

FEDERAL ENERGY REGULATORY COMMISSION

DENVER REGIONAL TECHNICAL CONFERENCE ON ENVIRONMENTAL REGULATIONS AND ELECTRIC RELIABILITY, WHOLESALE ELECTRICITY MARKETS, AND ENERGY INFRASTRUCTURE

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Written Opening Statement of John Jimison, Managing Director Energy Future Coalition

Thank you for the opportunity to speak today and thank you and EPA for your combined and crucial leadership. The Energy Future Coalition hosts Americans for a Clean Energy Grid, a group of diverse interests including environmental advocates, transmission owners and developers, utilities, and renewable energy companies. We recognize that despite the challenges, expanding and modernizing the high voltage system is the best and least-cost way to move to a dramatically lower-carbon electric system. We submitted joint advance comments with others in the Western Grid Group.

Where there are both transmission capacity and electricity markets, renewable energy development has been able to reduce electric sector carbon emissions at net economic benefit to ratepayers. As economists would describe it, renewables enter the market with ultra-low marginal costs that push generation with higher variable costs off at the margin. Real world examples include: California, Texas, MISO, PJM, and SPP. Integrating the transmission network in broader regions also improves the availability of variable renewable power. Along with modern technology, storage, demand response, and responsive power markets, this can keep the inherent variability of wind and solar power from adding costs back in that offset those savings.

This is all particularly true in the Western region, the home of some of the world's greatest solar and wind resources, but most of which are connected poorly or not at all to the transmission capacity that would allow them to serve load. Happily, use of regional market tools such as an Energy Imbalance Market in the West is beginning to create the competitive benefits other regions have experienced. Leveraging the combined power of renewables, transmission, and regional markets is therefore critical to achieving EPA's proposed 2030 targets in the West reliably and at least cost.

This Commission is the critical federal authority over interstate transmission and the regional markets whose successful expansion can allow EPA's Clean Power Plan to achieve and indeed over-achieve the Building Block 3 objectives of adding renewable energy to reduce the need for carbon-intensive generation. Kara Clark of NREL and others have made clear that there are no technical barriers to the regional integration of renewables that could meet the Clean Power Plan and maintain reliability and power quality. The barriers are not economic. The barriers are institutional and jurisdictional, as this Commission recognizes only too well.

Accordingly, we would urge the Commission to take any and all steps to encourage its own jurisdictional entities, other stakeholders, and the states in the region to embrace compliance approaches incorporating transmission and regional market development as a means of facilitating clean energy access. To the extent FERC can act to assure that regional markets and supporting transmission will not intrude on the autonomy and services Western states and utilities currently enjoy, but merely offer them improved access to market-priced and lower-carbon power with good reliability, enabling them to meet the requirements of the Clean Power Plan at least cost, FERC should seek to provide that assurance.

Thank you again for the opportunity to provide input to this critically important blending of energy and environmental regulation on the success of which future generations will depend.