



**Federal Energy Regulatory Commission  
October 17, 2019  
Open Commission Meeting  
Staff Presentation  
Items E-1, E-2**

Good morning Mr. Chairman and Commissioners.

Today the Commission is acting on items E-1 and E-2, draft orders addressing Southwest Power Pool's and PJM Interconnection's filings in compliance with Order No. 841, the Commission's Final Rule on Electric Storage Resource Participation in Markets Operated by Regional Transmission Organizations, or RTOs, and Independent System Operators, or ISOs.

Order No. 841 addresses the participation of electric storage resources in the capacity, energy, and ancillary service markets operated by RTOs and ISOs. The reforms adopted in Order No. 841 more effectively integrate electric storage resources into RTO and ISO markets, enhance competition, and help ensure that those markets produce just and reasonable rates.

To remove barriers to the participation of electric storage resources in the RTO and ISO markets, Order No. 841 requires each RTO and ISO to revise its tariff to establish a participation model consisting of market rules that, recognizing the physical and operational characteristics of electric storage resources, facilitate their participation in the RTO and ISO markets.

Today's draft orders find that, consistent with Order No. 841, SPP's and PJM's participation models for electric storage resources generally enable electric storage resources to provide all services those resources are capable of providing in their wholesale electric markets, and allow those resources to be compensated for the wholesale services that they provide in the same manner as other resources that provide these services. The draft orders find that both SPP and PJM have proposed market rules that appropriately recognize the unique physical and operational characteristics of electric storage resources and facilitate their participation in the RTO/ISO markets. The draft orders also direct SPP and PJM to submit further compliance filings, within 60 days of the date of issuance of these orders.

The draft orders also find that SPP's and PJM's tariffs generally satisfy Order No. 841's directive with respect to allowing electric storage resources to de-rate their capacity to meet minimum run-time requirements. However, they note that SPP's and PJM's tariffs do not include minimum run-time requirements for resource adequacy and capacity, respectively. The draft orders explain that, even though the Commission did not require RTOs/ISOs to make specific changes to their minimum run-time requirements in Order No. 841, such requirements affect rates, terms, and conditions of service. Therefore, pursuant to section 206 of the Federal Power Act, the draft orders direct both SPP and PJM to submit tariff provisions reflecting their rules and practices regarding minimum run-time requirements. The draft orders direct SPP and PJM to submit these tariff provisions no later than 45 days after the publication of notice in the Federal Register of the Commission's initiation of these separate section 206 proceedings.

In initiating the separate PJM 206 proceeding, the draft order addressing PJM's compliance filing also establishes a paper hearing procedure to investigate whether PJM's minimum run-time rules and procedures are unjust, unreasonable, unduly discriminatory or preferential as applied to Capacity Storage Resources, outside of its compliance with Order No. 841.

Thank you. And thank you to the large inter-office team of Commission staff who contributed to the preparation of these orders. This concludes our presentation. We would be happy to address any questions that you may have.