

## INSIGHTS

## FERC Directs RTOs and ISOs to File Reports on Hybrid Resources

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On January 19, 2021, the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued an [order](#) directing each Regional Transmission Organization (“RTO”) and Independent System Operator (“ISO”) to submit information regarding hybrid resources, or resources comprised of multiple types of generation and/or storage technologies utilizing a single interconnection point. [\[1\]](#) Specifically, FERC directed RTOs and ISOs to submit reports addressing four issues related to hybrid resources: (1) market participation; (2) capacity valuation; (3) interconnection; and (4) terminology. [\[2\]](#)

The Commission’s January 19 Order is the latest development in a number of proceedings touching on the appropriate treatment of hybrid resources following FERC Order No. 841. Although Order No. 841 sought to establish a framework for the participation of storage resources in wholesale markets, some entities argued that Order No. 841 and the associated compliance filings submitted by individual RTOs failed to adequately address the treatment of hybrid resources combining storage with other generation resources. In response to requests by the Energy Storage Association (“ESA”) and other parties, on July 23, 2020, FERC held a technical conference to further explore the treatment of hybrid resources in wholesale markets. [\[3\]](#) The technical conference included panels focused on the increasing interest in hybrid resources; the interconnection challenges faced by hybrid resources; issues related to the modeling, configuration, and operation of hybrid resources; and calculation of the capacity value of hybrid resources. [\[4\]](#) FERC subsequently invited post-technical conference comments, which were submitted by RTOs, ISOs, and industry stakeholders. [\[5\]](#)

Noting that most RTOs and ISOs are currently working to address the increase in hybrid resources, FERC’s January 19 Order directs RTOs and ISOs to each file a report addressing four issues relating to hybrid resources: [\[6\]](#)

- **Market Participation:** The Commission’s January 19 Order directs each RTO/ISO to describe how hybrid resources are currently participating in its wholesale energy, ancillary services, and capacity markets. [\[7\]](#) Specifically, FERC directs each RTO/ISO to describe any modeling and bidding provisions unique to hybrid resources. If no such provisions exist, FERC directs them to discuss how hybrid resources have participated in their markets historically. [\[8\]](#) FERC requests that each RTO/ISO inform the Commission of any planned changes to its tariff or business practice manual involving the market participation of hybrid resources. [\[9\]](#)

- **Capacity Valuation:** Given the different methods of hybrid resource capacity valuation utilized in each market, the Commission directs each RTO/ISO to explain how the capacity value of hybrid resources is currently determined in its market and report any planned changes to its calculation method.
- **Interconnection:** The Commission directs each RTO/ISO to submit information outlining its interconnection process for hybrid resources.<sup>[10]</sup> Commentators expressed concerns regarding the modeling of hybrid resources and the path a hybrid resource takes when proceeding through each market’s interconnection request queue.<sup>[11]</sup> In light of these concerns, FERC directs each RTO/ISO to describe its interconnection process for hybrid resources, how it models hybrid resources, and how it would treat an attempt by a pending interconnection request to add a storage component to its request.<sup>[12]</sup> To the extent RTOs and ISOs are planning any changes to their tariffs or business practice manuals that would have an effect on the interconnection requests of hybrid resources, the Commission once again directs the RTOs and ISOs to report these plans to the Commission.<sup>[13]</sup>
- **Terminology:** Finally, because there is no industry-wide consensus regarding what constitutes a hybrid resource, the Commission directs each RTO/ISO to report what definition of hybrid resource, if any, is included in its tariff or business practice manuals.<sup>[14]</sup> The January 19 Order recognizes that hybrid resources are often divided into two general categories: (1) co-located resources, or separate resources that are located in different facility locations but share a single point of interconnection; and (2) integrated resources, or sets of co-controlled assets that exist as one single integrated resource and share a single point of interconnection.<sup>[15]</sup>

Each RTO/ISO must file its report by July 19, 2021, with comments in response to the reports due by August 18, 2021.<sup>[16]</sup> The Commission provides that it “will use the reports and comments to determine whether further action is appropriate.”<sup>[17]</sup>

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<sup>[1]</sup> *Hybrid Resources*, Order Directing Reports, Docket No. AD20-9-000 (Jan. 19, 2021) (“January 19 Order”). As the Commission outlines in its January 19 Order, “an industry-wide consensus on what constitutes a hybrid resource has not yet emerged.” *Id.* at P 4. The terminology surrounding the term “hybrid resource” is discussed in greater detail herein.

<sup>[2]</sup> *Id.* at P 1.

<sup>[3]</sup> *Hybrid Resources*, Notice of Technical Conference, Docket No. AD20-9-000 (Apr. 7, 2020).

<sup>[4]</sup> See *Hybrid Resources*, Supplemental Notice of Technical Conference, Docket No. AD20-9-000 at 3-8 (Jul. 13, 2020).

<sup>[5]</sup> *Hybrid Resources*, Notice Inviting Post-Technical Conference Comments, Docket No. AD20-9-000 (Aug. 10, 2020).

[\[6\]](#) January 19 Order at P 1.

[\[7\]](#) *Id.* at P 12.

[\[8\]](#) *Id.*

[\[9\]](#) *See id.* at PP 13-18.

[\[10\]](#) *Id.* at P 9.

[\[11\]](#) *See id.* at PP 6-8.

[\[12\]](#) *Id.* at P 9.

[\[13\]](#) *Id.*

[\[14\]](#) *Id.* at P 5.

[\[15\]](#) *Id.* at P 4.

[\[16\]](#) *Id.* at P 1. The Commission's January 19 Order provides for 180 days from the date of the Order for the filing of reports and 30 additional days for comments. The 180-day deadline falls on Sunday, July 18, 2021. Pursuant to the Commission's Rules of Practice and Procedure, a non-business day deadline is extended until the close of Commission business on the next business day. Accordingly, RTO/ISO reports are due to the Commission by close of business on July 19, 2021. 18 C.F.R. § 385.2007(a)(2).

[\[17\]](#) January 19 Order at P 1.