



December 12, 2022

Governor Ashutosh Bhagwat
Governor Severin Borenstein
Governor Angelina Galiteva
Governor Mary Leslie
Governor Jan Schiori

RE: Energy Storage Enhancements Initiative

Dear Governors Bhagwat, Borenstein, Galiteva, Leslie, and Schiori:

I am writing on behalf of the Large-scale Solar Association (LSA), which represents some of the largest renewable-energy developers in California markets. Current member projects include significant numbers of solar-storage Mixed-Fuel Resources (MFRs), most of which are configured as Co-located Resources (CLRs) – separate Resource IDs for solar and storage capacity. Most of these resources increase utilization of scarce interconnection resources by sharing interconnection capacity between the solar and storage components.

LSA has been an active participant in the Energy Storage Enhancements (ESE) Initiative, including multiple rounds of comment submittals. LSA strongly supports two elements of the initiative related to CLRs that are before you today:

- **Grid-charging management option:** This option would allow CLR storage resources to limit battery charging to energy from the associated CLR solar resource, in both Day Ahead and Real Time markets, instead of unrestricted charging from the grid.

LSA and others had long sought this kind of option, because such charging limits were required for full recovery of the Investment Tax Credit (ITC), and full realization of many property-tax benefits. The CAISO not only added this option to the ESE Initiative in response to LSA's request, it also incorporated many features suggested by LSA, e.g., flexibility to elect the option on an hourly basis. These features will make the option significantly more useful for participating CLRs, and allow the affected resources to use grid charging sparingly and when most optimal for the resource and CAISO system.

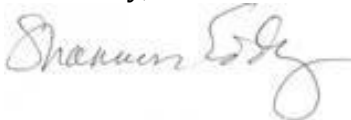
This option is still needed despite the possible removal of grid-charging limitations for ITC recovery in the recent Inflation Reduction Act (IRA). For example, projects already operating under the prior ITC framework may continue to do so, and many PPAs executed earlier explicitly prohibit grid charging for the first 5 years. Also, grid-charging limitations are still a feature of property-tax exemptions that can provide significant financial benefit.

- **ACC expansion to Dynamic Transfer (DT) Resources:** DT Resources (Pseudo Tie and Dynamically Scheduled Resources) will now be eligible for the Aggregate Capability Constraint (ACC) concept, as well as the grid-charging management option discussed above. Achievement of California's ambitious renewable-energy goals includes expansion of import resources, and many of those resources are also developing as MFRs.

These options are needed by import resources for the same reason as CAISO-area resources, and lack of such options would stifle their development.

LSA supports Board approval of these changes, and we want to express our appreciation for the work of Gabe Murtaugh, Isabella Nicosia, and the rest of the CAISO team for their efforts on this initiative.

Sincerely,

A handwritten signature in cursive script that reads "Shannon Eddy". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Shannon Eddy
Executive Director
Large-scale Solar Association