



## Storage As A Transmission Asset

### Problem / Opportunity Statement

PJM is responsible to plan the transmission system in accordance with the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”). Through the requirements listed in the Operating Agreement, PJM must prepare the Regional Transmission Expansion Plan (RTEP) to incorporate necessary enhancements and expansions to the transmission system to alleviate issues that may be identified to maintain system reliability, improve operational performance, improve market efficiency, or accommodate public policy requirements as defined by state or federal agencies. The incorporation of storage assets

The proposition of using storage facilities as transmission assets is a relatively new concept, but is not without regulatory precedent. FERC has approved one such proposal (Western Grid) and rejected another (Nevada Hydro).<sup>1</sup> More recently, FERC issued a policy statement providing guidance on whether or not a storage facility could recover both cost- and market-based rates, stating that three main issues would need to be addressed: (a) the potential for double recovery of costs; (b) the potential for adverse impacts on wholesale markets; and (c) the level of operational control of the storage resource by an RTO such that it does not jeopardize its independence.<sup>2</sup>

Exploring whether or not storage assets should be included into the process to reinforce the transmission system requires the exploration of different processes and requirements to ensure the requirements of the Operating Agreement are maintained in preparation of the RTEP. PJM seeks to ensure existing planning rules provide sufficient clarity regarding if and how storage as a transmission asset (“SATA”) should be evaluated and incorporated into the PJM Regional Transmission Expansion Plan (“RTEP”) process. This effort will explore existing Transmission Planning criteria, including performance measurement methodology, and develop processes to be used in evaluating storage as a transmission asset to address elements in the RTEP and to allow PJM to plan the RTEP effectively. PJM is proposing to initiate a stakeholder process to ensure the planning process provides sufficient clarity regarding if and how storage as a transmission asset (“SATA”) will be evaluated and incorporated into the PJM RTEP. Enhanced clarity in the evaluation process will also provide more transparency for stakeholders to understand how PJM evaluates these assets.

<sup>1</sup> Western Grid Dev., LLC, 130 FERC ¶ 61,056 (2010) (“Western Grid”); Nevada Hydro Co., Inc., 122 FERC ¶ 61,272 at P 5 (2008) (“Nevada Hydro”)

<sup>2</sup> Utilization of Electric Storage Resources for Multiple Services when Receiving Cost-based Rate Recovery, 158 FERC ¶ 61,051 (2017)



## Problem/Opportunity Statement

|