

United States Senate
WASHINGTON, DC 20510

November 18, 2020

The Honorable James Danly
Chairman
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Dear Chairman Danly:

We write to request an update on the Federal Energy Regulatory Commission's (FERC) Docket AD18-7-000, *Grid Reliability and Resilience Pricing and Grid Resilience in Regional Transmission Organizations and Independent System Operators*, known as the "resilience docket." Thank you for your continued consideration of this important issue.

As you are aware, FERC opened the aforementioned docket in January 2018 after rejecting a proposal from the Department of Energy to ensure markets properly value the resilience and fuel security of traditional baseload resources. In transmitting that proposal, Secretary Perry wrote: "America's greatness depends on a reliable, resilient electric grid powered by an 'all of the above' mix of generation resources. This diverse mix of resources must include traditional baseload generation with on-site fuel storage that can withstand major fuel supply disruptions caused by natural and man-made disasters. But the resilience of the electric grid is threatened by the premature retirements of these fuel-secure traditional baseload resources."¹

In opening the resilience docket, the Commission wrote, "[W]e conclude that resilience remains an important issue that warrants the Commission's continued attention..."² It further noted that the Long-Term Reliability Assessment of the North American Electric Reliability Corporation (NERC), the nation's electric reliability organization, "reinforces the continuing need for the Commission to be vigilant and to make the resilience of the bulk power system a priority of the Commission."³

In comments to the resilience docket, NERC wrote that it:

supports the Commission's renewed dialogue around resilience. The changing resource mix demands reevaluation of resilience and consideration of policies recognizing essential reliability services ("ERS") and the value of a balanced portfolio of generation and

¹ Secretary Perry letter to Chairman Neil Chatterjee, Commissioner Cheryl LaFleur, and Commissioner Robert Powelson, September 28, 2017.

² Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures, January 8, 2018, p. 7.

³ Id, p. 10.

infrastructure that provide fuel assurance, particularly under extreme weather conditions. As detailed in prior NERC comments and reflected in RTO comments, the changing resource mix has implications for reliability... These reliability implications support policies recognizing the value of ERS and a diverse energy portfolio with sufficient fuel assurance to promote resilience. Policies supporting ERS, fuel assurance, and security as key elements of resilience would help ensure that the BPS continues to evolve in a manner that supports Reliable Operation of a resilient grid.⁴

However, since the comment period closed on the resilience docket in April 2018, it does not appear that FERC has taken any measurable, additional actions. Meanwhile, fuel-secure traditional baseload resources continue to close at an alarming rate. By the end of next year, nearly 42,000 megawatts (MW) of coal-fired electric generation will have closed from the time FERC opened the resilience docket.

The loss of electric generation resources that can run when called upon is having consequences for electric reliability. Since 2016, the Midcontinent Independent System Operator (MISO) has had at least 30 energy supply shortage emergencies, and at least 21 of them were outside the high-demand summer period that rarely posed reliability problems in the past.⁵ More recently, the California Independent System Operator was forced to impose rolling blackouts in August, in part due to the state's increasing reliance on intermittent energy sources such as solar and wind. Yet, these events were not unexpected. As California went down the path of closing its baseload generation resources to meet its renewable energy mandates, state regulators raised the risk of supply shortages as early as 2017.⁶

Given the challenges facing our electric grid, we request that you provide an update on FERC's consideration of grid resiliency, specifically:

1. What evaluations has FERC conducted on resilience since the docket was opened, and have any evaluations been undertaken this year?
2. What measures has FERC taken since the resilience docket was opened to address those issues?
3. Will FERC take into consideration fuel security attributes in a definition of "resilience" to ensure a reliable and always-on grid?
4. What measures has FERC taken to direct NERC and the regional grid operators to accurately evaluate resilience and take any actions needed to strengthen grid reliability?
5. What future measures may be planned?

⁴ NERC Reply Comments, Docket AD18-7-000, May 9, 2018, p. 3-4.

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[https://cdn.misoenergy.org/20200824%20RAN%20Aligning%20Resource%20Availability%20and%20Need%20\(RAN\)470050.pdf](https://cdn.misoenergy.org/20200824%20RAN%20Aligning%20Resource%20Availability%20and%20Need%20(RAN)470050.pdf) and https://www.potomaceconomics.com/wp-content/uploads/2020/09/IMM-Quarterly-Report_Summer-2020.pdf

⁶ Why California Keeps Having Blackouts, Rebecca Smith and Katherine Blunt, Wall Street Journal, August 23, 2020, <https://www.wsj.com/articles/why-california-keeps-having-blackouts-11598198401>

Access to reliable power is vital to our economic and national security, and FERC must take further action to strengthen grid resiliency. We appreciate your continued attention to this important issue, and look forward to your prompt reply.

Sincerely,



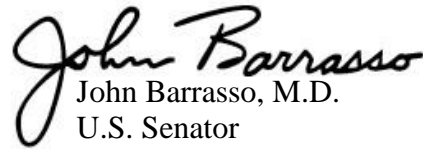
John Hoeven
U.S. Senator



Shelley Moore Capito
U.S. Senator



Kevin Cramer
U.S. Senator



John Barrasso, M.D.
U.S. Senator



Michael S. Lee
U.S. Senator

CC: Commissioner Neil Chatterjee
Commissioner Richard Glick