



FERC Precedent Regarding SATA

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Storage as a Transmission Asset

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Definition of “Transmission Facilities” – Operating Agreement

- “Transmission Facilities” shall mean facilities that: (i) are within the PJM Region; (ii) meet the definition of transmission facilities pursuant to FERC’s Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities; and (iii) have been demonstrated to the satisfaction of the Office of the Interconnection to be integrated with the PJM Region transmission system and integrated into the planning and operation of the PJM Region to serve all of the power and transmission customers within the PJM Region.

351 Energy Storage Equipment—Transmission

- A. This account shall include the cost installed of energy storage equipment used to store energy for load managing purposes. Where energy storage equipment can perform more than one function or purposes, the cost of the equipment 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 rates approved by a relevant regulatory agency. Reallocation of the cost of equipment recorded in this account shall be in accordance with Electric Plant Instruction No. 12, Transfers of Property.

- B. Labor costs and power purchased to energize the equipment are includible on the first installation only. The cost of removing, relocating and resetting energy storage equipment shall not be charged to this account but to Account 562.1, Operation of Energy Storage Equipment, and Account, 570.1, Maintenance of Energy Storage Equipment, as appropriate.

- C. The records supporting this account shall show, by months, the function(s) each energy storage asset supports or performs.

- Created in 2013 via rulemaking.
 - *Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, 144 FERC ¶ 61,056 (2013); Docket Nos. RM11-24-000; AD10-13-000.

“In the NOPR, the Commission stated that the existing primary plant accounts do not explicitly provide for recording the cost of energy storage assets. **The Commission concluded that this could lead to inconsistent accounting and reporting for these assets by utilities subject to the accounting and reporting requirements, making it difficult for the Commission and others to determine costs related to energy storage assets for cost-of-service rate purposes . . .** To address these issues, the Commission proposed to create electric plant accounts in the existing functional classifications — production, transmission, and distribution — for new energy storage assets.” (P 125)

“The Commission proposed that the installed costs of energy storage assets be recorded in the accounts based on the function or purpose the asset serves. On this basis, an asset that performs a single function will have its cost recorded in a single plant account.” (P 126)

- The reforms adopted here are designed to provide needed transparency, but also to reflect a fair balance between the need for information and the additional burden on the utility. We believe these accounting reforms for energy storage reflect this balance. **Accordingly, Account 348, Energy Storage Equipment-Production, Account 351, Energy Storage Equipment-Transmission, and Account 363, Energy Storage Equipment-Distribution, as proposed in the NOPR are adopted in this Final Rule. (P 141)**

- Used by the Commission to determine the effectiveness of its rules and to provide it with an accurate assessment of the state of transmission investment by public utilities.
- Includes projections, information that details the level and status of transmission investment, and the reason for delay, if any.
- Public utilities that have been granted incentive based rate treatment for specific transmission projects under provisions of 18 CFR § 35.35 must file FERC Form-730.

Instructions for completing “Table 1: Actual and Projected Electric Transmission Capital Spending”:

1. Transmission facilities are defined to be transmission assets as specified in the Uniform System of Accounts in account numbers 350 through 359 (*see*, 18 C.F.R. Part 101, *Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act*, for account definitions). **The Transmission Plant accounts include:** Accounts 350 (Land and Land Rights), **351 (Energy Storage Equipment - Transmission)**, 352 (Structures and Improvements), 353 (Station Equipment), 354 (Towers and Fixtures), 355 (Poles and Fixtures), 356 (Overhead Conductors and Devices), 357 (Underground Conduit), 358 (Underground Conductors and Devices), and 359 (Roads and Trails).