

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Participation of Distributed Energy Resource)
Aggregations in Markets Operated by Regional)
Transmission Organizations and Independent)
System Operators)** **Docket No. RM18-9-000**

**POST-TECHNICAL CONFERENCE COMMENTS OF
THE ENERGY STORAGE ASSOCIATION**

Pursuant to the Notice issued by the Federal Energy Regulatory Commission (“FERC” or the “Commission”) in the above-referenced docket, the Energy Storage Association (“ESA”) provides the following comments pertaining to pricing and bidding parameters that represent the physical and operational characteristics of DER aggregations in RTO/ISO markets as well as how the experiences of distribution-connected energy storage could be used to guide Regional Transmission Operators and Independent System Operators (“RTOs/ISOs”) on integrating DERs onto the grid.

I. COMMUNICATIONS

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II. ABOUT THE ENERGY STORAGE ASSOCIATION

ESA is the national trade association dedicated to energy storage, working toward a more resilient, efficient, sustainable and affordable electricity grid – as is uniquely enabled by energy storage. With more than 160 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, law firms, installers, manufacturers, component suppliers and integrators involved in deploying energy storage systems around the globe.

III. COMMENTS

ESA's significant experience helping to design markets for advanced energy storage technologies enables us to assist FERC and other stakeholders to remove the barriers to allowing distributed storage to participate in the wholesale markets. As detailed below, we respectfully request FERC to direct the RTOs/ISOs to develop rules that will allow multiple market applications to participate in the markets. These enhanced value streams will lead to a more resilient, efficient, sustainable, and affordable electric grid.

- ESA recommends that FERC's framework for DER aggregation rely on two general principles: Ensure that DER aggregation is treated similarly to any other resource and be allowed to provide all services and participate in all markets that are technically feasible; and
- Account for DER's provision of bi-directional services (*e.g.*, storage can serve as both the traditional demand decrease/supply increase services as well as absorb excess electricity in response to a signal).

A. Responses to FERC's Questions

1. Panel One: FERC should ensure that there are no wholesale market restrictions to DER participation in the markets.

Panel 1 focused on whether ISOs and RTOs can and should facilitate DER aggregation, and whether a single approach is appropriate across all jurisdictions. While some participants were supportive of integrating DERs into wholesale market rules and procedures, others suggested that each ISO and RTO should work first with the states in its jurisdiction to determine whether and how DERs should be integrated into the wholesale market. ESA notes that delaying the process to open markets to DERs is unnecessary and unwarranted and creates market uncertainty for investors.

None of the concerns raised at the technical session about unique challenges to a specific ISO/RTO merit enabling any restriction of services that DERs are technically capable of providing already. Moreover, as FERC is aware, opening the markets to new technologies or ideas is critical to the development of new and innovative mechanisms that enhance grid services. The energy storage industry has expanded significantly since FERC allowed participation of storage resources in more markets. According to GTM Research's *U.S. Energy Storage Monitor 2017 Year in Review*, 1,080 cumulative megawatt-hours of energy storage were deployed between 2013 and 2017. Not only have ratepayers benefited from the implementation of new technologies on the grid, but the costs to design and operate the technologies have decreased significantly.

It is imperative that FERC allow DERs to participate in all grid markets. Distributed energy storage technologies have unique characteristics that can serve many of the needs of the grid. Energy storage may both inject and withdraw electricity from the grid; it can respond nearly instantaneously to a control signal and can ramp nearly instantaneously up or down to a precise

level of service; and it is “always on” and available for service, even when neither charging nor discharging. It is precisely the ability to serve multiple applications and provide multiple benefits – to the customer, utility, and wholesale market -- that makes energy storage so valuable. The pathway to providing ratepayers and customers with the greatest number of benefits and savings from the deployment of energy storage is, therefore, to enable the optimization of the storage device through providing those multiple functions, sometimes simultaneously. Further delay serves no purpose other than to dissuade development and modernization of electricity markets.

2. Panel Two (Questions 2 and 6): No opt-out provision is required

At the technical conference, questions arose regarding whether an opt-out is appropriate for states. The Honorable Chair of the Arkansas Public Service Commission suggested that states should choose to protect ratepayers against double-paying for service by opting out of mixing wholesale and retail compensation for the same DER asset. ESA fully appreciates the concern for ratepayer protection, but respectfully disagrees with assertions that DER assert participation in both retail transactions and the wholesale market would harm ratepayers. In fact, as we note earlier in our comments, it is the ability to stack different values in a variety of markets and programs that provides incremental ratepayer benefits and savings. Rather than limiting an entire function of DER assets by forcing the asset to participate exclusively in one market, ESA suggests that states examine specific services on a case-by-case basis, with sufficient evidence to demonstrate a justification for the exclusion, to limit a specific combination of two services by the same DER asset.

In addition, a few parties who submitted a request for rehearing of FERC Order 841 erroneously claimed that because DERs are entering into interconnection agreements with the distribution utilities regulated by the states, each state should be entitled to opt-out of allowing those distribution-connected storage resources to participate in wholesale electric markets. As

detailed in ESA's recent Motion for Leave to Answer and Answer,¹ FERC's grant of a state opt-out provision is discretionary and not legally required.² As FERC has clear jurisdiction over sales from DER aggregations into RTO/ISO markets, the Commission should mandate the imminent implementation of these new rules.

ESA submits that the discussion on the panel around double compensation was predicated upon a false sense that there is significant risk that storage resources will somehow work to "cheat" the system. ESA is not implying that assets should receive double compensation for the same service, but rather that dual participation does not equal double compensation. A clear example is the resources participating in both NYISO and the ConEd Demand Resource program. These assets are providing value for both the retail and wholesale markets and should be compensated accordingly - they provide demand savings for consumers and export power onto the grid for system support. Moreover, the conversation fails to recognize that the wholesale market's focus is on running efficiently and not over compensating resources on the wholesale market, rather than on ensuring that that resource is not receiving compensation at the retail level as well. ESA believes that FERC guidelines on double compensation are not warranted.

IV. CONCLUSION

As FERC has acknowledged, because of existing market rules, distributed storage resources face significant challenges to competitively and effectively participate in the energy markets, providing value for all consumers. ESA looks forward to continuing its work with

¹ See Motion for Leave to Answer and Answer, Docket Nos. RM16-23 and AD16-20 (April 26, 2018).

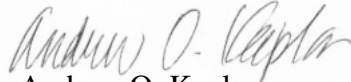
² See also *Advanced Energy Economy*, Order on Rehearing, 163 FERC ¶ 61,030 at P 40 (2018).

stakeholders to ensure the implementation of just and reasonable market rules and regulations that allow the integration of DERs onto the grid to provide multiple applications and services.

Respectfully submitted,

ENERGY STORAGE ASSOCIATION

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CERTIFICATE OF SERVICE

I HEREBY certify that I have this day caused the foregoing document to be served, via electronic mail, upon each person designated on the Official Service List compiled by the Secretary in this proceeding.

Dated in Boston, MA this 26th day of June 2018

A handwritten signature in blue ink that reads "Anne O'Hanlon". The signature is written in a cursive style and is positioned above a horizontal line.

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