

Electric Storage Resources/Order No. 841: Federal Energy Regulatory Commission Addresses Petitions for Rehearing/Clarifications



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The Federal Energy Regulatory Commission (“FERC”) issued an Order on Rehearing and Clarification in the May 23rd Federal Register. See 84 Fed. Reg. 23902.

The Order addresses Petitions for Rehearing and Clarification stating it generally affirms the FERC’s determinations in Order No. 841.

The FERC issued Order No. 841 on February 15, 2018. It is described as establishing reforms to remove barriers to participation of electric storage resources in the Regional Transmission Organization and Independent System Operator (“RTO/ISO”) markets. See Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators, Order No. 841. 83 Fed. Reg. 9580.

Electric storage resource is defined in Order No. 841 as:

A resource capable of receiving electric energy from the grid and storing it for later injection of electric energy back to the grid.

The FERC states that it determined that existing RTO/ISO market rules were unjust and unreasonable. Its determination was stated to be due to “barriers that they present to the participation of electric storage resources in the RTO/ISO markets, thereby reducing competition and failing to ensure just and reasonable rates.”

In the context of the Order, RTO/ISO markets are defined as the capacity, energy, and ancillary services markets operated by the RTOs and ISOs.

FERC used Federal Power Act authority to modify § 35.28 of its regulations. The revisions require each RTO/ISO to revise its tariff to establish market rules:

. . . recognizing the physical and operational characteristics of electric storage resources, facilitate their participation in the RTO/ISO markets.

Various trade associations, regulators and participants in the power industry filed requests for rehearing or rehearing and clarification of Order No. 841. The FERC in its Order on Rehearing and Clarification states that it is granting the Southwest Power Pool, Inc., Request for Clarification that Order No. 841 does not require an RTO/ISO to create and provide a capacity product that an RTO/ISO market does not otherwise offer.

Also granted is PJM Interconnection, L.L.C.'s request for clarification that the final rule allows for flexibility on how RTOs/ISOs account for the physical and operational characteristics of electric storage resources (including State of Charge.)

The Edison Electric Institute's request to clarify that the FERC will not dismiss as per se unreasonable any proposal to establish a non-facility-specific rate for wholesale distribution service to an electric storage resource for its charging is granted.

The California Independent System Operator Corporation's request to clarify that an RTO/ISO can require verification from the host distribution utility that it is unable or unwilling to net wholesale demand from retail settlement before the RTO/ISO ceases to settle an electric storage resource's wholesale demand at the wholesale LMP is granted.

Clarification of the FERC's finding that applicable transmission charges should apply when an electric storage resource is charging to resell energy at a later time is granted.

In explaining its response to these Petitions the Preamble of the Federal Register notes:

- Definition of Electric Storage Resource
- Participation Model for Electric Storage Resources
- Eligibility of Electric Storage Resources to Participate in the RTO/ISO Markets
- Participation in the RTO/ISO Markets as Supply and Demand
- Physical and Operational Characteristics of Electric Storage Resources
- Minimum Size Requirement
- Energy Used to Charge Electric Storage Resources (Charging Energy)
- Compliance Requirements

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