

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

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Grid Resilience in Regional Transmission)	
Organizations and Independent System)	Docket No. AD18-7-000
Operators)	
)	

COMMENTS OF THE AMERICAN COUNCIL ON RENEWABLE ENERGY

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) January 8, 2018 Order Terminating Rulemaking Proceeding, Initiating New Proceedings, and Establishing Additional Procedures (“Resilience Docket”),¹ the American Council on Renewable Energy (ACORE) submits the following comments. ACORE submits these comments as a supplement to joint comments submitted with the American Wind Energy Association (AWEA), which demonstrate that a high penetration of renewable energy can promote grid resilience and already does in certain markets; NERC, transmission providers and reliability coordinators already address resilience as an aspect of reliability; there is currently no gap between FERC regulations and the markets to ensure resilience; and, if FERC does decide to take action to ensure resilience, any action should be done on a technology-neutral basis that accurately reflects all available services that can promote resilience at the lowest possible cost and promote market competition. ACORE also submits these comments in addition to joint comments which address PJM’s energy market pricing proposal. We offer these additional comments to emphasize the need for market stability and certainty to promote infrastructure investment as well as to allow

¹ *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,012 (2018) (“Grid Resilience Order”).

corporate energy users to choose the types of energy they want without being forced to pay for those they do not want. For the reasons set forth in the comments referenced above and described below, we respectfully urge the Commission to reject unfounded requests for intervention in electricity markets to extend the operating lives of uneconomic plants.

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 seven years, renewable energy generation has been the largest source of private sector infrastructure investment.² This investment contributes significantly to the modernization of the grid and ensures the availability of reliable, resilient and affordable power supply while reducing emissions and driving economic development.

II. Market Stability Promotes 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 analyses of

² BlackRock, *The Mainstreaming of Renewable Power: Growth of an Infrastructure Sector*. (2015). Retrieved from <https://www.blackrock.com/au/intermediaries/literature/market-commentary/blackrock-the-mainstreaming-of-renewable-power-en-au.pdf>. (Non-publicly available data from Dealogic shows U.S. renewable investment through year-end 2016 was \$98.5 billion).

projects and companies in which they consider investing to assess financial performance and risks. FERC's response to the Resilience Docket should reflect the industry's need for market efficiency, and not alter the market to compensate uneconomical units for services that can and are already being performed by renewable energy, storage or other resources. The interjection of a new guaranteed cost-recovery mechanism for select 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 and unprincipled FERC and RTO/ISO intervention, investors would factor high-risk premia in their investments. If the life of uneconomical aging units is extended, in many cases to well beyond 50 years, the result would be a generation glut that suppresses prices for other generation resources, undermining investment in the electric power infrastructure that relies on a fair marketplace where less efficient resources retire, as the market dictates, to ensure that supply and demand remain in balance.

Ensuring market stability and continued investment in the renewable energy industry will efficiently promote private sector investment in resilience. The overwhelming majority of lost customer hours from 2012-2016 were transmission and distribution related, and less than one in every 10,000-lost customer hours was related to generation inadequacy. As previously stated, the renewable energy industry is the leading source for U.S. infrastructure investment, and in 2017, attracted over \$40 billion in private-sector investment, more than any other electricity sector. This level of private investment is necessary to help meet the needs of our aging electrical infrastructure. These same investors are funding needed grid modernization

that promotes the integration of renewable energy that can help address the leading cause of lost customer hours after low-frequency, high-impact events. Therefore, it is essential that FERC avoid any action that will have a chilling effect on private investment in renewable energy and infrastructure investment.

III. Corporate Energy Users Support a Renewable, Resilient, Cost-Effective Grid

An important recent trend in the energy industry is the purchase of, or commitment to purchase, renewable energy by large corporate energy users, including high-technology companies as well as traditional retailers and manufacturing industries, many of which are ACORE members. Approximately 63% of Fortune 100 companies have a renewable energy procurement target.³ 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. These consumers have demonstrated their commitments to help ensure an affordable and reliable grid with reduced emissions through renewable energy procurements.

FERC's response to the Resilience Docket should avoid any action that would force corporate consumers of energy to compensate uneconomical and unsustainable sources of electricity when there has been no demonstrated need for such action. Many of the companies purchasing renewable energy, such as those with large data centers or continuous essential operations, are extremely supportive of legitimate efforts to safeguard resilience and reliability, since any loss of electricity can come at a tremendous cost. These companies have expressed a

³*Fortune 500 Companies Accelerating Renewable Energy Targets*. (2017, April 26). Retrieved from: <https://cleantechnica.com/2017/04/26/fortune-500-companies-accelerating-renewable-energy-targets/>

commitment to renewable energy as a cost effective and reliable addition to the grid. Any efforts by FERC or the RTOs/ISOs to address resilience should take a technology-neutral approach that is open to competition and promotes cost-competitive sources such as renewable energy that can ensure grid resilience.

IV. **Conclusion**

As demonstrated in ACORE's comments with AWEA, a high penetration of renewable energy presents a number of benefits to the grid during and after high-impact, low-frequency events that have historically led to lost customer hours. The regional operators of the grid have been highly effective at monitoring and addressing grid reliability issues, and subsequently resilience issues, which are often regional in nature. FERC should leave resilience decisions to the regional grid operators. If FERC does take an action in response to the Resilience Docket, it is important that the Commission recognize the need for market certainty and stability that is essential to promote private sector investment in renewable energy and infrastructure investment. Any efforts to promote resilience should be done in a technology-neutral way that promotes fair competition amongst least-cost sources and recognizes all the different services that can promote resilience.

Respectfully submitted,

Gregory Wetstone
President and CEO
wetstone@acore.org

Todd Foley
Senior Vice President, Policy and Government Relations
foley@acore.org

Tim Olson
Policy and Research Manager
olson@acore.org

American Council On Renewable Energy
1600 K St., NW
Washington, DC 20006

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am on this date serving a copy of the foregoing document upon each person designated on the official service list compiled by the Federal Energy Regulatory Commission in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, DC this 9th Day of May 2018.

Respectfully submitted,

/s/ Timothy J. Olson
Timothy J. Olson, Esq.

American Council on Renewable Energy
1600 K Street NW #650
Washington, DC 20006