UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

) ) ) ) Docket No. RM18-1-000
Grid Reliability and
Resilience Pricing

COMMENTS OF THE AMERICAN COUNCIL ON RENEWABLE ENERGY

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) October 2, 2017 Notice Inviting Comments, the American Council On Renewable Energy (ACORE) submits the following comments in response to the Secretary of Energy’s September 28, 2017 proposal of a rule for final action by the Commission (“DOE NOPR”) under section 403 of the Department of Energy Organization Act. ACORE supports the comments of the Advanced, Renewable and Storage Energy Industry Associations, which demonstrate the lack of basis for the proposal, significant flaws with the proposed solution, and harm to the renewable energy industries that would be caused by the proposal. We also support the Joint Industry Comments Opposing the DOE NOPR, which further underscore the lack of basis for the proposal and flaws with the proposed solution. We offer these additional comments to emphasize the important negative impacts of the proposal on investment in the nation’s electricity sector and on corporate sector energy use – two areas of special importance to the leading investors and corporate buyers in ACORE’s membership. For the reasons set forth in the comments referenced above and described below, we respectfully urge the Commission to not adopt the NOPR and to instead engage in a more comprehensive effort to assess resilience and improve price formation.

I. **WHO WE ARE**

ACORE is a national non-profit organization representing the nation’s leading renewable energy developers, manufacturers, financial institutions, corporate end-users, utilities, grid technology providers and other diverse industries that make up the thriving renewable energy sector. Our members include the leading financiers of renewable energy generation and the companies procuring renewable energy to meet energy requirements, service critical energy functions, and achieve sustainability objectives. Since 2008, renewables, especially wind and solar, have made up more than half of all new power generation capacity in the U.S. Over the past six years, renewable energy generation has been the largest source of private sector infrastructure investment.\(^4\) This investment is helping modernize the grid and ensure the availability of reliable, resilient and affordable power supply while reducing emissions and driving economic development.

II. **THE PROPOSAL WOULD DETER INVESTMENT IN THE NATION’S ELECTRICITY GRID**

Financial institutions investing in renewable energy and grid infrastructure look for stable and predictable markets for their investments. They perform thorough analysis of projects and companies in which they invest to assess financial performance and risks. The DOE NOPR proposal introduces market uncertainty of such magnitude that it poses major risks for financiers and investors. The interjection of a new guaranteed cost recovery mechanism for select existing, and potentially new, units would undermine the existing competitive power markets and chill

private sector investment in renewable energy generation and the nation’s critical power infrastructure.

Faced with the potential for unpredictable government intervention in support of favored sectors, investors would have to assume that resources that lose in market competition could be saved by government intervention that undermines critical market dynamics. When the life of uneconomical aging units is extended, in many cases to well beyond 50 years, the result will be a generation glut that suppresses prices for other generation resources, undermining investors in electric power infrastructure who rely on a fair marketplace where less efficient resources retire, as the market dictates, to ensure that supply and demand remain in balance.

III. THE PROPOSAL WOULD HARM CORPORATE ENERGY USERS

An important recent trend in the renewable energy industry is the purchase of renewable energy by large corporate energy users, including high technology companies as well as traditional manufacturing industries, many of which are ACORE members. As of 2017, 63% of Fortune 100 companies have a clean energy target. In some cases companies are promoting corporate sustainability, and in others they are motivated equally or more so by the low cost and price risk hedge characteristics of renewable energy. The proposal would force such commercial and industrial customers to pay more for resources they do not want, while harming their ability to purchase the energy they need and that, in many cases, their customers demand. “Resiliency” services are at this point undefined, and a 90-day fuel supply is an arbitrary requirement that has not been shown to improve reliability. There is no reason, therefore, that these renewable energy customers should be required to subsidize such unnecessary, uneconomical, and unsustainable sources of electricity.

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IV. CONCLUSION

Due the harm to the electricity marketplace described above, and the failure to demonstrate either the need for new resiliency services or that the proposal would improve resiliency, along with other problems with the NOPR described in the comments of the Advanced, Renewable and Storage Energy Industry Associations and those opposing the NOPR, ACORE respectfully urges the Commission reject the proposal in the DOE NOPR.

Respectfully submitted,

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