August 9, 2010

NEMA COMMENTS ON AD10-13-000
REQUEST FOR COMMENTS REGARDING RATES, ACCOUNTING
AND FINANCIAL REPORTING FOR NEW ELECTRIC STORAGE
TECHNOLOGIES

The National Electrical Manufacturers Association and the NEMA Energy Storage Council welcomes the opportunity to submit comments regarding rates, accounting and financial reporting for new electric storage technologies.

NEMA is the association of electrical and medical imaging equipment manufacturers. Founded in 1926 and headquartered near Washington, D.C., its approximately 450 member companies manufacture products used in the generation, transmission and distribution, control, and end use of electricity. These products are used in utility, industrial, commercial, institutional, and residential applications. The Energy Storage Council (ESC) was established in 2008 to ensure that electricity storage technologies are safely and effectively integrated with the electrical grid. The Council's 50 funding and advisory members promote the use of, advocate policies for and develop the necessary standards to enable market adoption and swift commercialization of new and existing electricity energy storage technologies.

In general, NEMA believes that stakeholders are unable to foresee clearly in an emerging market how a new asset might be used. There may be benefits of new technologies that currently do not exist today and therefore it is difficult, if not impossible, to apply value to an unknown future benefit. In order for energy storage technologies to provide the greatest benefit, NEMA believes that there should be no impediments to using storage in as many ways as possible.
Any new regulation should not be overly restrictive. The creation of a different asset class for storage will help entities utilize energy storage technology as a rate-based investment. In respect to the flexibility of new technologies, regulations should allow a developer to reclassify an asset from rate-based to market-based, or vice versa, in response to market conditions. Additionally, provisions should be made for assets that are rate-based to participate in market-based activities, with the revenue stream allocated appropriately.

For storage assets that participate in wholesale markets, NEMA firmly believes in rates and compensation mechanisms that are based on performance. An asset that can offer services at a higher rate of response than other assets should be compensated appropriately. We agree with the Commission that “newer storage technologies like flywheels and chemical batteries have recently achieved technological maturity,” and feel that storage devices should be allowed to participate in the rate base and open markets today.

NEMA applauds the Commission for its proactive approach to identifying the role of energy storage in the current power grid and for investigating mechanisms of compensation for new technologies. For questions regarding these comments, please contact Ben Biroschak (ben.biroschak@nema.org), NEMA Energy Storage Council Program Manager.

Sincerely,

Kyle Pitsor

Kyle Pitsor