

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Grid Reliability and Resilience Pricing

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Docket No. RM18-1-000

ADVICE OF THE WESTERN INTERCONNECTION REGIONAL ADVISORY BODY

The Western Interconnection Regional Advisory Body (“WIRAB”) appreciates the opportunity to submit advice to the Federal Energy Regulatory Commission (“Commission”) on the Notice of Proposed Rulemaking (“NOPR”) on Grid Reliability and Resilience Pricing, released by the Secretary of Energy (“Secretary”) and amended and filed in the Federal Register by the Commission under Docket No. RM18-1-000, on October 11, 2017.¹ The Commission created WIRAB on petition of the Governors of the Western States and pursuant to Section 215(j) of the Federal Power Act. WIRAB is authorized under Section 215(j) to provide advice to the Commission on whether a reliability standard proposed to apply within the region is just, reasonable, not unduly discriminatory or preferential, and in the public interest. WIRAB’s state and provincial representatives are primarily Public Utility Commissioners and state Energy Office Directors who understand the importance of interconnection-wide reliability and who are deeply engaged in studying and responding to the possible reliability implications of the rapidly changing resource mix in the West.

On October 5, 2017, WIRAB filed comments² with the U.S. Department of Energy (“U.S. DOE”) regarding U.S. DOE’s Staff Report to the Secretary on Electricity Markets and Reliability.³ WIRAB’s

¹ Notice of Federal Register Publication re: Grid Reliability and Resilience Pricing under RM18-1 (published October 11, 2017) RM16-1-000.

² WIRAB Comments on the U.S. DOE Staff Report on Electricity Markets and Reliability. (October 5, 2017). <http://westernenergyboard.org/2017/10/wirab-comments-on-the-u-s-doe-staff-report-on-electricity-markets-and-reliability/>

³ Staff Report to the Secretary on Electricity Markets and Reliability. United States Department of Energy. (August 2017). https://energy.gov/sites/prod/files/2017/08/f36/Staff%20Report%20on%20Electricity%20Markets%20and%20Reliability_0.pdf

comments on the U.S. DOE Staff Report were narrowly focused on the issue of whether the loss of baseload power is compromising the reliability of the Western Interconnection. WIRAB confirmed two important findings in the U.S. DOE Staff Report:

1. Many coal-fired generating units that were used for baseload generation in the past are no longer operating in that role at this time.⁴
2. Bulk Power System reliability is adequate today, but there has not yet been much analysis of how much primary frequency response will be needed as the composition of the grid changes, nor how best to complement primary frequency response from traditional sources.⁵

Research by the Western Interstate Energy Board (“WIEB”) confirms that the National trend away from baseload operation is also prevalent in the West.⁶ Baseload operation of the coal fleet in the West has decreased from 52 percent of coal unit operating days in 2001 to 22 percent in 2016. Since 2011, the majority of coal units in the West have spent less than 30 percent of days in baseload operation. Despite these changes, current studies of the Western Interconnection do not indicate a shortage of primary frequency response or that reliability is inadequate today. However, WIRAB continues to believe that more research and analysis is needed to determine how primary frequency response will be provided in the future, including where such response is needed and which technologies can best and most cost effectively provide that response as the composition of the electric grid changes in the West.

WIRAB recognizes that, with exception of the California ISO (and the Alberta System Operator), the Western Interconnection does not currently have the types of organized markets that are the focus of this Grid Reliability and Resilience Pricing NOPR. There are, however, active discussions underway to

⁴ See U.S. DOE Staff Report, page 6.

⁵ See U.S. DOE Staff Report, pages 63 and 73.

⁶ WIEB Webinar titled “The Role of Coal in the West”. (August 2017). <http://westernenergyboard.org/2017/08/wieb-webinar-on-the-roleof-coal-in-the-west/>

consider the expansion of existing organized markets in the West. The California ISO has expanded the footprint of the Western Energy Imbalance Market to cover territory in California, Oregon, Washington, Idaho, Utah, Wyoming, Nevada and Arizona. Additionally, on October 13, 2017, the Mountain West Transmission Group released a proposal to expand the Southwest Power Pool market to cover territory in Colorado, Wyoming, New Mexico, Arizona, Utah, Montana, Nebraska and South Dakota.⁷ While the Grid Reliability and Resilience Pricing NOPR may not currently have widespread impacts on the operation of the Western Interconnection, the trends in the West towards market expansion and away from baseload operation suggest the Grid Reliability and Resilience Pricing NOPR could have significant future implications for market expansion and grid reliability in the West.

WIRAB has not had sufficient time to examine the implications of the Grid Reliability and Resilience Pricing NOPR for the future reliability and resilience of the Western Interconnection. WIRAB appreciates the Commission's concern with ensuring system reliability and resilience in the Western Interconnection. However, WIRAB is not aware of an urgent or imminent reliability risk that the proposed rule would mitigate in the West. The Public Utility Commissioners and state Energy Office Directors that serve on WIRAB affirm the importance of making public decisions based on comprehensive records developed through robust public proceedings. WIRAB recommends that a final decision of the Commission on the Grid Reliability and Resilience Pricing NOPR ensure that the procedural process used in the rulemaking develops a comprehensive and complete record for the Commission's deliberations.

(Signature Block on the Following Pages)

⁷ SPP New Member Communication and Integration Process – Mountain West Transmission Group: Background Information. (October 2017) <https://www.spp.org/documents/53882/stakeholder%20package%2010-10-17.pdf>

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Denver, CO this 23rd day of October, 2017.

/s/ Eric Baran

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