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

FERC Offers Changes for Sale of Ancillary Services, Reporting for Electric Storage Technologies

The Federal Energy Regulatory Commission (FERC) is seeking comment on proposals to bring greater competition and transparency to markets for services needed to ensure reliable operation of the transmission grid.

Today's Notice of Proposed Rulemaking (NOPR) proposes to revise Commission policies governing the sale of ancillary services at market-based rates. It also proposes to require transmission providers outside of the organized energy markets to explain in their tariffs how they will determine regulation and frequency response reserve requirements, taking into account the speed and accuracy of the resources. Finally, the NOPR proposes revisions to FERC's Uniform System of Accounts and its annual and quarterly forms, statements and reports to better account for and report transactions involving energy storage technologies.

The proposed changes are based on comments in response to a June 2011 Notice of Inquiry (NOI). Those comments argued that the current accounting and reporting requirements do not adequately support energy storage assets and operations, and that the policy requiring competitive ancillary services providers to either prove they lack market power or be subject to certain market power mitigation measures before selling their services at market-based rates presents a barrier to the sale of these services outside the organized markets.

Under the NOPR, sellers that pass FERC's existing market-based rate analyses for energy and capacity would be presumed to lack market power for energy and generator imbalance services in that geographic market. The NOPR also seeks comment on a reporting requirement that would give potential sellers of other ancillary services the information needed to develop market power analyses based on an optional screen designed solely for ancillary services, and it proposes the use of price caps or competitive solicitations to mitigate market power.

The NOPR makes a preliminary finding that the proposal to require transmission providers to account for resource speed and accuracy in determining regulation and frequency response reserve requirements is needed to prevent potential undue discrimination against customers that choose to meet their own needs for that ancillary service. It does not mandate a method for meeting this requirement, but proposes that FERC evaluate those determinations on a case-specific basis.

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

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