

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

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

**COMMENTS OF THE
ORGANIZATION OF PJM STATES, INC.**

Pursuant to the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission” or “FERC”), the Organization of PJM States, Inc. (“OPSI”)¹ hereby submits the following comments for consideration in the above referenced docket.

BACKGROUND

By Order issued January 8, 2018, the Commission terminated the rulemaking proceeding in Docket No. RM18-1 and initiated the above captioned proceeding specifically to evaluate the resilience of the bulk power system.² The Commission determined that, “[w]hile some commenters allege grid resilience or reliability issues [exist] due to potential retirements of particular resources, we find that these assertions do not demonstrate the unjustness or unreasonableness of the existing RTO/ISO tariffs. In addition, the extensive comments submitted by the RTOs/ISOs do not point to any past or planned generator retirements that may be a threat to grid resilience.”³ Nevertheless, the Commission initiated the above captioned proceeding to holistically examine the resilience of the bulk power system. The Commission recognized that “it must remain vigilant with respect to resilience challenges, because affordable and reliable

¹ Approved unanimously at the special May 2, 2018 OPSI Board meeting.

² *Grid Reliability and Resilience Pricing*, Docket No. RM18-1, and *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, Docket No. AD18-7, 162 FERC ¶ 61,012 (Jan. 8, 2018) (hereinafter the “January 8 Order”).

³ *Id.* at P 15 (internal citations omitted).

electricity is vital to the country's economic and national security."⁴ The Commission determined that "hearing from the RTOs/ISOs is an appropriate place to begin," but also invited comments from other interested entities on those RTO/ISO submissions.⁵ The Commission extended the deadline for those comments to May 9, 2018.⁶

COMMENTS

OPSI appreciates the opportunity to provide comments on PJM's resilience filing.⁷ We acknowledge and also ask that the Commission take note of PJM's assessment that the bulk power system is safe and reliable.⁸ We are encouraged by PJM's suggested modifications to FERC's definition of resilience⁹ in its effort to provide for a broader range of options and approaches to the definition. Yet, indeed, as the Commission acknowledges in its January 8 Order, the definition of resilience may require further elaboration.¹⁰ This is no easy feat, and such elaboration will likely evolve over time.

What can be defined as bulk power reliability has evolved as new issues and concerns have been identified. Likewise, it is almost certain that regardless of a reasonable definition of resilience adopted today, the grid will continue to evolve. This evolution will be informed by a variety of considerations. New, credible threats may require a more robust grid or more conservative operations, or both. Conversely, as states continue to implement policies that directly impact the

⁴ News Release, "FERC Initiates New Proceeding on Grid Resilience, Terminates DOE NOPR Proceeding" (Jan. 8, 2018), available at <https://www.ferc.gov/media/news-releases/2018/2018-1/01-08-18.asp#.W5T66C7waUk>

⁵ January 8 Order at P 19.

⁶ *Order Extending Time for Comments*, Docket No. AD18-7, 162 FERC ¶ 61,256 (Mar. 20, 2018).

⁷ While PJM's filing is quite extensive, the comments and observations articulated herein capture those of most importance to a significant portion of the OPSI membership.

⁸ Comments and Response of PJM Interconnection L.L.C., Docket No. AD18-7, at 4 (Mar. 9, 2018) (hereinafter "PJM's Resilience Filing")

⁹ *Id.* at 9

¹⁰ January 8 Order at P. 23.

distribution system and its customers, any need to further strengthen bulk power resilience may be tempered. As an example, following the Polar Vortex, PJM adopted processes and procedures requiring enhanced certainty in energy deliverability, especially related to the reliance on natural gas. Yet, investments in bulk power enhancements may no longer be as critical if state policies facilitate more localized renewable energy resources, improvements to the distribution grid, or other such measures.

Expanding on its current responsibilities, PJM proposes a multi-tiered platform of planning, operations and response that would elevate grid resilience to low probability-high impact scenarios. However, the filing does not address the prudence and affordability of measures that may be implemented as a result of PJM's evaluation of these scenarios. OPSI urges the Commission to avoid outright adopting PJM's proposal in the absence of a focus on State and local resilience needs, priorities, and cost to ratepayers. Without such considerations, PJM's proposal poses the prospect of minimal transparency and limited regulatory oversight. PJM is a massive RTO. Different regions within PJM, different states, and different localities may have different needs and different willingness to pay for resilience, which requires a weighing of costs and benefits that must occur before any project is considered and advanced. As State regulators are responsible for and concerned with the interests of the ratepayers who would be paying for these varying levels of resilience, State regulators will be involved in and should be expected to provide feedback on this process.

And, while not the stated intent, a future PJM could be positioned to drive transmission planning and craft new market structures in its mandate to address perceived low probability-high impact threats. The prospect of this expanded authority, with planning and decision-making impacting billions of dollars in investments with cost recovery from end users, may require a re-

examination of PJM's scope, governance and oversight. Furthermore, and fundamentally, OPSI cautions against pushing for transmission planning and market changes in the name of resilience. While not explicitly named or called out in tariffs, resilience is already an inherent component of current transmission planning and market constructs. As resilience is certainly related to the reliability standards and procedures in place today, the FERC should avoid overlapping these two ideas and potentially allowing RTOs, such as PJM, to implement unnecessary, duplicative revisions to processes that already include resilience today. To the extent that further action is needed to create a more resilient grid, the Commission's designated Electric Reliability Organization, NERC,¹¹ is best positioned to develop resilience standards, taking into account the interrelated nature of reliability and resilience and the fact that the bulk power grid extends beyond the RTO.

While PJM's filing implies that it requests no new authority from FERC other than to address resilience, many of the examples cited in PJM's filing appear to be extensions of its current mandate. For instance, PJM suggests augmented communication with other sectors to better inform planning and operations. PJM proposes enhanced resilience by requesting that FERC direct pipelines to work with RTOs to synchronize their interconnection processes and share analyses, suggesting that front-end coordination could determine optimal generation siting.¹² First, PJM has not shown how it intends to plan and operate the system with this additional information and enhanced coordination. PJM must manage this information in a transparent way, as well as be held to a certain level of accountability for how this information is used. OPSI suggests that this transparency and accountability be incorporated should the Commission accept any part of the

¹¹ The North American Electric Reliability Corporation.

¹² PJM's Resilience Filing at 59-60.

PJM Proposal. Second, PJM's filing does not suggest a mechanism that would ensure that any of its actions would not either overlap or conflict with other actions taken outside its footprint. This concern is not necessarily limited to actions within the OPSI states hosting multiple RTOs. Third, generation siting is, and always has been, a state/local responsibility and proposed locations of generation assets are integral to a state's resource planning¹³ and siting authorities. Unless such assistance is specifically requested by states, RTOs' activities should not venture into what could be perceived as supply-side planning. OPSI is not convinced that the PJM Proposal addresses safeguards to prevent PJM's overstep into state/local siting authority.

PJM is correct that electricity is vital to our citizens. In indicating so, PJM also acknowledges its overarching command of the grid across its multi-state region. PJM's Proposal also suggests a commanding role for the RTO that could be perceived as having an overarching impact on state actions during emergencies. PJM's filing suggests a Commission proceeding that would analyze policy directives governing restoration priorities in an attempt to harmonize these priorities.¹⁴ The responsibility for assuring citizens have access to vital resources during an emergency remains with the state. The state makes those policy directives. OPSI is concerned that formally involving an RTO, beyond an advisory role, in setting priorities could have the effect of suppressing, frustrating or interfering with state emergency management activities. OPSI does not deny the importance of the RTO with regard to bulk power system emergency response and restoration; however, OPSI asks that the Commission clarify the role and authority of the RTO during extended periods of degraded operations.¹⁵ Indeed, even the phrase "extended periods of degraded operations" requires further definition and clarification in terms of severity, temporal

¹³ In restructured states, proposed generator locations reflect a merchant generator's risk tolerance.

¹⁴ PJM's Resilience Filing at 62.

¹⁵ *Id.* at 39.

measure and scope of an event. Clarifying these roles, rather than outright adopting PJM's Proposal would ensure that states' emergency management activities are not compromised.

In the same vein, in an interest to ensure bulk power resilience, PJM suggests the need to enhance resilience of the bulk power grid by addressing low probability scenarios such as electromagnetic pulse¹⁶ and coordinated physical attacks on multiple critical substations.¹⁷ OPSI would like to note that, under NERC's direction, PJM, utilities, multiple levels of government, the intelligence community, and other critical stakeholders already participate in exercises such as GridEx which are designed to prepare us for these low probability scenarios. Beyond that, guarding against such events should be handled in conjunction with our national defense, federal, state, local law enforcement professionals, and our state and local regulatory commissions.”

CONCLUSION

OPSI respectfully requests that the Commission accept these comments and give them full consideration in evaluating PJM's resilience filing.

Respectfully submitted,

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¹⁶ *Id.* at 24.

¹⁷ *Id.* at 36.