



# FEDERAL ENERGY REGULATORY COMMISSION

**NEWS**

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NEWS MEDIA CONTACT  
Mary O'Driscoll - 202.502.8680

## **FERC Approves Transmission Incentives for Battery Storage Devices**

The Federal Energy Regulatory Commission (FERC) today approved rate incentives for battery storage devices that are proposed to help improve the operation and reliability of the California ISO grid.

Western Grid Development LLC is proposing to build and operate three sodium sulfur batteries of 10 to 50 megawatts in size at specific sites along the California ISO grid. The company says the batteries are similar to substation equipment, such as large electricity capacitors, that are used in many wholesale transmission system facilities. The company adds that the batteries would provide transmission services to solve reliability problems using an advanced transmission technology that is cheaper and less harmful to the environment than traditional transmission solutions and can be incorporated into the grid using smart grid technologies.

FERC determined that the devices will operate as wholesale transmission facilities and granted Western Grid the following incentives, on condition that, among other things, the California ISO approves the projects as part of the organized market's transmission planning process:

- 100 percent of construction work in progress for the projects in rate base;
- A combined return on equity adder of 195 basis points for the projects, which includes 50 basis points for participation in an organized market, 100 basis points for independent transmission company status, and 45 basis points for use of advanced transmission technology;
- Deferred cost recovery through creation of a regulatory asset for pre-commercial costs, amortized over five years; and
- A hypothetical capital structure of 50 percent equity and 50 percent debt until the projects are placed into service.

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