proposed in PRR 1278, moreover, would consider the full day of operations and, if the ISO detects a self-schedule in the RT market, the newly adjusted " $\geq \text{SOC}_{i,te}$ " parameter would hold energy storage assets back from discharging even though there may be ample time to charge back up prior to said self-schedule. It should instead be made feasible for storage resources to submit RT bids offering to charge the resource at appropriate prices in the hours leading up to self-schedules such that they will have the appropriate SOC in time. Furthermore, there are already significant financial ramifications that deter resources from failing to achieve said SOC. As a result, the outcome of PRR 1278 is unnecessary and would effectively remove energy storage capacity from the RT market to reserve it for the SS hours later, disregarding the potential need for rapid, responsive resources.

CESA understands the ISO's intent with this modification is to ensure the reliable operation of storage resources, and the fulfillment of the schedules attributed to these assets. Nevertheless, the means to achieve this goal would result in these assets losing their ability to fully participate in the RT market, deterring the use of self-schedules which would otherwise provide certainty to the ISO. Thus, CESA respectfully requests the ISO to reassess this proposal, as it could severely hinder the market participation and revenue streams of energy storage assets across the CAISO footprint.