

CESA Monthly

Policy Update Call

October 27, 2023



Agenda

- Policy & Regulatory Updates
- Member Q&A



Policy, and Regulatory Updates

Recurring Working Group Calendar

Working Group	Schedule	Key Issue Areas
California Independent System Operator (CAISO)	Biweekly (Monday, 11am-12pm PST)	<ul style="list-style-type: none"> • Energy storage enhancements • Price formation and modifications • Interconnection enhancements and deliverability method modifications
Distributed Energy Resources (DER)	Monthly (Wednesday, 9:30-10:30am PST)	<ul style="list-style-type: none"> • Updates on SGIP, DR, NEM permitting guidebook • Multiple-use applications, high DER future • Microgrid policy/tariffs, value of resiliency • Distribution deferral and interconnection
Emerging Technology and Long Duration	Monthly (Tuesday, 9-10am PST)	<ul style="list-style-type: none"> • Solutions to barriers impeding new technologies • EPIC and other grant opportunities • Long-duration energy storage issues
Integrated Resource Planning (IRP)	Monthly (Thursday, 1-2pm PST)	<ul style="list-style-type: none"> • IRP modeling and scenarios (including SB 100) • Emerging/long-duration storage procurement
Resource Adequacy (RA)	Monthly (Thursday, 1-2pm PST)	<ul style="list-style-type: none"> • Central Buyer (CB) implementation • Energy & hourly capacity related reforms
Safety	Bimonthly (Tuesday of odd months, 9-10am PST)	<ul style="list-style-type: none"> • Progress update on CESA safety initiatives • Safety codes & standards

Policy Update Agenda

- Resource Adequacy (RA)
- Integrated Resource Plan (IRP)
- California Independent System Operator (CAISO)
- Safety
- Distributed Energy Resources (DER)
- Emerging Technology and Long Duration Storage



Resource Adequacy (RA) Updates

- CPUC RA Implementation
- CAISO RA Implementation

Resource Adequacy (RA) – CPUC

R.23-10-011 oversees the resource adequacy program, considers program reforms and refinements, and establishes forward resource adequacy procurement obligations.

Key considerations in this cycle include:

- Modifications to 24-hour Slice-of-Day
- Consideration of UCAP counting
- Modifications to penalty structure
- Refinements to the RA program

Key updates:

- **CPUC published new proceeding scope**
- **CESA to file comments by November 8**
 - Timing of 24SOD implementation report does not allow time for developing Party Proposals
 - Market needs transparent and accurate PRM and reliability information reflecting 0.1 LOLE in the RA program horizon
 - Program refinements should consider some form of relief for COD timing/delays
 - Support re-evaluating the need for Flexible RA in concert with CAISO
- **RAWG still considering additional member positions on hybrid resource counting, local RA incentive issues, and positions on UCAP**

Resource Adequacy (RA) – CAISO

The CAISO: establishes resource deliverability/net qualifying capacity (NQC); processes RA/Supply plans; and procures back-stop capacity for deficient LSE capacity procurement and significant events.

CAISO resource adequacy tariff applies to all load-serving entities in California, not just CPUC-jurisdictional entities.

Key updates:

- **CAISO hosting RA Modeling and Program Design (RAMPD) workshop**
 - Exploring issues related to (a) overall system reliability information, (b) requirements for RA capacity and program tools, and (c) Local Regulatory Authority RA responsibility and cost allocation
 - Non-RA visibility, CPM transparency, RA information transparency, Flex RA, UCAP, PRM, RAAIM, CPM Soft-Offer Cap, substitution rules, 24SOD, and LRA Autonomy
- **Initial stakeholder comment themes**
 - CAISO should clarify jurisdictional and role in RA
 - Strong interest in prioritizing evaluating impacts of 24SOD
 - Strong interest in evaluating planned outage substitution rules
 - UCAP has clear momentum at both CPUC and CAISO

Integrated Resource Planning & Procurement (IRP) Updates

- Preferred System Plan, LLT Extension PFM, and new LDES procurement
- Station Power Next Steps

Integrated Resource Planning (IRP)

The IRP process optimizes for least-cost portfolio to reach goals for GHG emissions, local pollutants, DAC impacts, reliability, RPS, etc.

Each LSE files own IRP in even years while modeling is done in odd years

Scope of IRP includes:

- Planning track to assess modeling inputs, assumptions, resource valuation, and analysis of cost, GHG emissions, air pollutants, and reliability
- Procurement track to evaluate reliability issues at system level and to direct procurement as needed

Key updates:

- **Commission published Preferred System Plan on 10/5**
 - Selected 25 MMT Core Scenario with 11 GW storage in the baseline and 13 GW storage to be added to the system
 - 25 MMT Core case will be submitted to CAISO for TPP purposes, this case has approximately 9 GW less resources in it than last year, but the level of storage is approximately the same (baseline + additions)
 - More wind displaced what would have been more solar and more storage additions
- **Commission proposes that an additional 2GW of procurement would be required to grant CESA/WPTF PFM extending CODs for LLT resources**
 - CPUC analysis shows sufficient capacity in 2028 if it were to grant the PFM
 - However, CPUC cites optimistic study assumption risk
- **Commission proposes two options for counting LDES resources located at existing natural gas generation sites**
- **CESA to file comments by November 13**

Station Power Treatment

Commission establishing rules for station power settlement for hybrid and co-located resources.

Station power is energy consumed by generating resources that is used for purposes other than supporting resale of energy to wholesale markets, such as information technology and communications, lighting, ventilation, and safety

Key updates:

- **Commission issued final decision on 10/12**
 - Meet and confer on accounting methodology for hybrids with mixed grid charging and self-supply within 60 days
 - Individual storage resource in a set of co-located resources treated same as stand-alone storage resource
 - Regarding permitted netting, final decision does not find co-located resources as similarly situated, and therefore similarly treated, to hybrids
- **IRP Working Group discussing next steps**

California Independent System Operator (CAISO) Updates

- **Interconnection Process Enhancements**
- **Energy Storage Enhancements**
- **Price Formation Enhancements**

Interconnection Process Enhancements

Interconnection Process Enhancements seeks to address managing ...

- Interconnection Request (IR) Intake
 - Data accessibility for zonal approach
 - Scoring criteria to enter queue
 - Limit 150% zonal transmission capacity and use an auction to break scoring criteria ties
 - Refine TPD allocation process after scoring criteria and study process changes developed
 - Potential for multi-year interim deliverability
- Projects Already in the Queue
 - One time withdrawal
 - Limited operation study process extended
 - Remove suspension rights from LGIA
 - Earlier financial security posting for shared upgrades
 - Commence network upgrades with first NTP

Key updates:

- There will be no request window in 2024.
- FERC Order 2023 site control rules will apply to
- CESA provided comments on ...
 - Concerns with auction to break ties
 - Oppose 25% developer cap
 - Consolidate discussion of multi-year interim and conditional deliverability
 - Oppose suspension and TPD transfers that require project to withdraw
- Sub-team workshops being held to address scoring criteria
- CAISO plans to post draft final proposal on November 20 which is very aggressive

Energy Storage Enhancements

Proposal to include anticipated energy from regulation awards in SOC

- Summer release market simulation observed negation regulation down prices
- CAISO pulled from summer release and held workshop
- PG&E proposed adding energy only SOC constraint which reduced potential for negative prices but did not eliminate price formation issues by assuming energy from providing regulation is free.
- CAISO held additional workshop after announcing at MPPF that it will implement PG&E proposal November 1

Key Updates:

Question appropriateness of including potential regulation energy in SOC given pricing impacts.

Highlighted that 50% rule implemented in summer addresses more directly concern about regulation availability in real-time.

Approach implemented on November 1 needs to be revisited in next ESE initiative.

If issues do arise, it is easy to disable the November 1 implementation.

Price Formation Enhancements

Price Formation Enhancements initiative will explore several topic area

- Phase 1: Scarcity pricing, BAA-level market power mitigation, fast-starting pricing (analysis)
- Phase 2: Fast-start pricing (policy), extended flexible ramping product
- Phase 3: multi-interval optimization + storage, replacement reserves + preparing for nodal ancillary services

Key Updates:

Working group process moving extremely slow in developing guiding principles and problem statements.

Recent working groups provided education on BAA-level market power mitigation, fast-start pricing, and current AS scarcity pricing.

Phase 1 – Moving to proposal phase. CESA supports operating reserve demand curve and additional real-time bidding flexibility

Safety Updates

- Safety codes and standards developments
- ESS safety gaps and issues
- Decommissioning and permitting
- Recycling, second-life, and performance standards

Safety, Standards, & Circular Economy



- **SB 38 (Laird)- BESS Emergency Response Plan Legislation Signed**
 - This bill was signed by the Governor on October 9, 2023- to take effect Jan 1, 2024
 - Requires each BESS in the state to have an emergency response and action plan that covers the premise; Requires the owner of the facility to coordinate with local emergency management agencies in the development of the plan
- **The CESA Safety Working Group is revisiting the Safety Series Project**
 - The Working Group established a Safety Series Subcommittee to put together an enhanced Safety Project Proposal to bring back to the Safety Committee and subsequently the Board. The subcommittee highlighted the following areas of focus:
 - Establishing a Resource Library for existing materials, including fact sheets, power points and creating a peer-reviewed messaging guide and talking points
 - Engaging in enhanced relationship building with 3rd party stakeholders
 - Continue to engage with local governments and create venues for engagement, including potential site tours and broader safety trainings
 - Staff is drafting a proposal and budget for review of the Committee

Distributed Energy Resources (DER) Updates

- **Dynamic Rates**
- **Update: DEBA, VNEM and WDAT**

Demand Flexibility/Dynamic Rates – R.22-07-005 (B)



Track B Goal: Streamline and expedite the adoption of demand flexibility rates for large investor-owned electric utilities (IOUs). Create a shared vision for dynamic rates. Three proposals released October 11:

Energy Division	Joint IOUs	Microgrid Resources Coalition
2-part tariff – customer subscriptions at OAT based on historical load; excess or reductions in usage paid at dynamic rate. DA LMP -> DO LMP.	2-part tariff – customer subscriptions at OAT based on calculation of typical load; excess or reductions in usage paid at dynamic rate. DA LMP.	2-part tariff – customer has <u>option</u> to purchase up to historical load at OAT, and option to purchase up to 100% at dynamic rate. DO LMP + congestion adjustment.
All components of dynamic rate fully flexible – gen, capacity, T&D	Gen portion dynamic; distribution portion dynamic at DLAP; transmission – too soon.	Gen portion dynamic (~20%); capacity and T&D remain fixed.
Transactive Energy (optional initially)	TE pilot; one way purchases only. "Stepping Stones" to RTP proposed.	Relies on local pricing server and customer controller to communicate and respond to local rate.

Track B Event	Date
Comments/Replies on Proposals	November 13 and December 22, 2023
Proposed/Final Decision	March/April 2024
LSE Applications with Demand Flex Rates	January 2025
Rates Available to Customers	January 2027

Updates: DEBA, VNEM, and SCE WDAT

Distributed Energy Backup Assets (DEBA) Program

- Energy Commission (CEC) adopted DEBA guidelines on October 18. First GFO to kick-off fall/winter 2023. CEC has hired staff to focus on DEBA; more industry input going forward likely.

Virtual Net Metering/Net Metering Aggregation

- Proposed Decision would carry over many aspects of the NBT policy to VNEM/NEMA customers, *except* allowance for customers to net production and consumption BTM.
- CESA submitted and served ex parte letter on October 25th; PD on 11/2 CPUC agenda.

SCE WDAT Progress

- CESA members have reached out with concerns regarding SCE WDAT implementation & adherence to settlement.
- SCE annual meeting on 10/31; internal call tomorrow (10/27) - reach out VIA EMAIL if interested in joining.

Emerging Technology Updates

- CEC/LDES Program Updates
- Market Development Forum Thoughts

California Energy Commission Activity



- **Docket Opened for LDES Program**
- **Expecting Webinar in coming months**
- **No upcoming public comment events scheduled in November**

DOCKETED	
Docket Number:	23-ERDD-07
Project Title:	Long Duration Energy Storage Program
TN #:	252680
Document Title:	Memo to Open New Docket
Description:	N/A
Filer:	Kristine Banaag
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	10/23/2023 10:52:31 AM
Docketed Date:	10/23/2023

Q&A

Ask us anything!



Contact Us

For inquiries, questions and more, contact:

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Membership: Elizabeth Cardwell – elizabeth@storagealliance.org

CESAA

The logo consists of the letters 'CESAA' in a bold, sans-serif font. Each letter is filled with a close-up photograph of a green leaf, showing its veins and several clear water droplets. The background of the entire image is a solid blue color with a subtle, faint map of California overlaid.

CALIFORNIA ENERGY STORAGE ALLIANCE