



Federal Energy Regulatory Commission
November 17, 2016
Open Commission Meeting
Staff Presentation
Item E-1

"Good morning Mr. Chairman and Commissioners.

"Item E-1 is a draft Notice of Proposed Rulemaking, or NOPR, in Docket Numbers AD16-20-000 and RM16-23-000. This item proposes to amend the Commission's regulations under the Federal Power Act to remove barriers to the participation of electric storage resources and distributed energy resource aggregations in the capacity, energy, and ancillary service markets operated by regional transmission organizations, or RTOs, and independent system operators, or ISOs.

"This draft NOPR is a continuation of the Commission's efforts to promote competition in the organized wholesale electric markets by removing barriers to the participation of new technologies. Requiring the RTOs and ISOs to revise their tariffs so that electric storage resources and distributed energy resource aggregations can provide all of the services that they are technically capable of providing will help to ensure that the organized wholesale electric markets produce just and reasonable rates. The proposals in the draft NOPR are largely based on information collected in response to the Data Requests issued to the RTOs and ISOs and the Request for Comments issued earlier this year in Docket Number AD16-20-000. The six RTOs and ISOs responded to the Data Requests and 44 other entities responded to the Request for Comments. The comments identified a number of potential barriers to the participation of electric storage resources in the organized wholesale electric markets.

"The draft NOPR proposes to require each RTO and ISO to revise its tariff to (1) establish a participation model consisting of market rules that, recognizing the physical and operational characteristics of electric storage resources, accommodates their participation in the organized wholesale electric markets and (2) define distributed energy resource aggregators as a type of market participant that can participate in the organized wholesale electric markets under the participation model that best accommodates the physical and operational characteristics of its distributed energy resource aggregation.

"Specifically, the proposed participation model for electric storage resources must (1) ensure that electric storage resources are eligible to provide all capacity, energy and ancillary services that they are technically capable of providing in the organized wholesale electric markets; (2) incorporate bidding parameters that reflect and account for the physical and operational characteristics of electric storage resources; (3) ensure that electric storage resources can be dispatched and can set the wholesale market clearing price as both a wholesale seller and wholesale buyer consistent with existing market rules that govern when a resource can set the wholesale price; (4) establish a minimum size requirement for participation in the organized wholesale electric markets that does not exceed 100 kW; and (5) specify that the sale of energy from the organized wholesale electric markets to an electric storage resource that the resource then resells back to those markets must be at the wholesale locational marginal price.

"In addition, the draft NOPR proposes to require each RTO and ISO to revise its tariff to allow distributed energy resource aggregators to participate directly in the organized wholesale electric markets. Specifically, the draft NOPR proposes to require each RTO and ISO to establish market rules concerning: (1) eligibility to participate in the organized

wholesale electric markets through a distributed energy resource aggregator; (2) locational requirements for distributed energy resource aggregations; (3) distribution factors and bidding parameters for distributed energy resource aggregations; (4) information and data requirements for distributed energy resource aggregations; (5) modifications to the list of resources in a distributed energy resource aggregation; (6) metering and telemetry system requirements for distributed energy resource aggregations; (7) coordination between the RTO/ISO, distributed energy resource aggregator, and the distribution utility; and (8) market participation agreements for distributed energy resource aggregators.

"Comments on the draft NOPR will be due 60 days after it is published in the Federal Register.

"Thank you and we are happy to answer any questions you may have."