



Federal Energy Regulatory Commission  
January 19, 2019  
Open Commission Meeting  
Staff Presentation  
Item E-2

"Good morning Chairman and Commissioners.

"Item E-2 is a draft Policy Statement clarifying certain Commission precedent and providing guidance on the opportunity for electric storage resources to provide services at and seek to recover their costs through both cost-based and market-based rates concurrently.

"Enabling electric storage resources to provide multiple services (including both cost-based and market-based services) ensures that the full capabilities of these resources can be realized, thereby maximizing their efficiency and value for the system and to consumers.

"With respect to precedent, the draft Policy Statement discusses the *Nevada Hydro* and *Western Grid* cases in which the Commission previously discussed the use of electric storage resources for multiple services when receiving cost-based rate recovery.

"In *Western Grid*, the applicant committed to avoid any participation in organized wholesale electric markets.

"The draft Policy Statement clarifies that there may be approaches different from Western Grid's approach under which an electric storage resource may receive cost-based rate recovery and, if technically capable, provide market-based services concurrently.

"In particular, this draft Policy Statement discusses issues associated with preventing double-recovery of costs from cost-based ratepayers, minimizing adverse market impacts, and maintaining regional transmission organization (or RTO) and independent system operator (or ISO) independence from market participants.

"With respect to avoiding double-recovery of costs, the draft Policy Statement clarifies that crediting market revenues back to the cost-based ratepayers is one possible approach. The draft Policy Statement also states that the Commission remains open to other approaches to address this concern.

"With respect to minimizing adverse market impacts, the draft Policy Statement determines that allowing electric storage resources to receive cost-based rate recovery concurrently with other revenue from market-based services should not adversely impact other market competitors.

"Finally, with respect to maintaining the independence of RTOs and ISOs, the draft Policy Statement clarifies that there is nothing unreasonable about an RTO or ISO exercising some level of control over the resources it commits or dispatches.

"I would like to note that the draft Policy Statement is not intended to resolve detailed implementation issues surrounding how an electric storage resource may concurrently provide services at cost- and market-based rates.

"Rather, the draft Policy Statement is intended to clarify that providing services at both cost- and market-based rates is permissible as a matter of policy, provide guidance on some of the details, and allow entities to address these issues through stakeholder

processes and in filings before the Commission.

"Thank you, this concludes our presentation."