July 17, 2015

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Frank Pallone  
Ranking Member  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Ed Whitfield  
Chairman  
Subcommittee on Energy and Power  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Bobby Rush  
Ranking Member  
Subcommittee on Energy and Power  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

Subject: Section 1202 – Reliability Analysis For Certain Rules that affect electric generating facilities

Dear Chairman Upton, Ranking Member Pallone, Chairman Whitfield and Ranking Member Rush:

I recently had the opportunity to testify before your sub-committee on the discussion draft related to Modernizing and Protecting Infrastructure; Energy Reliability and Security. My testimony was made on behalf of the Large Public Power Council, (LPPC), representing the twenty-five largest consumer-owned electric utilities in the United States and thirty million electricity consumers. We represent utilities in thirteen states including Washington, California, Arizona, Colorado, Texas, Oklahoma, Nebraska, Georgia, Florida, North and South Carolina, New York and the Territory of Puerto Rico.

Our members represent broad diversity in geography, asset and resource mix, and customer base. We are all focused on striking the optimal balance of reliability, affordability and environmental stewardship. The services that we provide are critical to the economic vitality and quality of life in the communities we serve.

As the committee considers the next steps in energy policy related to electric reliability I wanted to be sure that we reinforce the importance of crafting a reliability assurance mechanism, (RAM), that raises the standing of reliability as an equal consideration to
affordability and environmental stewardship. To achieve this we strongly support a prospective and ongoing review of reliability as major federal actions are considered much along the lines of section 1202 in the discussion draft. To that end we would offer the following points:

- The US electric system is in the midst of transformation as a result of policy, technology and consumer demand. This transformation is creating opportunity for more customer options, new market entrants, economic activity and reduced environmental impact, but also creating risks to reliability from greater intermittency of supply, more complexity in grid operations, increased reliance of cyber devices and greater interdependencies across the system.

- The Federal Power Act section 215g currently describes a role for the Electric Reliability Organization, (ERO), to provide periodic reliability reviews. The National Electric Reliability Corporation, (NERC), has the appropriate independence and expertise to perform this role, but the authority should be expanded, triggering a review when major federal actions are considered and prior to the finalization of any rule that would significantly change the power supply mix or power flows across the bulk electric system to assure that major reliability event is not imminent.

- The Federal Energy Regulatory Commission, (FERC), has authority over the ERO in the area of reliability standards and they should also evaluate and rule on the reliability analysis of NERC and communicate their ruling to the federal agency initiating the proposed rule.

This transition is likely to be with us for many years to come. The current carbon emission proposals represent only the first installment on the reductions being advocated for the longer term. The changes in the supply mix currently being proposed, albeit very challenging, only represent a beginning to the transition to cleaner fuels and a more distributed environment. Establishing a prospective reliability assurance mechanism, (RAM), for the long term is good public policy.

Timing is critical since major investments by communities will need to be made to support the transition and working hard to get things right the first time reduces the likelihood of a reliability event or unnecessary costs to consumers. Reliability, affordability and environmental stewardship are not mutually exclusive but they do require foresight and a balanced approach.

I appreciate your consideration of this essential element and I have attached my testimony and supplemental letter to FERC that outlines our proposal in greater detail. We have also provided this concept to the EPA as a part of our Clean Power Plan comments.
Thank you again for inviting me to testify on this important and timely public policy development. Please let me know if you have any additional questions or comments as the process progresses.

Thank you,

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cc: Members of the Energy and Commerce Committee
Attachments