



**Walter Wright, Jr.**  
wwright@mwlaw.com  
(501) 688.8839

# Federal Energy Regulatory Commission Policy Statement: Utilization of Electric Storage Resources for Multiple Services When Receiving Cost-Based Rate Recovery

## Arkansas Environmental, Energy, and Water Law Blog

02/01/2017

The Federal Energy Regulatory Commission (“FERC”) issued a January 19th policy statement (“Statement”) to:

...clarify its precedent and provide guidance on the ability of electric storage resources to provide services at and seek to recover their costs through both cost-based and market-based rates concurrently.

The purpose of the Statement is stated to provide guidance as to how electric storage resources seeking to recover cost-based rate recovery for certain services (such as transmission or grid support services or to address other needs identified by an RTO/ISO) while also receiving market-based revenues for providing separate market-based rate services could address these concerns.

The FERC states its belief that clarification regarding the proceedings in Nevada Hydro, 122 FERC 61,272 (2008) and Western Grid, LLC, 130 FERC 61,056 is warranted “due to potential confusion with respect to that precedent.” It also notes that the Statement clarifies that there may be approaches different from Western Grid’s under which an electric storage resource may receive cost-based rate recovery and, if technically capable, produce market-based services.

Besides providing a background in regards to the prior precedents and issues, the Statement addresses:

- Multiple Uses and Revenue Streams
- Avoiding Double Recovery of Costs
- Minimizing Adverse Impacts on Wholesale Electric Markets
- RTO/ISO Independence

FERC Commissioner LaFleur dissents from the statement noting particular disagreement with its:

...sweeping conclusions about the potential impacts of multiple payment streams on pricing in wholesale electric markets.

[A copy of the Statement can be downloaded here.](#)