

## **FEDERAL ENERGY REGULATORY COMMISSION ISSUES RULE ON ELECTRIC STORAGE PARTICIPATION IN REGIONAL MARKETS**

On February 15, 2018, the Federal Energy Regulatory Commission ("FERC") issued a rule (the "Rule") removing barriers for electric storage resources to participate in capacity, energy and ancillary services markets operated by Regional Transmission Organizations ("RTOs") and Independent System Operators ("ISOs").

### **BACKGROUND**

An "electric storage resource" is defined in the Rule as any resource capable of receiving electric energy from the grid and storing it for later injection of electric energy back to the grid. FERC has become concerned in recent years that certain rapidly developing electric storage resources face barriers that limit their participation in RTO and ISO markets, e.g., minimum size requirements.

To further examine this issue, FERC issued data requests to six RTOs and ISOs to seek more information about the participation of electric storage resources. Additionally, FERC issued a request for comments from interested persons on whether barriers exist to the participation of electric storage resources in the RTO and ISO markets and subsequently received 44 comments. On November 17, 2016 FERC issued a Notice of Proposed Rulemaking ("NOPR"), in which it proposed to amend its regulations under the Federal Power Act to remove barriers for electric storage resources. FERC received 109 comments on the NOPR from many different stakeholders.

### **OVERVIEW OF THE RULE**

The Rule requires each RTO and ISO to revise tariffs and establish a "participation model," i.e., a set of tariff provisions that facilitate the participation of certain electric storage resources in that RTO or ISO market. FERC states that the Rule will enhance competition as a result of this new technology and thus ensure that the markets produce just and reasonable rates (the statutory standard of the Federal Power Act).

FERC has set the following requirements for the participation model for electric storage resources:

1. Ensure that a resource using the participation model is eligible to provide all capacity, energy and ancillary services that it is technically capable of providing in the market;
2. Ensure that a resource using the participation model can be dispatched and can set the wholesale market clearing price as both a wholesale seller and wholesale buyer consistent with existing market rules;
3. Recognize the particular physical and operational characteristics of electric storage resources; and
4. Establish a minimum size requirement for participation in the RTO and ISO markets that does not exceed 100 kW.

The Rule also requires that any sale of energy from a RTO or ISO market to an electric storage resource that the resource then resells back to those markets must be at the wholesale locational marginal price.

## **NEXT STEPS**

Each RTO and ISO must file the tariff changes needed to implement the requirements of the Rule within 270 days of the publication date of the Rule in the Federal Register, after which FERC will grant each RTO and ISO an additional 365 days to implement their submitted tariff provisions.

## CONTACTS

**David Evans**  
Partner

**T** +1 202 912 5062  
**E** david.evans  
@cliffordchance.com

**Peter Hughes**  
Associate

**T** +1 202 912 5135  
**E** peterc.hughes  
@cliffordchance.com

**Evan Pelz**  
Associate

**T** +1 202 912 5973  
**E** evan.pelz  
@cliffordchance.com

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