



June 21, 2012

Commissioner Cheryl A.

LaFleur
STATEMENT

Docket Nos. : RM11-24-000, AD10-13-000 and RM10-11-000

Item Nos.: E-2 and E-3

Statement of Commissioner Cheryl A. LaFleur on Variable Energy Resources Final Rule and Notice of Proposed Rulemaking on Ancillary Services and Storage Technologies

"I was recently quoted in the *Boston Globe* as observing that energy is the cool field to be in right now. Some might disagree with this opinion, but I doubt many would disagree with my related observation that the energy world is benefiting from the introduction of cool new technologies. These new technologies span natural gas extraction, electric generation, energy storage, transmission, and demand-side technologies.

This morning, we vote out two orders that reflect the increasing utilization of new energy technologies, including renewable generation and electric storage.

First, we are voting out a Notice of Proposed Rulemaking on Ancillary Services and New Electric Storage Technologies. We propose to adapt our *Avista* policy to facilitate the provision of ancillary services in bilateral market regions. The need for this innovation was suggested by the Western States Power Pool and others in the Western region of the United States who are increasingly dependent on third-party ancillary services to balance variable generation and operate the grid efficiently.

In this NOPR, we also propose to extend the principle of Order 755--compensating frequency regulation for the true value it provides—to bilateral markets. Finally, we propose technical but important changes to accounting treatment for electric storage to recognize the multiple roles it can play at different times.

A few weeks ago I spoke at the Silicon Valley Electric Storage Association in Palo Alto, and was fortunate enough to visit two companies that are developing flow battery technology. I am excited about the benefits that these new technologies offer for customers. I hope we will receive a wide range of comments on our proposed rule.

As to the Final Rule on Variable Energy Resources, I am dissenting in part.

I strongly support renewable energy, and I have stated many times that I believe one of the most important jobs of this Commission is to support the development of rules to address new power supply choices being made at the state and federal level. For that reason, I support the requirements in the rule for intra-hour scheduling and power production forecasting, as well as the guidance we provide on generator reserve charges.

I am dissenting on the narrow point of the compliance requirements in the Final Rule. As noted in the rule, we heard from many parties about ongoing efforts to establish intra-hour scheduling and other market improvements in various regions. However, the rule as issued would only allow parties to demonstrate



compliance through incremental reforms beyond those already underway, without any explanation of why the ongoing efforts are insufficient. I would give regions more flexibility to demonstrate on compliance that these ongoing efforts meet the objectives of the rule. Without this flexibility, the rule might have the appearance of leveraging Commission authority to achieve a predetermined outcome, without considering other ways to achieve the stated goals of the rule.

I would like to thank the teams at FERC that worked on both these rulemakings in the past year.”