

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Midcontinent Independent System Operator, )  
Inc. ) Docket No. ER20-588-000

**COMMENTS OF THE INDEPENDENT MARKET MONITOR FOR PJM**

Pursuant to Rule 211 of the Commission’s Rules and Regulations,<sup>1</sup> Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor (“Market Monitor”) for PJM Interconnection, L.L.C. (“PJM”),<sup>2</sup> submits these comments responding to the order establishing a technical conference issued March 10, 2020 (“March 10<sup>th</sup> Order”),<sup>3</sup> concerning the filing submitted by Midcontinent Independent System Operator, Inc. (“MISO”) on December 12, 2019 (“December 12<sup>th</sup> Filing”), and the technical conference convened May 4, 2020 (“May 4<sup>th</sup> Conference”).

MISO is proposing new Tariff provisions to allow storage facilities, if proposed and owned by transmission companies, to be approved and compensated as transmission facilities when identified by MISO’s MTEP process as being the preferred solution to identified transmission issues. MISO claims that its proposed tariff provisions meet the requirements found in the Western Grid decisions and in the Commission’s 2017 Policy Statement for a storage resource to be utilized and compensated as a transmission asset.

In its filing, MISO argues that its proposed Tariff provisions will ensure that storage resources will be reviewed using the same criteria that is applied to traditional wires solutions. Those are not the correct criteria for evaluating a supply side resource.

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<sup>1</sup> 18 CFR § 385.211 (2019).

<sup>2</sup> Capitalized terms used herein and not otherwise defined have the meaning used in the PJM Open Access Transmission Tariff (“OATT”), the PJM Operating Agreement (“OA”) or the PJM Reliability Assurance Agreement (“RAA”).

<sup>3</sup> *Midcontinent Independent System Operator, Inc.*, 170 FERC ¶ 61,186.

There are a number of issues with MISO's proposal to treat storage as if it were transmission. In the May 4<sup>th</sup> Technical Conference, Commission Staff and other commenters raised issue including: interactions with the MTEP selection and approval process; the effect on generation queues; the rules for dispatch; the treatment of the revenues and charges from discharging and charging; the impact on the wholesale market; and discrimination against other unit types. These issues all stem from the fundamental inconsistency of attempting to justify the use of a supply side resource as if it were transmission in a competitive wholesale electricity market.

MISO's list of attributes and services that can be provided by storage acting as transmission is the same list of attributes and services that can be provided by storage acting as an independent, supply side resource in MISO's wholesale market, or by a thermal resource, or by a hybrid thermal/storage resource, or by a renewable resource, or by a hydro resource, or by any number of other resources or resource configurations.

Voltage support, thermal relief, and reactive power are all services provided by supply side resources in MISO and in every other RTO/ISO. MISO alludes to these services as "transmission system performance requirements," but that is merely a euphemism and MISO makes no claim that these services are not being provided by other supply side resources. MISO provides no evidence that batteries need to be treated as transmission assets in order to provide the asserted benefits. MISO merely claims that storage as transmission would only be considered if it could be demonstrated that there are "[u]nique characteristics or circumstances of the proposed SATOA necessary to meet the identified Transmission System performance requirements and not otherwise available at comparable costs from other proposed solutions, including speed of operation, lead-time to implement, right-of-way or other property considerations."<sup>4</sup> These criteria are subjective and meeting the criteria is also subject to the discretion of the transmission owner who could deny access to rights of way and otherwise affect applicability of the stated criteria.

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<sup>4</sup> Tab A, proposed MISO Tariff, Attach. FF, § II.G.1.c.i.a (71.0.0).

Supply side resources treated as transmission assets will unavoidably affect the energy and ancillary services markets and therefore affect competitive market outcomes. Such resources would be subsidized resources competing with market resources. There is no reason to introduce a new form of subsidy exactly when the Commission is acting to mitigate the impact of state subsidies on the wholesale power markets.<sup>5</sup>

The Market Monitor respectfully requests that the Commission afford due consideration to these comments as it resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: June 1, 2020

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<sup>5</sup> See *PJM Interconnection, L.L.C., et al.*, 169 FERC ¶ 61,239 (Dec. 19, 2019).

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,  
this 1<sup>st</sup> day of June, 2020.



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