PRESENTED AT

2018 Renewable Energy Law Conference

January 29-30, 2018
Austin, TX

1. Federal Energy Regulatory Commission, *Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures*, RM18-1-000, 162 FERC ¶ 61,012 (Jan. 8, 2018)

2. Federal Energy Regulatory Commission, *Order Issuing Certificates*, CP15-558-000, 162 FERC ¶ 61,053 (Jan. 19, 2018) (concurrences and dissent only)

Allison Clements

Allison Clements
Goodgrid, LLC
Salt Lake City, UT
allison@goodgrid.net
202-257-6410

162 FERC ¶ 61,012
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Kevin J. McIntyre, Chairman;
Cheryl A. LaFleur, Neil Chatterjee,
Robert F. Powelson, and Richard Glick.

Grid Reliability and Resilience Pricing	Docket Nos. RM18-1-000
Grid Resilience in Regional Transmission Organizations and Independent System Operators	AD18-7-000

ORDER TERMINATING RULEMAKING PROCEEDING, INITIATING NEW PROCEEDING, AND ESTABLISHING ADDITIONAL PROCEDURES

(Issued January 8, 2018)

1. The Commission previously has taken steps with regard to reliability and other matters that have helped to address the resilience of the bulk power system. The Commission recognizes that we must remain vigilant with respect to resilience challenges, because affordable and reliable electricity is vital to the country's economic and national security. As explained below, we are terminating the proceeding we initiated in Docket No. RM18-1-000 to address the Proposed Rule on Grid Reliability and Resilience Pricing (Proposed Rule) submitted to the Commission by the Secretary of Energy.[1] Nonetheless, we appreciate the Secretary reinforcing the resilience of the bulk power system as an important issue that warrants further attention. To that end, we are initiating a new proceeding in Docket No. AD18-7-000 to specifically evaluate the resilience of the bulk power system in the regions operated by regional transmission organizations (RTO) and independent system operators (ISO). In this order, we direct each RTO and ISO to submit information to the Commission on certain resilience issues and concerns identified herein to enable us to examine holistically the resilience of the bulk power system. The resilience of the bulk power system will remain a priority of this Commission. We expect to review the additional material and promptly decide whether additional Commission action is warranted to address grid resilience.

[1] *Grid Resiliency Pricing Rule*, 82 Fed. Reg. 46,940 (Oct. 10, 2017).

I. Proposed Rule

2. On September 29, 2017, the Secretary submitted the Proposed Rule pursuant to section 403 of the Department of Energy (DOE) Organization Act. The Proposed Rule directed the Commission to consider requiring certain RTOs and ISOs to establish a tariff mechanism providing for: (1) the purchase of energy from an eligible "reliability and resilience resource;" and (2) the recovery of costs and a return on equity for such resources (i.e., a "resilience rate"). The Proposed Rule stated that eligible reliability and resilience resources must be: (1) located in an RTO/ISO with an energy and capacity market; (2) be able to provide essential reliability services;[2] and (3) have a 90-day fuel supply on-site.

3. As the basis for these requirements, the Proposed Rule cited: (1) significant retirements of baseload generation, particularly coal and nuclear resources; (2) the 2014 Polar Vortex, which the Proposed Rule states exposed problems with the resilience of the grid; and (3) a growing recognition that organized markets do not compensate resources for all of the attributes they contribute to the grid, including resilience.

4. The Secretary directed the Commission to consider and take final action on the Proposed Rule within 60 days of the date of publication in the Federal Register, or, alternatively, to issue the DOE's proposed rule as an interim final rule immediately, with provision for later modification after consideration of public comments.

5. The Commission initiated Docket No. RM18-1-000 to consider the Proposed Rule. The Commission issued a Notice Inviting Comments on the Proposed Rule on October 2, 2017, with initial comments due on October 23, 2017, and reply comments due on November 7, 2017.[3] In addition, on October 4, 2017, the Director of the Commission's Office of Energy Policy and Innovation issued a request for information seeking responses and comment on a number of specific questions raised by the Proposed Rule.[4] The Commission received extensive comments and reply comments in response to the Proposed Rule and the Staff Request for Information from a wide variety of interested stakeholders, including utilities, generators, federal and state legislators, state regulatory

[2] The essential reliability services were to include, but not be limited to: voltage support, frequency services, operating reserves, and reactive power. Proposed Rule at 18.

[3] *Grid Reliability and Resilience Pricing*, Notice Inviting Comments (Oct. 2, 2017).

[4] *Grid Reliability and Resilience Pricing*, Staff Request for Information (Oct. 4, 2017).

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