Overview of Order No. 841
Section H – Energy Used to Charge Electric Storage Resources

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DERS – April 25, 2018
• Notice of Proposed Rulemaking – “the sale of energy from the grid that is used to charge electric storage resources for later resale into the energy or ancillary services markets constitutes a sale for resale in interstate commerce.”
Final Rule: “[T]he sale of electric energy from the RTO/ISO markets to an electric storage resource that the resource then resells back to that market [must] be at the wholesale LMP.”

(P 289) (New regulation: 18 C.F.R. § 35.28(g)(9)(ii))

- Applies regardless of which participation model the electric storage resource is using
Price for Charging Energy

- **Final Rule Guidance**
  
  - “[A]n electric storage resource’s wholesale energy purchases should take place at the applicable nodal LMP, and not the zonal price.” (P 291)
  
  - To the extent that load resources located at a single node pay different transmission charges than load resources located across multiple nodes: RTO/ISO must apply transmission charges for single-node resources to electric storage resources located at single pricing node. (P 292)
    
    - UNLESS: resource is being dispatched to provide ancillary service (P 293)
  
  - Efficiency losses are charging energy and are not a component of station power. (P 297)
• Final Rule: “[W]e require each RTO/ISO to implement metering and accounting practices as needed to address the complexities of implementing the requirement that the sale of electric energy from the RTO/ISO markets to an electric storage resource that the resource then sells back to those markets be at wholesale LMP.” (P 317)
• Metering
  – “[W]e require each RTO/ISO to directly meter electric storage resources, so all the energy entering and exiting the resources is measured by that meter.” (P 317)

• HOWEVER: FERC will consider, in individual RTO/ISO compliance filings, alternative proposals that may not entail direct metering but “nonetheless address the complexities” of implementing the requirement that sales to and from RTO/ISO markets be wholesale LMP.
Accounting Practices

- Developing new accounting practices will be “complex,” but are nonetheless “feasible to develop.” (P 319)
  - Rules may need to differ based on whether the resource is located on the transmission system, distribution system, or behind the meter
- RTOs/ISOs must prevent resources from paying twice for the same charging energy (P 321)
  - “To the extent the host distribution utility is unable . . . or unwilling to net out any energy purchases . . . for electric storage resources’ wholesale charging activities from the host customer’s retail bill, the RTO/ISO would be prevented from charging that resource . . . Wholesale rates for the charging energy for which it is already paying retail rates.”