



STATEMENT

Statement of Commissioner Cheryl A. LaFleur on Electric Storage Participation in Markets Operated by RTOs and ISOs

Date: February 15, 2018

Docket Nos.: RM16-23-000;
AD16-20-000
Item No.: E-1

"I am very pleased to support today's order on removing barriers to storage resource participation in RTO/ISO markets. It is something of a cliché to refer to electric storage as a game changer, but it is also true. Given the ongoing changes in our nation's resource mix, and the changing capabilities needed to serve customers, electric storage is poised to provide a critically important role.

"Electric storage is like a "Swiss army knife" that can serve customers in multiple ways, including that it can (1) provide energy, particularly in conjunction with variable renewable generation, (2) provide frequency regulation and other ancillary services, and (3) help defer distribution and transmission needs. Of course, some storage technologies such as pumped hydroelectric storage already play an important role in serving customers. Many new technologies including batteries, flywheels, compressed air, thermal storage and others are rapidly gaining commercial viability and scale.

"I strongly support wholesale competitive markets, which I believe have delivered enormous benefit to customers over the past two decades. As today's order recognizes, they were largely designed around the resources that prevailed when they were launched, but have evolved to accommodate demand response, variable energy resources, and other new technologies. I think the storage participation model required by today's order will facilitate storage being able to provide all the services it is technically capable of providing, for the benefit of customers.

"While some storage technologies are most commonly deployed at utility scale, others are best deployed in a widely distributed fashion and can provide market services through aggregation. While these technologies present additional complications to the wholesale markets, they also hold tremendous promise, as yet not fully understood, to serve customers. Therefore, I believe it is well worth devoting the effort to figure out how they can best participate in wholesale markets. I strongly support our announcement today of a two-day technical conference on distributed energy resources.

"In my mind, there are two broad sets of issues to consider at the technical conference. The first relates to ensuring just and reasonable payment for distributed services. Since storage and other distributed resources are technically capable of providing many different services at both the wholesale and retail level, there needs to be a crisp understanding of who pays what to whom for what, which encompasses service definition, accounting, metering, and billing. The second set of issues relates to operational coordination. I know, from experience, that distribution systems tend to be operated very dynamically. We need to figure out how the transmission and distribution control centers will coordinate so that there is appropriate visibility of the deployment of distributed resources to ensure reliability and safety at all levels.



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"I know that these issues are already being addressed by some of the RTO/ISOs and state regulators in California and elsewhere, and hope we can benefit from that experience at our technical conference. I encourage broad participation in our technical conference and we hope to hear from a variety of perspectives, including from state regulators, distribution utilities, distributed energy resource experts, market operators, and others. In that way, we will be able to develop a strong record to support further action."