

**UNITED STATES OF AMERICA**

**BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

Third Party Provision of Ancillary Services;  
Accounting and Financial Reporting for  
New Electric Storage Technologies

Docket Nos. RM11-24/AD10-13

**COMMENTS OF THE  
CALIFORNIA ENERGY STORAGE ALLIANCE**

**I. BACKGROUND.**

The California Energy Storage Alliance (“CESA”)<sup>1</sup> is an industry group advocating for the rapid expansion of use of energy storage, in all of its many forms, to promote growth of renewable energy and a clean, affordable, and reliable and secure electric system. CESA is technology-neutral and supportive of all business models for deployment of energy storage resources. CESA’s member companies include a diverse range of advanced energy storage technology and manufacturing companies, systems integrators, and renewable energy developers.<sup>2</sup>

CESA takes this opportunity to thank FERC for taking full account of the comments that were filed by CESA, as well as those filed by the Electricity Storage Association’s Advocacy

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<sup>1</sup> The California Energy Storage Alliance consists of A123 Systems, Beacon Power, Bright Energy Storage Technologies, CALMAC, Chevron Energy Solutions, Deeya Energy, East Penn Manufacturing Co., Energy Cache, EnerVault, Fluidic Energy, GE Energy Storage, Green Charge Networks, Greensmith Energy Management Systems, Growing Energy Labs, HDR Engineering, Ice Energy, Kelvin Storage Technologies, LG Chem, LightSail Energy, Panasonic, Primus Power, Prudent Energy, RedFlow Technologies, RES Americas, Saft America, Samsung SDI, Seo, Sharp Labs of America, Silent Power, Stem, Sumitomo Electric, Sumitomo Corporation of America, SunEdison, SunVerge, TAS Energy, and Xtreme Power. The views expressed in these comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies.

<sup>2</sup> See, <http://www.storagealliance.org>.

Council and their member companies on the Notice of Inquiry that lead to this rulemaking proceeding.<sup>3</sup>

## **II. COMMUNICATIONS AND CORRESPONDENCE.**

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## **III. COMMENTS.**

CESA is pleased to submit these comments on FERC's proposals to facilitate the development of competitive markets for ancillary services, increase transparency for regulation and frequency response reserve requirements, and better account for and report transactions associated with energy storage technology used in public utility operations. FERC's specific proposals here will support its broader efforts to provide increased flexibility for transmission providers and customers, and reduce barriers to energy storage technologies that can provide ancillary services.

CESA appreciates FERC's undertaking a thorough evaluation of the kind of market reforms that are necessary for implementation in non-RTO/ISO regions to enable energy storage technologies to compete to provide ancillary services and to send needed market signals to encourage investment in new energy storage facilities. The new rules will help certainly help

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<sup>3</sup> *Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, 135 FERC ¶ 61,240 (2011).

ensure that nation-wide transmission system reliability is maintained efficiently and cost-effectively.

**A. The Avista Policy**

In order to foster robust markets in the non-RTO/ISO regions, transmission providers and customers must have access to ancillary services offered by third-party energy storage providers. The inability to perform required market power studies has stifled competition to provide ancillary services and is a significant barrier to marketplace entry for new technologies and ancillary service providers. CESA therefore commends FERC for proposing new rules to reduce restrictions on third-party providers of ancillary services because sales to a public utility that is purchasing ancillary services to satisfy its own OATT requirements to offer ancillary services to its own customers clearly represent the most significant potential market for sales of ancillary services in non-RTO/ISO regions.

**1. Use of Market Power Analyses**

**a. Reliance on Existing Indicative Screens**

CESA supports FERC's proposal to revise its regulations governing market-based rate authorization to provide that sellers meeting the requirements of present market-based rate analyses for energy and capacity in specific geographic markets should be afforded a rebuttable presumption that they lack horizontal market power for sales of ancillary services in that market.

**b. Optional Market Power Screen For All Other Ancillary Services**

CESA supports a new reporting requirement and optional market power screen that would be applicable for assessing the market power of potential sellers of ancillary services because technical requirements for operating reserve-spinning, operating reserve-supplemental, reactive supply and voltage control, and regulation and frequency response can call for a market

power analysis based on a different geographic market or different fleet of resources than those that are analyzed to determine market power for sales of energy and capacity. FERC correctly proposes to require each public utility transmission provider to post information on its OASIS disclosing the aggregate amount of each ancillary service that it has historically required, including any geographic limitations it must manage in meeting its ancillary service requirements.

The optional market power screen for an ancillary service can compare the amount of capacity that a seller can dedicate to providing the ancillary service in the relevant geographic market with the buyer's reported aggregate requirement for that ancillary service, and sellers whose available capacity is no more than 20% of the reported aggregate requirement for an ancillary service would be entitled to a rebuttable presumption that they lack horizontal market power for the particular kind of ancillary service.

CESA supports FERC's optional power screen proposal and recommends certain specific details that should be included in the proposed OASIS reporting requirement to capture the method that the balancing area employs to determine reserve requirements and support any proposed optional market power screen. The public utility should provide seasonal and time-of-day requirements for each ancillary service instead of a single average reserve procurement amount of each year. Calculation of the percentage of the relevant reported aggregate requirement for an ancillary service for the optional market power screen should be done on an annual and seasonal peak basis, as is done currently for pivotal supplier and market share analysis. CESA also strongly urges FERC not to characterize the optional market screen as "experimental" because doing so would undermine the goal of reforming the rules to remove barriers to entry.

## **2. Alternative Cost-Based Mitigation**

CESA supports FERC's proposed alternative mitigation measures that would allow third-party sales to a public utility that is purchasing ancillary services to satisfy its own OATT requirements without showing a lack of market power. The proposed reforms should be adequate to ensure that rates charged by third parties for regulation and frequency response, operating reserve-spinning, operating reserve-supplemental or reactive supply and voltage control service will be just and reasonable and not unduly discriminatory or preferential. These reforms should reduce the barriers to third party providers selling ancillary services to a public utility to satisfy its own OATT obligation which is the largest market opportunity for sales of ancillary services in the non-RTO/ISO regions.

### **a. Use of Price Caps**

CESA supports allowing third parties to sell ancillary services to a public utility buyer at rates not to exceed the purchasing public utility transmission provider's existing OATT rate for the same ancillary service. At the same time, FERC should be mindful of the reality that conventional general resources may under-state their true costs to provide ancillary services, because those resources are allocating a greater proportion of their costs to energy and capacity sales. A new resource margin "adder" to the OATT-based cost cap is thus an appropriate way to ensure a level playing field when evaluating the fixed costs for new market entry.

FERC should ensure that cost-based schedules for ancillary services are compared on an "apples-to-apples" basis taking into consideration resource performance. A regulation resource that provides more ACE Correction per MW of capacity due to its superior speed and accuracy but has the same cost per MW capacity as a slower responding resource should not be regarded as having the same total cost, because 1 MW of a fast resource actually provides more regulation service per MW of capacity than 1 MW of slow resource. Thus, while the capacity price per

MW may be the same, buyers need to purchase more total capacity from the slower resource in order to acquire the same amount of regulation service. In other words, 1 MW of fast can't be paid more than 1MW of slow even though it is recognized as being more valuable by any standard.

Today, in the non-RTO/ISO regions the Schedule 3 Contract Price for Regulating Reserve Service is stated in units of \$/kW/hour or \$/kW/Month and the Billing Factor is based on the transmission customers total load. This data can be insufficient for a third-party supplier to reflect a resource's performance in comparing whether the third-party supplier's costs are below the transmission provider's OATT Schedule 3 rate. CESA therefore recommends that FERC provide specific guidance on the cost-based data to be included in both transmission providers and third party seller's regulation schedules to ensure that costs are evaluated on a truly comparable basis. FERC should require that the transmission provider's schedules and third-party seller's schedules include the following minimum data: (a) current total capacity to provide regulation, (b) ramp-rate of its regulating resource, (c) performance accuracy and formula for calculating performance accuracy, and (d) cost of regulation per unit of reliability.

CESA's recommended schedule changes would clearly identify the individual regulation costs of each resource based on its performance characteristics, thus ensuring that the benefits gained by procuring regulation from resources that can respond to regulation signals with greater speed and accuracy are reflected in the costs used to compare suppliers. Allowing transparent comparison and evaluation of resources will ensure the lowest cost resources are identified, and reduce costs to customers and the absolute amount of required capacity.

CESA also supports FERC's proposal to allow ancillary service sales at prices not to exceed the highest public utility transmission provider OATT rate within the relevant geographic

market for physical trading of each type of ancillary service. This has the potential to be a more reasonable approximation of the cost of new entry within a market where physical trading of the ancillary service in question is possible, thus further lowering barriers to energy storage providers.

**b. Competitive Solicitations**

CESA supports competitive solicitations as the best means to foster robust competitive markets. Market-based sales by a third-party supplier should not be prohibited to satisfy the purchasing utility's own OATT requirements to offer ancillary services to its customers when services are procured competitively. This simple principle assures competitive rates and obviates any need to require market power studies.

**B. Resource Speed and Accuracy in Determination of Regulation and Frequency Response Reserve Requirements**

CESA supports FERC's proposal to require that each public utility transmission provider must include provisions in its OATT that take into account the speed and accuracy of regulation resources in determining its regulation and frequency response reserve requirements.

**1. Self-Supply**

CESA supports FERC's preliminary finding that accounting for speed and accuracy in a public utility transmission provider's determination of regulation and frequency response reserve requirements is necessary to address the potential for undue discrimination against customers choosing to self-supply their regulation and frequency response needs, including through purchases from third-parties. Each utility public transmission provider must be required to include a description of how the public utility transmission provider would make adjustments to capacity requirement when a customer opts to self-supply its requirements, including through

purchases from third-parties, using resources with speed and accuracy characteristics that differ from the fleet of resources otherwise being used for regulation and frequency response.

Because fast-ramping resources provide more regulation value to the transmission system per MW than slower-ramping resources, if a transmission customer chooses to self-supply regulation from a resource that has a faster ramp-rate than the transmission provider's regulation resource it should be allowed to purchase less regulation capacity. If a variable resource chooses to self-supply its regulation reserve capacity using a fast-ramping energy storage facility, it should be able to self-supply a lower volume of regulating reserve capacity than if it self-supplied from a slow-ramping traditional resource. If two resources can provide comparable regulation service with different levels of capacity, supplying different levels of capacity should clearly be allowed.

CESA recommends that each transmission provider increase market transparency with an explanation of how it sets its regulation requirement. This explanation should include a description of the calculation, the metric which is used to set the requirement, the average performance of the existing regulation assets and sufficient data for a third party to reproduce the results, including posting ACE data on its OASIS reporting. CESA further recommends requiring transmission providers to include in their accounting and evaluation of their need for speed and accuracy sufficient detail and transparency on the units they currently have in place, including ramp-rate and accuracy.

C. **Extending the Goals of Order No. 755 to a Public Utility That is Purchasing Ancillary Services to Satisfy its Own OATT Requirements to Offer Ancillary Services to its Own Customers**

FERC must adopt reforms to extend the goals of Order No. 755 to a public utility's own supply of frequency regulation to satisfy its own OATT obligation because third party sales to a public utility that is purchasing ancillary services to satisfy its own OATT requirements to offer



ancillary services to its own customers represents the most significant potential market for sales of ancillary services in non-RTO/ISO regions. Currently, there is nothing in the proposed rules that would encourage public utility transmission owners to improve the speed and accuracy of their own or contracted fleet of frequency regulation resources, even though FERC found in Order No. 755 that the potential to lower costs to consumers by reducing the amount of capacity that must be procured to provide frequency regulation and a potential secondary benefit of lowering energy market prices by allowing displaced generators to operate at more stable output.

CESA recommends that FERC consider allowing performance-based rate treatment for public utility investments and contracts with third-party ancillary service providers that allow the public utility to reduce the total capacity and cost of providing regulation service while maintaining the same level of reliability. FERC can therefore justify allowing a performance-based incentive rate adder to the amount public utility transmission providers can recover through rates.

**D. Accounting and Reporting for Energy Storage Operations**

**1. Proposed Accounting Requirements**

CESA welcomes the updating of the Uniform System of Accounts to make the cost reporting of energy storage more transparent. The changes to the accounting requirements proposed by FERC will provide sufficiently transparent information on the activities and costs of new energy storage operations.

**i. FERC Proposal.** Where public utilities seek to simultaneously recover costs under cost-based and market-based rates, the Commission proposes that the entities be required to account for and report their operations of the cost-based portion of the rates. The Commission proposes that public utilities currently providing jurisdictional services and recovering costs of the services under market-based rates that have been granted waiver of the

accounting and reporting requirements that seek recovery of a portion of service costs under cost-based rates, be required to forego the previously issued waiver and account for and report all cost and operational information to the Commission. The Commission seeks comment on whether there should be a percentage of cost recovery threshold or other determining factor that triggers the accounting and reporting obligations in this situation.

### **CESA Response**

CESA agrees that in instances where public utilities seek to simultaneously recover costs under cost-based and market-based rates, the entities be required to account for and report their operations of the cost-based portion of the rates in accordance with FERC's accounting and reporting requirements to facilitate development and monitoring of the cost-based portion of the rates. CESA agrees that public utilities currently providing jurisdictional services and recovering costs of the services under market-based rates that have been granted waiver of the accounting and reporting requirements that seek recovery of a portion of service costs under cost-based rates be required to forego the previously issued waiver and account for and report all cost and operational information to FERC in accordance with its accounting and reporting requirements. This will enhance transparency and facilitate development and monitoring of the cost-based portion of the rates.

CESA suggests that there should not be a percentage of cost recovery threshold that triggers the accounting and reporting obligations in situations of multiple cost recovery. CESA also suggests that FERC allow competitive solicitations in conjunction to assist in partitioning an energy storage asset. For example, a storage asset may be capable of simultaneously providing two distinct functions, one traditionally cost-based use, and another generally market-based. A utility would then issue a competitive solicitation for solely the cost-based use. The winning

third party would be obligated to provide the cost-based service as contracted, and would be paid ultimately through a rate-based mechanism. The third party would then be free to utilize the remaining unobligated function in another solicitation or a market. CESA recommends that a public utility that uses competitive solicitations in this manner should not be required to forego any reporting and accounting waivers.

## **2. Electric Plant Accounts**

**i. FERC Proposal.** The Commission proposes creating a new electric plant account and amending two existing electric plant accounts to record the installed cost of energy storage equipment owned by public utilities and licensees. Specifically, the Commission proposes a new account within the production functional classification and amending existing accounts within the transmission and distribution functional classifications.

The proposed plant account would be Account 348, Energy Storage Equipment-Production, and the accounts we propose to amend are existing Account 351, [Reserved], and Account 363, Storage Battery Equipment. Account 351 is a reserve account and is not currently being used. The Commission proposes to rename Account 351 as “Energy Storage Equipment-Transmission.” The Commission proposes to amend the instructions of Account 363 to expand the type of energy storage assets that can be recorded in the account and to recognize the unique operating characteristics of energy storage assets, which may provide services other than only supplying electricity. In addition, the Commission proposes to rename Account 363 as Energy Storage Equipment-Distribution.

The Commission proposes that the instructions to the accounts provide for recording the cost of installed energy storage assets based on the function or purpose the equipment serves. The Commission proposes that in instances where an energy storage asset is used to perform

more than one function or purpose, the cost of the asset shall be allocated among production, transmission, and distribution plant based on the services provided by the asset and the allocation of the asset's cost through cost based rates approved by a relevant regulatory agency, federal or state.

### **CESA Response**

CESA agrees with FERC's proposal to create a new electric plant account within the production functional classification and amend two existing electric plant accounts within the transmission and distribution functional classifications to record the installed cost of energy storage equipment owned by public utilities. By establishing a dedicated plant account for storage equipment costs for each of the three uses of plants, FERC will ensure appropriate transparency for storage cost accounting.

CESA agrees that the instructions to the accounts should provide for recording the cost of installed energy storage assets based on the function or purpose the equipment serves. CESA agrees that where an energy storage asset is used to perform more than one function or purpose, the cost of the asset should be allocated among production, transmission, and distribution plant based on the services provided by the asset and the allocation of the asset's cost through cost based rates approved by a relevant regulatory agency, federal or state.

**ii. FERC Proposal.** The Commission proposes that the original cost of an energy storage asset and other amounts associated with the original cost of the asset (e.g., accumulated depreciation expenses and accumulated deferred income taxes) initially allocated to specific FERC accounts and later reallocated to other FERC accounts based on services provided by the asset and cost recovery be accounted for in accordance with Electric Plant Instruction No. 12, Transfers of Property. The Commission finds that if the costs of an energy storage asset are

included in the development of cost-based rates, then the same allocation of costs the primary rate-setting body used for rate development will also be used to allocate the original cost of the energy storage asset among the various functions for accounting and reporting purposes. The Commission proposes that the cost of energy storage assets be charged to depreciation expense using the depreciation rates developed for each function. The Commission proposes that public utilities be required to maintain records identifying the types of functions each individual energy storage asset supports and performs.

### **CESA Response**

CESA agrees that the original cost of an energy storage asset and other amounts associated with the original cost of the asset initially allocated to specific FERC accounts and later reallocated to other FERC accounts based on services provided by the asset and cost recovery be accounted for in accordance with Electric Plant Instruction No. 12, Transfers of Property. CESA also agrees that if the costs of an energy storage asset are included in the development of cost-based rates, then the same allocation of costs the primary rate-setting body used for rate development will also be used to allocate the original cost of the energy storage asset among the various functions for accounting and reporting purposes. CESA similarly agrees that the cost of energy storage assets should be charged to depreciation expense using the depreciation rates developed for each function. Finally, CESA agrees that public utilities should be required to maintain records identifying the types of functions each individual energy storage asset supports and performs.

**iii. FERC Proposal.** The Commission proposes that costs to install energy storage equipment, along with power purchased or internally generated to test and energize the equipment to prepare it for service, be capitalized as a component cost of the equipment on the

first installation only. The Commission proposes that earnings resulting from revenue received or earned for energy storage operations during test runs be credited to the cost of construction of the project.

### **CESA Response**

CESA agrees that costs to install energy storage equipment, along with power purchased or internally generated to test and energize the equipment to prepare it for service, be capitalized as a component cost of the equipment on the first installation only. After that first installation, those costs should be treated as operating costs. CESA agrees that earnings resulting from revenue earned for energy storage operations during test runs be credited to the cost of construction of the project.

**iv. FERC Proposal.** The Commission proposes that any costs incurred to remove, relocate, reset or reenergize an energy storage asset after it was first placed into utility service would not be chargeable to the energy storage equipment accounts as a cost component of the energy storage asset. The Commission proposes instead that such costs be accounted for as a production, transmission, or distribution O&M expense based on the services provided by the energy storage asset and recovery of the asset's cost through rates, in the accounts that follow. The Commission proposes that costs incurred to purchase or internally generate power to reenergize an energy storage asset after it was first put into service be charged as a current operating cost in the appropriate expense accounts for recording such costs, including the proposed purchased power account discussed below.

### **CESA Response**

CESA agrees that any costs incurred to remove, relocate, reset or reenergize an energy storage asset after it was first placed into utility service, other than power expenses, be accounted

for in the new production, transmission, and distribution O&M expense accounts proposed by the Commission, based on the services provided by the energy storage asset. CESA also agrees that costs incurred to purchase or internally generate power to reenergize an energy storage asset after it was first put into service be charged as a current operating cost in the appropriate expense accounts for recording such costs, including the proposed purchased power account discussed below. CESA supports FERC's proposals regarding electric plant accounts because they will help in accurately recording the cost of new energy storage technologies and in the development of cost of service rates.

### **3. Power Purchased and Fuel Supply Accounts**

**i. FERC Proposal.** In the NOI, the Commission asked about accounting for the cost of (1) power purchased and stored for resale; (2) power purchased that will not be resold but instead consumed in operations during the provisioning of services; (3) power purchased to sustain a state of charge; (4) power purchased to initially attain a state of charge; and (5) fuel or other direct costs incurred to internally generate power. The Commission proposes that item 4 and 5 costs of power purchased or internally generated to initially attain a state of charge in preparation for service prior to the equipment being ready for or placed in service be capitalized as a component cost of the equipment. The Commission proposes that item 5 costs incurred later be expensed as incurred and accounted for as an expense of the accounting period. Regarding items 1-3, the Commission agrees that there is a benefit to having the cost of power purchased for energy storage operations reported separate from other power purchases.

#### **CESA Response**

Regarding items 1-3, CESA agrees that there is benefit in having the cost of power purchased for energy storage operations reported separate from other power purchases.

Regarding items 4 and 5, CESA agrees that costs of power purchased or internally generated to initially attain a state of charge in preparation for service prior to the equipment being ready for or placed in service be capitalized as a component cost of the equipment. Regarding item 5, CESA agrees that costs incurred later be expensed as incurred and accounted for as an expense of the accounting period.

**ii. FERC Proposal.** The Commission proposes that the cost of power purchased for energy storage operations be accounted for in new Account 555.1, Power Purchased for Storage Operations. The Commission proposes that the instructions to Account 555.1 shall be the same as those of Account 555 with an additional instruction requiring the cost of power purchased and consumed or lost in energy storage operations during the provisioning of services be recorded in the new account.

#### **CESA Response**

CESA agrees that the cost of power purchased for energy storage operations should be accounted for in new Account 555.1, Power Purchased for Storage Operations. CESA also agrees that the instructions to Account 555.1 should be the same as those of Account 555 with an additional instruction requiring the cost of power purchased and consumed or lost in energy storage operations during the provisioning of services be recorded in the new account.

#### **4. Operation and Maintenance Expense Accounts**

**i. FERC Proposal.** The Commission proposes that companies record energy storage-related O&M expenses in the existing O&M expense accounts according to the nature of the expense to the extent that the account adequately supports recording of the cost. The Commission proposes that energy storage-related O&M expenses that are not specifically provided for in the existing O&M expense accounts be recorded in Account 548.1, Operation of



Energy Storage Equipment, and Account 553.1, Maintenance of Energy Storage Equipment, for energy storage plant classified as production; Account 562.1, Operation of Energy Storage Equipment, and Account 570.1, Maintenance of Energy Storage Equipment, for energy storage plant classified as transmission; and Account 582.1, Operation of Energy Storage Equipment, and Account 592.2, Maintenance of Energy Storage Equipment, for energy storage plant classified as distribution. The Commission proposes that the instructions of the accounts provide for the inclusion of the cost of labor, materials used and expenses incurred in the operation and maintenance, as appropriate, of energy storage equipment, to the extent that the costs are not appropriately recorded in other O&M expense accounts.

#### **CESA Response**

CESA agrees that energy storage-related O&M expenses that are not specifically provided for in the existing O&M expense accounts be recorded in the new accounts described in by FERC.

#### **5. No New Revenue Accounts**

**i. FERC Proposal.** The Commission proposes that Accounts 592, Maintenance of Station Equipment (Major only), and 592.1, Maintenance of Structures and Equipment (Nonmajor only), be revised such that the accounts do not include O&M expenses related to energy storage operations. The Commission proposes that the instructions of these accounts be revised to remove the reference to Account 363.

#### **CESA Response**

CESA agrees with the proposed changes to Accounts 592, 592.1, and 363. The operations of energy storage assets differ enough from conventional assets or maintenance

activities to require the proposed revisions. These changes will enhance the transparency for recording maintenance costs of energy storage assets.

**6. No New Revenue Accounts**

**i. FERC Proposal.** The Commission proposes to use the existing revenue accounts for accounting for revenue associated with using energy storage assets.

**CESA Response**

CESA agrees that the existing revenue accounts sufficiently provide for accounting for revenue associated with using energy storage assets.

**7. Proposed New and Amended Form Nos. 1, 1-F, and 3-Q Schedules**

**i. FERC Proposal.** The Commission proposes to add two new schedules to the Form Nos. 1 and 1-F to report statistical and cost data on energy storage plant. One schedule will require more detailed information than the other to lessen the reporting burden on companies with small energy storage operations. The Commission proposes that 10,000 kilowatts be the threshold for determining whether a filer reports more detailed information in proposed schedule pages 414 - 417, Energy Storage Operations (Large Plants), or less detailed information in proposed schedule pages 419 - 421, Energy Storage Operations (Small Plants).

The Commission proposes that the following information be reported on pages 414 – 417 in the proposed schedule: (1) megawatts (MW) purchased, MW delivered to the grid to support production, transmission, or distribution operations, MW lost during conversion and discharge of energy, and MW sold; (2) Account No. 555.1, Power Purchased for Storage Operations; (3) cost of fuel used in energy storage operations; (4) revenue from the sale of stored energy by revenue account; (5) other energy storage-related cost incurred; (6) cost of energy storage plant recorded in Accounts 101, 103, 106, and 107 by actual or expected functional classification; (7) operation

and maintenance expenses associated with each function; and (8) name and location of energy storage plant, by project, and functional classification.

The Commission proposes that the following information be reported on pages 419 - 421 in the proposed schedule: (1) cost of plant; (2) operation expenses excluding fuel; (3) maintenance expenses; (4) cost of fuel used in energy storage operations; (5) Account No. 555.1, Power Purchased for Storage Operations; (6) other energy storage-related cost incurred; and (7) name and location of energy storage plant, by project, and functional classification.

#### **CESA Response**

CESA agrees with the proposed changes to Form Nos. 1 and 1-F. CESA agrees that 10,000 kW would be an appropriate kilowatt threshold for requiring utilities to report more detailed plant and cost information for energy storage plant.

**ii. FERC Proposal.** The Commission proposes to amend several schedules of the Form Nos. 1 and 1-F to include the proposed energy storage plant, purchased power and O&M expense accounts discussed above, and schedule page 397, Amounts Included in ISO/RTO Settlement Statements, of the Form No. 3-Q to include the proposed purchased power account.

- Amend Form Nos. 1 and 1-F pages: 204-207, 321-322, 324a-b, 326-327, 397, 401a,
- Add Form Nos. 1 and 1-F pages: 414-417, 419-421

#### **CESA Response**

CESA agrees with the proposed changes to Form Nos. 1, 1-F, and 3-Q.

#### **IV. CONCLUSION**

The policy issues in this proceeding, together with FERC's Order No. 755 initiatives addressing pay-for-performance, should enable stakeholders to fund and construct facilities to

offer fast, reliable, cost-effective and clean energy storage. CESA looks forward to continuing to work with FERC to ensure that needed rules are adopted to develop a truly competitive marketplace for ancillary services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Liddell", written in a cursive style.

Donald C. Liddell  
DOUGLASS & LIDDELL

Counsel for the  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the *Comments of the California Energy Storage Alliance* on all parties of record in proceeding *RM11-24/AD10-13* by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on September 7, 2012, at Woodland Hills, California.

  
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Michelle Dangott

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