

132 FERC ¶ 61,203  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

September 3, 2010

In Reply Refer To:  
PJM Interconnection, L.L.C.  
Docket No. ER10-1717-000

PJM Interconnection, L.L.C.  
Attn: Steven R. Pincus, Assistant General Counsel  
Valley Forge Corporate Center  
955 Jefferson Avenue  
Norristown, PA 19403-2497

Dear Mr. Pincus:

1. On July 6, 2010, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> PJM Interconnection, L.L.C. (PJM) filed revisions to its Open Access Transmission Tariff (PJM Tariff) Attachment K Appendix and Amended and Restated Operating Agreement (Operating Agreement) Schedule 1.<sup>2</sup> PJM proposes to add a new section 1.3.1G to define “Energy Storage Resource”<sup>3</sup> and to amend section 1.3.33B to clarify that energy used to

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<sup>1</sup> 16 U.S.C. § 824d (2006).

<sup>2</sup> PJM states that it is also making corresponding revisions to PJM Manual 28 (Operating Agreement Accounting), which was reviewed by PJM’s Members along with the revisions to the PJM Tariff and Operating Agreement.

<sup>3</sup> Tenth Revised Sheet No. 6 and Sixth Revised Sheet No. 65, under PJM Interconnection, L.L.C., Third Revised Rate Schedule FERC No. 24; Tenth Revised Sheet No. 27 and Sixth Revised Sheet No. 323A, under PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1.

charge an Energy Storage Resource is excluded from the definition of Station Power.<sup>4</sup> The Commission accepts the proposed revisions to the PJM Tariff and Operating Agreement, effective September 5, 2010, as requested.

2. PJM states that the filing is designed to put new rapid-response Energy Storage Resource devices that inject power into and withdraw power from the grid as part of their provision of energy and ancillary services on equal footing with more conventional energy storage devices such as pumped storage facilities (which are already excluded from the definition of Station Power). PJM states that the filing ensures that such facilities are treated the same, while allowing PJM and its stakeholders to analyze other new energy storage technologies to determine if they can be treated in a like manner. According to PJM, the proposed revisions received unanimous stakeholder support.

3. Proposed section 1.3.1G defines an “Energy Storage Resource” as a “flywheel or battery storage facility solely used for short term storage and injection of energy at a later time to participate in the PJM energy and/or Ancillary Services markets as a Market Seller.” PJM explains that the proposed definition of Energy Storage Resource is not open-ended, but rather is limited to only flywheel and battery storage facilities. PJM states that this narrow definition ensures that the rules applicable to Energy Storage Resources and, in particular, the treatment of such resources as a “Market Seller” under PJM's billing and accounting rules, would not cause unintended consequences if applied to other, now unknown devices and technologies. Finally, PJM explains that the revisions clarify that an Energy Storage Resource is a “Market Seller” under PJM’s accounting and settlement rules, and thus the net energy generated or consumed in any given hour will be settled at the applicable Locational Marginal Price.

4. PJM proposes to amend the definition of “Station Power”<sup>5</sup> in section 1.3.33B of the PJM Tariff and Operating Agreement to exclude energy “used for charging an Energy

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<sup>4</sup> Fourth Revised Sheet No. 70, under PJM Interconnection, L.L.C., Third Revised Rate Schedule FERC No. 24; and Eighth Revised Sheet No. 329, under PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1.

<sup>5</sup> “Station Power” is currently defined in section 1.3.33B as “energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy used to power synchronous condensers, used for pumping at a pumped storage facility, or used in association with restoration or black start service.”

Storage Resource.” Currently, the definition of Station Power excludes energy used for pumping at a pumped storage facility, as well as energy used to power synchronous condensers and energy used in association with restoration or black start service. PJM asserts that the Commission should apply to Energy Storage Resources the same rationale for its finding that pumping energy does not fall within the definition of Station Power—namely, that such energy is stored for later delivery and not consumed.<sup>6</sup> PJM states that this rationale applies equally, if not more, to flywheel and battery storage facilities because such resources are, by definition, used exclusively for storage and later delivery of energy in the PJM energy and/or ancillary services markets.

5. Notice of the filing was published in the *Federal Register*, 75 Fed. Reg. 40,811 (2010), with interventions and protests due on or before July 27, 2010. Beacon Power Corporation and FirstEnergy Service Company, on behalf of FirstEnergy Solutions Corp. (FirstEnergy Solutions), filed timely motions to intervene and comments in support of the filing.<sup>7</sup> Public Service Commission of Maryland; PSEG Companies; Old Dominion Electric Cooperative; Exelon Corporation; Monitoring Analytics, LLC; and American Municipal Power, Inc. filed timely motions to intervene. Energy Storage & Power, L.L.C. filed a motion for leave to intervene out-of-time. No protests were filed.

6. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.<sup>8</sup> Pursuant to Rule 214(d) of the Commission’s Rules of Practice and Procedure,<sup>9</sup> the Commission will grant Energy Storage & Power, L.L.C.’s late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

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<sup>6</sup> PJM cites *Norton Energy Storage, L.L.C.*, 95 FERC ¶ 61,476, at 62,702 (2001) (*Norton*), in which the Commission stated: “[W]e find that neither pumping energy nor compression energy falls within our definition of station power...we note that station power is consumed, and is not converted and stored as pumping energy and compression energy are.”

<sup>7</sup> FirstEnergy Solutions supports the filing subject to a reservation of its rights to at some future time have its Norton Energy Storage Project classified as an Energy Storage Resource.

<sup>8</sup> 18 C.F.R. § 385.214 (2010).

<sup>9</sup> 18 C.F.R. § 385.214(d) (2010).

7. We find the proposed tariff changes to be reasonable and we will accept them, effective September 5, 2010, as requested. We find that excluding the energy used to charge flywheel and battery storage facilities from the definition of Station Power treats such facilities in a similar manner to pumped storage facilities and ensures no undue discrimination. Moreover, in *Norton*, the Commission found that energy used for pumped storage and compressed air storage does not fall within the definition of station power, and distinguished pumping energy and compression energy from station power by the fact that the former are converted and stored, rather than consumed.<sup>10</sup> Like pumping energy and compression energy, the energy used to charge Energy Storage Resources will be stored for later delivery and not used for operating the electric equipment on the site of a generation facility or associated buildings as Station Power is used. Thus, we find PJM's proposed exclusion of Energy Storage Resources from the definition of Station Power reasonable. In addition, the proposed revisions are not protested. Therefore, the Commission accepts the proposed revisions to the PJM Tariff and Operating Agreement, effective September 5, 2010, as requested.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>10</sup> *Norton*, 95 FERC at 62,702.