

149 FERC ¶ 61,185  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;  
Philip D. Moeller, Tony Clark,  
and Norman C. Bay.

PJM Interconnection, L.L.C.  
Commonwealth Edison Company

Docket No. ER15-3-000

ORDER ON PROPOSED TARIFF REVISIONS

(Issued November 28, 2014)

1. On October 1, 2014, PJM Interconnection, L.L.C. (PJM), on behalf of Commonwealth Edison Company (ComEd) submitted revisions to Attachment H-13 (Network Integration Transmission Service for ComEd) of the PJM Open Access Transmission Tariff (Tariff) to begin assessing a wholesale distribution charge to Energy Vault, LLC (Energy Vault). In this order, we accept the proposed revisions effective October 13, 2014, as requested.

**I. Proposed Revisions**

2. Energy Vault is a battery operator that is connected to ComEd's distribution system and will participate in PJM's markets. Attachment H-13 sets forth the methodology that ComEd uses to assess wholesale distribution charges to customers connected to ComEd's distribution system.<sup>1</sup> Using the methodology required by paragraph 7 of Attachment H-13,<sup>2</sup> ComEd has identified the facilities that will be used to

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<sup>1</sup> <http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=140673>. The use of the wholesale distribution charge was accepted by delegated letter order on August 15, 2006 in Docket No. ER06-1194-000.

<sup>2</sup> Paragraph 7 of Attachment H-13 provides that "[a]n annual Fixed Charge Rate of 24% shall apply to the net distribution plant that is directly assigned to a customer taking wholesale distribution service of ComEd distribution facilities. The net distribution plant

(continued ...)

facilitate the transmission of power from Energy Vault's batteries to the PJM grid and has computed an annual wholesale distribution charge of \$3,449,<sup>3</sup> which Energy Vault has elected to have billed monthly at a rate of \$287.42/month. In this filing, ComEd has proposed to revise paragraph 8 of Attachment H-13 to add Energy Vault's wholesale distribution charge.<sup>4</sup>

3. ComEd states that Energy Vault expects to commence commercial operations in October 2014, and ComEd proposes to assess the wholesale distribution charge to Energy Vault at that time. ComEd adds that it consulted with Energy Vault and understands that there is no objection. Accordingly, ComEd requests that the Commission accept the proposed Tariff revisions effective October 13, 2014.

## **II. Notice and Responsive Pleadings**

4. Notice of the filing was published in the *Federal Register*, 79 Fed. Reg. 61,074 (2014), with interventions and protests due by October 22, 2014. The Energy Storage Association filed comments in opposition to the proposed revisions, and ComEd filed an answer. The Energy Storage Association filed an answer to ComEd and ComEd has filed a response.

5. The Energy Storage Association contends that energy storage assets connected to the distribution system that are solely storing electricity to return to the grid at a later time should be able to charge at wholesale electricity market prices rather than at retail prices. Further, the Energy Storage Association argues that energy storage assets should not be

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will be directly assigned to the customer based on the customer's pro-rata share of the non-coincident peak loading of the distribution facilities necessary to provide the service."

<sup>3</sup> Attachment 3 to the filing contains detailed cost support and information about the transmission and distribution system that Energy Vault will use to facilitate participation in the PJM markets. Because Attachment 3 contains information on the transmission and substations operated by ComEd, ComEd has designated this information as Critical Energy Infrastructure Information, although it has not provided the proposed form of protective agreement with the filing. 18 C.F.R. § 388.112(b)(2)(i) (2014). See *Filing of Privileged Materials and Answers to Motions*, Order No. 769, FERC Stats. & Regs. ¶ 31,337 (2012).

<sup>4</sup> <http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=168686>. In addition to the proposed Tariff revisions for Energy Vault, ComEd proposed a ministerial change to remove a former customer from paragraph 9 of Attachment H-13.

allocated any transmission or distribution demand charges that are not paid by traditional supply resources providing the same services to the grid. The Energy Storage Association contends that, under the proposed revisions, storage projects are charged twice, once when energy is initially withdrawn from the system, and then again when the energy is injected back to the grid. As a result, the Energy Storage Association contends that the proposed Tariff revisions are unjust, unreasonable, and unduly discriminatory.

6. ComEd answers that the Energy Storage Association comments reflect a basic misunderstanding of the use and purpose of the wholesale distribution charge. ComEd believes it is appropriate to impose a wholesale distribution charge on battery operators interconnected at the distribution level because, while battery operators are charging they are creating flows on the distribution system just like those that serve load, and thus imposing costs on the system that are similar to those imposed by retail and wholesale load customers.<sup>5</sup> On the other hand, ComEd notes that Attachment H -13 provides that ComEd will not assess a wholesale distribution charge to generation facilities that are connected at the distribution level and participating in the PJM market. ComEd states that generators, unlike load-serving entities, are not assessed wholesale distribution charges because generators have the potential to provide beneficial counterflows, while load-serving entities cannot provide such benefits. Nonetheless, ComEd notes that generators consuming on-site energy pay a distribution delivery component through station power charges. As such, both load-serving entities and generators pay some form of charge for their use of the distribution system. Consequently, if ComEd does not assess a wholesale distribution charge to a battery storage device, such a device would obtain a free ride for its use of the distribution system. ComEd maintains that treating Energy Vault as a wholesale customer serving load at the distribution level, based on its consumption of wholesale energy at the distribution level, ensures that Energy Vault shares in the cost of the distribution system, just like any other wholesale customer serving loads that are interconnected to the distribution system.

7. ComEd states that it enters the amounts received from wholesale customers for wholesale distribution service as a credit in its distribution formula rate, reflecting the revenues received from wholesale distribution customers as a credit in its distribution formula rate.<sup>6</sup> ComEd states that this ensures that it is not over-recovering the costs to operate its distribution system nor is it double-charging any particular customer.

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<sup>5</sup> Com Ed Answer at 4.

<sup>6</sup> ComEd Answer at 6 (citing <http://www.icc.illinois.gov/docket/Documents.aspx?no=14-0312>).

8. In response, the Energy Storage Association reiterates that distribution-connected energy storage resources are not serving load, and that the absorption of energy by the storage system is not consumption but a reduction in generation similar to the reductions made by traditional supply resources when providing applicable ancillary services.<sup>7</sup> The Energy Storage Association states that the only consumption of energy by a storage plant is that of auxiliary loads and system losses, identical to traditional supply resources. The Energy Storage Association contends that the Commission has recognized the value of storage charging when providing ancillary services.<sup>8</sup>

9. ComEd opposes the Energy Supply Association answer. ComEd responds that, because Energy Vault chose to connect on the ComEd distribution system, it must plan its distribution system to accommodate the full charging capabilities of Energy Vault with the energy that it is receiving from the PJM wholesale market. ComEd argues that the just result is to require Energy Vault to pay its fair share for the costs of the pieces of distribution system that it uses. ComEd maintains that the charge included in the rate schedule is proportionate to the load at issue, and that neither the Energy Supply Association nor Energy Vault has challenged the calculation of that charge.

### **III. Discussion**

#### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest and or answer unless otherwise ordered by the decisional authority. We will accept the answers filed by ComEd and the Energy Storage Association because they have provided information that assisted us in our decision-making process.

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<sup>7</sup> To the extent the Commission is concerned that energy storage resources are being afforded a free ride, the Energy Storage Association suggests a technical conference to discuss appropriate allocation of costs for storage resources when not providing wholesale market services.

<sup>8</sup> Energy Storage Association Answer at 4 citing *Frequency Regulation Compensation in the Organized Wholesale Power Markets*, Order No. 755, FERC Stats. & Regs. ¶ 31,324 (2011).

**B. Substantive Matters**

12. We accept the proposed Tariff revisions, to be effective October 13, 2014, as requested.<sup>9</sup> The wholesale distribution charge that ComEd will assess Energy Vault is a weighted average carrying charge that is applied on a case-by-case basis, depending on the distribution facilities expected to be used in providing wholesale distribution service. ComEd consulted Energy Vault regarding the proposed wholesale distribution charges and did not receive an objection from Energy Vault.

13. The Energy Storage Association contests the applicability of wholesale distribution charges to energy storage facilities that provide services to the grid. In its answer, ComEd addresses the concerns raised by the Energy Storage Association. In particular, ComEd clarifies that a storage device in charging mode uses its distribution system just like any other load, including the station power load of traditional generation resources. However, unlike generation resources that pay station power charges that include a distribution delivery component, distribution-connected storage resources do not face station power charges and thus require some other mechanism to recover their share of the cost of the distribution facilities they use. Nothing in the Energy Storage Association answer persuades us that ComEd should not recover the costs of the distribution system used to provide service to the Energy Vault facility. Instead, ComEd's response confirms that Energy Vault is located on ComEd's distribution system, and as a result, ComEd must plan its system to accommodate the Energy Vault facility.

14. The Energy Storage Association has not supported its contention that energy storage project customers, such as Energy Vault, which withdraw and inject energy as part of their normal operations, are being charged twice for the same service. The wholesale distribution charge is not assessed twice, once when energy is withdrawn from the grid and then again when energy is injected back into the grid; rather, ComEd is charging Energy Vault one wholesale distribution charge. The wholesale distribution charge ensures that Energy Vault shares in the cost of the distribution system that is needed for Energy Vault to withdraw energy. The customer-specific withdraw amount is reflected as directly-assigned net distribution plant and is specific to Energy Vault's share of non-coincident peak loading.

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<sup>9</sup> See *Central Hudson Gas & Electric Corp., et al.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

15. In addition, since ComEd enters amounts received from wholesale customers for wholesale distribution service as a credit in its distribution formula rate, we also do not find that ComEd is over-recovering the cost of operating its distribution system.<sup>10</sup>

16. ComEd contends that Energy Storage Association's comments that ComEd wholesale distribution customers are being charged twice for the same service reflects a misunderstanding of the wholesale distribution charge. As explained above, ComEd is simply charging Energy Vault for its use of the distribution system for its storage facility charging load. Further, since the wholesale distribution charges are applied on a case-by-case basis, we do not see a need for a technical conference at this time. Accordingly, we find the proposed Wholesale Distribution Charge just and reasonable and not unduly discriminatory.

The Commission orders:

The proposed Tariff revisions are hereby accepted effective October 13, 2014, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>10</sup> As ComEd explained in its answer, its distribution formula rate crediting mechanism includes wholesale distribution service as a credit in its distribution formula rate. *See* ComEd Answer at 6.