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Frequency Regulation Rule Adds to Policy Framework for Bulk Energy Storage

The Coalition to Advance Renewable Energy through Bulk Storage (CAREBS – www.carebs.org) and the National Hydropower Association (NHA) applaud the Federal Energy Regulatory Commission’s Order 755, “Frequency Regulation Compensation in the Organized Wholesale Power Markets.” The ruling will lead to greater efficiencies in grid management and supports innovation and application of new technologies.

Compressed air energy storage (CAES) and pumped hydroelectric storage (PHS) systems are proven, commercial, and backed by full warranties from U.S. based suppliers. Both technologies can respond fast enough to qualify for frequency-regulation-service capacity and performance payments as stipulated by FERC.

Owner/operators who employ bulk storage systems have called them the Swiss army knife of the system, or even “duct tape,” because they are so versatile and can immediately solve grid operating problems as they arise. Today, in addition to providing frequency regulation, they can also optimize electricity grids with large penetrations of renewable energy on a local or regional basis. Both technologies exhibit some of the lowest life cycle costs among the field of storage options, according to most economic analyses.

“CAES and PHS have been proven for decades,” notes Jason Makansi, CAREBS Executive Director, “but widespread deployment under today’s market characteristics requires a more fully developed policy framework at the federal and state levels. Order 755 fills a key gap in that framework.”

“Order 755 ensures that pumped storage hydropower, and other storage systems, is recognized for its rapid frequency regulation benefits,” said NHA Executive Director Linda Church Ciocci. “These assets are becoming exponentially more important as additional variable energy resources are integrated into the nation’s electric grid. Policies that support its development are therefore essential.”

More than a dozen CAES projects are being developed around the county, along with several dozen PHS projects that have received their preliminary FERC permits.