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Docket Nos. (RM11-24-000, AD10-13-000)

FERC Seeks Comment on Policies for Ancillary Services, Electric Storage Technologies

The Federal Energy Regulatory Commission (FERC) today launched an inquiry into how to bring greater competition to markets for supply services that help keep the grid operating smoothly, and how to remove potential barriers to the expanded use of electric storage technologies.

Markets in some regions of the country are showing interest in supporting competition for supply services known as ancillary services that typically are offered by transmission providers to help keep the grid operating smoothly. There is concurrent growing interest in removing barriers to the use of energy storage resources, which may benefit consumers by offering multiple services to the grid. Storage technologies can operate in ways that resemble electricity production, transmission and distribution, and can provide a range of services from the discharge of power to supply load to ancillary services such as reactive power or frequency regulation.

In today's Notice of Inquiry (NOI), FERC focuses on a policy that requires certain competitive ancillary services providers to prove they lack market power before selling their services at market-based rates.

In response to a June 2010 staff inquiry, commenters argued that the restriction is unnecessary and serves as a barrier to the use of storage technologies to provide ancillary services. Recognizing the concerns that some sellers have about being unable to conduct formal market power studies, the NOI requests comment on how to modify the restriction for all nontraditional providers of ancillary services, not just those using storage technologies, while ensuring just and reasonable rates.

The NOI also asks whether FERC should revise its accounting and reporting requirements. Current procedures do not specifically provide for the accounting of costs related to new energy storage resources and operations, nor do they clearly indicate how best to classify storage technologies that can provide a range of services to the grid. With this uncertainty, it may be difficult for owners of these technologies to meet reporting requirements. That in turn would make it difficult for regulators to determine costs and establish appropriate rates for these resources.

Comments on the NOI are due 60 days after publication in the *Federal Register*.

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