



January 19, 2017

Commissioner Cheryl A. LaFleur

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket No. PL17-2-000

Item No. E-2

Statement of Commissioner Cheryl A. LaFleur Regarding Policy Statement on Cost Recovery by Electric Storage Resources

"Today's order addresses whether a storage resource can receive cost-based revenues for providing a transmission service while also participating in the Commission's wholesale markets. The Commission has previously considered related issues in individual cases, such as our *Western Grid* orders from 2010,¹ and I agree that the Commission should be flexible and open to proposals that go beyond the model contemplated in those orders. I am open to potential structures that compensate storage providing transmission service at a cost-based rate while participating in the wholesale markets. However, I am concerned about the broad rationale for this approach put forth in the Policy Statement, which I believe is both flawed in its conclusions and premature in its timing.

"I particularly disagree with the Policy Statement's sweeping conclusions about the potential impacts of multiple payment streams on pricing in wholesale electric markets.² The Policy Statement summarily dismisses concerns regarding the impact of such arrangements on market competition, and leaves far more than just "implementation details" to be worked out. Indeed, the Policy Statement provides no guidance on how the Commission could evaluate whether a particular filing under section 205 of the Federal Power Act successfully avoids adverse market impacts.

"I am concerned that the Policy Statement, while nominally limited to storage resources, could be read to reflect the Commission's views about the impact of multiple payment streams on market pricing more generally, thus implicating broader regional discussions on state policy initiatives and their interaction with competitive markets. These issues, which are currently being discussed by several RTO/ISOs and their stakeholders, will require careful and holistic consideration to ensure that policy advancements can be achieved while the benefits of competition are preserved for customers.

"Furthermore, I disagree with the Commission's decision to separate this issue from its pending Notice of Proposed Rulemaking on storage participation,³ which is itself directed to enabling greater participation of storage technologies in wholesale markets. The conclusions of this Policy Statement regarding market participation of storage resources would benefit from being considered and commented on as part of that broader discussion.

"Storage is an important and promising resource that warrants Commission attention to ensure that our markets are appropriately adapted to recognize storage's unique characteristics and contributions. However, efforts to accommodate these resources should not come at the expense of careful market design after full public participation.

"For these reasons, I respectfully dissent."

¹ *Western Grid Dev., LLC*, 130 FERC ¶ 61,056, *reh'g denied*, 133 FERC ¶ 61,029 (2010).

² *Utilization of Electric Storage Resources for Multiple Services When Receiving Cost-Based Rate Recovery*, 158 FERC ¶ 61,051 (2017).

³ *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Notice of Proposed Rulemaking, 157 FERC ¶ 61,121 (2016).