

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

PJM Interconnection, L.L.C.

ER21-2043-000

**MOTION TO INTERVENE AND COMMENTS OF THE
U.S. ENERGY STORAGE ASSOCIATION**

Pursuant to Rules 213 and 214 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Rules of Practice and Procedures,¹ the U.S. Energy Storage Association (“ESA”) submits this Motion to Intervene and Comments in the above-captioned matter. As detailed below, ESA supports PJM Interconnection L.L.C.’s (“PJM”) June 1, 2021 proposal to create and implement an Effective Load Carrying Capability (“ELCC”) construct for determining the relative amount of capacity that Variable, Limited Duration, and Combination Resources may offer in PJM’s capacity market or provide in a Fixed Resource Requirement (“FRR”) capacity plan (the “ELCC Proposal”).

The ELCC mechanism is just and reasonable and will result in immediately removing the economic and operational barriers that now preclude energy storage resources (“ESRs”) from effectively and fully participating in PJM’s capacity markets. As such, the ELCC is compliant with FERC’s directives in Order No. 841.

¹ 18 C.F.R. §§ 385.213, 214 (2021).

Moreover, as the national trade association dedicated to ensuring that energy storage resources are able to participate on the nation's grids without barriers, ESA has a direct and substantial interest in the Commission's ruling in the above-captioned docket. Accordingly, the Commission is respectfully requested to (1) allow ESA to intervene in this proceeding and (2) approve PJM's ELCC tariff filing.

I. COMMUNICATIONS

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II. MOTION TO INTERVENE

The 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 200 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, installers, manufacturers, component suppliers, and integrators involved in deploying energy storage systems around the globe.

ESA's member companies have expertise in grid operations relevant to energy storage as well as firsthand knowledge of the regulatory challenges to financing and operating commercial energy storage facilities to realize full benefits to the bulk power system. Numerous ESA member companies are active participants in the PJM Interconnection L.L.C's markets and will be impacted by the Commission's decision as pertains to the amount of capacity that variable limited duration and combination resources may offer in PJM's capacity market.

Accordingly, ESA has a direct and substantial interest in the above-captioned docket and will be affected by the outcome of this proceeding. Moreover, no other party will actively represent ESA's interests. Therefore, ESA respectfully requests that it be allowed to intervene in this proceeding.

III. COMMENTS

A. **PJM's proposed ELCC tariff is just and reasonable.**

In 2020, the Commission directed PJM to submit Tariff provisions reflecting its "minimum run time" rules and procedures for every resource type, including energy storage resources ("ESR").² Consistent with that Order, PJM commenced discussions with interested stakeholders, including those within the energy storage industry, to determine how the minimum duration rules could apply to ESRs and other Limited Duration Resources, as well as Combination Resources that include ESRs integrated with generation.

In April 2021, FERC determined that the ELCC construct "appears to be a just and reasonable approach to determining the capacity value of Variable Resources, Limited Duration Resources, and Combination Resources and an improvement over PJM's current approach."³ Despite that recognition, the Commission denied the October 30, 2020 tariff amendment that the ELCC construct was a part of, due to a proposed transition mechanism that was separable from the ELCC construct. In that Order, FERC noted that PJM could choose to file the ELCC without the proposed transition mechanism and with a modification to include resource class definitions in its tariff.⁴

² *PJM Interconnection, L.L.C., Effective Load Carrying Capability Construct*, Docket No. ER21-278-000 (Oct. 30, 2020) ("October 30 Filing").

³ *PJM Interconnection L.L.C.*, 175 FERC ¶ 61,084, at P 17 (2021) ("April 2021 Order").

⁴ *Id.*

As FERC indicated that such a filing would result in a just and reasonable tariff and as PJM has resubmitted the tariff provisions in accordance with the Commission's direction, the tariff should be deemed as just and reasonable and allowed to become effective on August 1, 2022.

B. The Proposed Tariff is consistent with the Commission's objective of removing barriers to entry for all resource types.

PJM's proposed ELCC methodology removes barriers for entry by ESRs and other resource types in the capacity market. One such barrier was the 10-hour duration rule, which was originally proposed by PJM in compliance with FERC's Order No. 841. Under that rule, ESRs seeking to earn revenues in PJM's capacity market would be accredited at the maximum output they can sustain for 10 continuous hours. In its objection to the 10-hour duration rule,⁵ ESA and others noted that such a standard does not accurately reflect the contribution of ESRs to system reliability, thereby deviating from just and reasonable rates in PJM's capacity market and discriminating against the use of energy storage resources within the market. This was a clear violation of FERC's Order No. 841 mandates and failed to recognize the reliability benefits that energy storage resources would offer the grid operator, especially with the increasing number of variable energy resources, such as solar and wind, being included on the grid. Parties - including those that opposed PJM's October 30, 2020, previous tariff amendment where the ELCC construct was first proposed by PJM - have agreed that the ELCC construct alleviates the issues germane to the 10-duration rule.⁶

⁵ See ESA Comments, Docket Nos. ER20-584, EL-19-100 (not consolidated) dated March 7, 2020.

⁶ See ESA Comments In Support Of PJM's Effective Load Carrying Capability Construct, Docket No. ER21-278 (April 6, 2021).

The ELCC construct appropriately replaces the existing rule of accrediting capacity based on the continuous output an ESR may provide over a 10-hour period. The ELCC construct instead calculates the relative resource adequacy contribution of varying durations of ESRs; such a construct allows a diversity of ESRs, includes ESRs of less than 10 hours' duration, to participate in a tariff-defined class that corresponds to the duration of output that the resource can provide at its rated power capacity.

Granting long-delayed resolution to deficiencies in PJM's capacity accreditation rules by approving the ELCC construct will enable capacity market for participation of ESRs and Combination Resources that utilize energy storage, which is necessary to produce just and reasonable rates. Considering that PJM has several capacity auctions forthcoming over an accelerated timeline, ESA respectfully urges the Commission to approve PJM's tariff amendment in a timely manner and avoid delays to appropriate ESR participation that would extend unjust and unreasonable rates even more years into the future.

IV. CONCLUSION

For the forgoing reasons, ESA respectfully requests that the Commission approve the ELCC construct as proposed by PJM effective August 1, 2021. Moreover, ESA respectfully requests that it be allowed intervention status in this proceeding.

Respectfully submitted,

THE U.S. ENERGY STORAGE ASSOCIATION

By its attorney,



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CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, I, Anne O'Hanlon, certify that on this day that I emailed or mailed, postage prepaid, a copy of the foregoing document to all parties on the official service list posted by FERC.

Dated at Boston, MA this 22nd day of June, 2021.



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