

April 17, 2015

The Honorable Norman Bay
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Ensuring Electric Grid Reliability Under the Clean Power Plan: Addressing Key Themes from the FERC Technical Conferences, Docket No AD15-4

Dear Chairman Bay:

We write to you and your colleagues to provide our assessment of and response to key themes from the series of technical conferences you held to discuss EPA's Clean Power Plan. We appreciate the attention you have given this matter, and support your continued coordination with EPA and industry stakeholders as EPA prepares to release a final Clean Power Plan.

We agree that maintaining the reliability of the electric system will be crucial to the success of the Clean Power Plan and transitioning to a lower-emissions future. Thanks in large part to proactive efforts that you and others have already undertaken, we believe the industry is well-prepared to face this challenge. And we are not alone in this position – we heard numerous voices echo this view during the technical conferences, and in the document attached below we cite to a number of independent reports and studies cataloging the tools we already have and can continue to develop to maintain and strengthen reliability.

We are confident that we can achieve a lower-emissions electricity grid while maintaining reliability. Our electric system is designed to maintain reliable, dependable service through both typical, steady-state conditions and uncommon, unanticipated events. This design – the combination of infrastructure elements, policies, and operations – is what enables the system to adapt to the market transitions already under way, and will also allow the system to adapt to the long term goals as envisioned under the proposed Clean Power Plan. As highlighted in this paper, we point to the following as key indicators of this ability:

- significant flexibility built into the CPP that allows for state-by-state and resource-specific decision-making;
- encouraging trends in electric transmission policies and ongoing efforts to optimize gas-electric market efficiencies;
- robust planning requirements to evaluate the effects of retiring units and market mechanisms that help to ensure new resource development, while also maintaining those facilities needed to provide local or regional reliability;
- existing incentives for a robust natural gas pipeline system to make efficient use of existing unused capacity, to better coordinate gas and electric market operations, and innovative and proactive approaches to add new local capacity where needed;
- ongoing activities on the part of regional grid managers to identify regional strengths and weakness, as well as an increasing consensus that integrating renewables can be done

without harming reliability, and may in some cases help maintain fossil resources that can provide other energy services; and

- strong recent experience responding to reliability events during constrained times, as well as prompt reactions in order to further build up capabilities to prepare for the next event.

We encourage system planners to continue the ongoing regional and localized assessments to identify potential threats to electric system reliability. It is here where we believe you can play a vital role in developing the Clean Power Plan. We urge you to use Commission-jurisdictional grid management tools to protect grid reliability and support the successful implementation of the Clean Power Plan. In particular, we recommend that you release an order to help define the assumptions and use of up-front and ongoing reliability assessments for use in the development and implementation of states' individual or joint plans. This will ensure that the Commission upholds the Federal Power Act by preserving system reliability and ensuring that rates charged by jurisdictional entities are just and reasonable, and will provide useful guidance to states and market participants as they continue their steps to comply with and respond to the Clean Power Plan after it is eventually finalized by EPA.

Thank you for your leadership on this issue. If you have any questions about this letter or the attached paper, please do not hesitate to contact us.

Sincerely,

Susan Tierney
Brian Parsons
Eric Svenson

cc:

Commissioner Tony Clark
Commissioner Colette Honorable
Commissioner Cheryl LaFleur
Commissioner Philip Moeller
Janet McCabe, Acting Assistant Administrator, Office of Air and Radiation, U.S. EPA
Joseph Goffman, Associate Assistant Administrator & Senior Counsel, Office of Air and Radiation, U.S. EPA