

Overview of Order No. 841

Section H – Energy Used to Charge Electric Storage Resources

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DERS – April 25, 2018

- Notice of Proposed Rulemaking – “the sale of energy from the grid that is used to charge electric storage resources for later resale into the energy or ancillary services markets constitutes a sale for resale in interstate commerce.”

- **Final Rule: “[T]he sale of electric energy from the RTO/ISO markets to an electric storage resource that the resource then resells back to that market [must] be at the wholesale LMP.”**

(P 289) (New regulation: 18 C.F.R. § 35.28(g)(9)(ii))

- Applies regardless of which participation model the electric storage resource is using

- Final Rule Guidance
 - “[A]n electric storage resource’s wholesale energy purchases should take place at the applicable nodal LMP, and not the zonal price.” (P 291)
 - To the extent that load resources located at a single node pay different transmission charges than load resources located across multiple nodes: RTO/ISO must apply transmission charges for single-node resources to electric storage resources located at single pricing node. (P 292)
 - UNLESS: resource is being dispatched to provide ancillary service (P 293)
 - Efficiency losses are charging energy and are not a component of station power. (P 297)

- **Final Rule: “[W]e require each RTO/ISO to implement metering and accounting practices as needed to address the complexities of implementing the requirement that the sale of electric energy from the RTO/ISO markets to an electric storage resource that the resource then sells back to those markets be at wholesale LMP.” (P 317)**

- Metering
 - “[W]e require each RTO/ISO to directly meter electric storage resources, so all the energy entering and exiting the resources is measured by that meter.” (P 317)
 - HOWEVER: FERC will consider, in individual RTO/ISO compliance filings, alternative proposals that may not entail direct metering but “nonetheless address the complexities” of implementing the requirement that sales to and from RTO/ISO markets be wholesale LMP.

- Accounting Practices
 - Developing new accounting practices will be “complex,” but are nonetheless “feasible to develop.” (P 319)
 - Rules may need to differ based on whether the resource is located on the transmission system, distribution system, or behind the meter
 - RTOs/ISOs must prevent resources from paying twice for the same charging energy (P 321)
 - “To the extent the host distribution utility is unable . . . or unwilling to net out any energy purchases . . . for electric storage resources’ wholesale charging activities from the host customer’s retail bill, the RTO/ISO would be prevented from charging that resource . . . Wholesale rates for the charging energy for which it is already paying retail rates.”