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FEDERAL ENERGY REGULATORY COMMISSION

August 3, 2015

Commissioner Tony Clark

STATEMENT

Statement of Commissioner Tony Clark on Environmental Protection Agency 111(d) Regulations

"I appreciate that the EPA took part in FERC's reliability technical conferences on 111(d) regulations and subsequently engaged with FERC staff while finalizing this regulation. While it will take some time to fully digest and analyze the final rule, I feel it necessary to outline the difficult path that now lies ahead.

"Stakeholders testified at FERC technical conferences that realistic planning horizons for the major infrastructure projects necessitated by this regulation are often in the 5-12 year, or more, timeframe. Given that many states may not have compliance plans finalized until 2018, such a timeframe will be challenging for compliance targets that begin in 2022. Furthermore, the regulation makes it likely consumers will be required to bear the burden of stranded costs of investments forced to retire years before the useful life of the asset has expired.

"Whatever EPA believes are the environmental benefits of this regulation, it cannot be said that it will be easy or inexpensive. Such is the stuff of unicorns and leprechauns. For if EPA's energy vision was the most reliable and affordable means of providing power, we would not need the rule. Engineering experts, markets, utilities and their regulators would already be choosing these resources without EPA dictates. No amount of political posturing changes that fact.

"The action now moves to the states which must assess their next steps. Many are deeply opposed to this regulation that could strip them of their traditional ability to set reasonable energy and environmental policies that work for their citizens. States will be faced with an exceptionally difficult decision. Either "play ball" with the EPA, cede greater authority to Washington and become complicit in a plan that complicates efforts to ensure reliable, affordable power; or choose to let the EPA go it alone via a potentially unattractive Federal Implementation Plan.

"As for FERC, we must continue to make the case for reliability and the proper functioning of FERC-jurisdictional markets. As the various compliance plans come together, FERC must take a leadership role by requiring that the Federal Power Act, which governs reliability, rates and markets, does not take a backseat to an energy plan promulgated under a separate statute.

"Setting aside arguments about whether this plan meaningfully improves the environment or addresses climate change, EPA's new regulation is undeniably an enormous task for the people who actually plan, finance, construct, operate and regulate this complex US power system. Though EPA officials are writing these regulations, EPA officials are not responsible for ensuring reliable, affordable power. That task falls to America's utility regulators, engineers, and operators. I am concerned there is an assumption that these dedicated experts will get the job done simply because they always have before. They are the best in the world, but no one should think reliability and affordability are slam dunks, lest we deny the science of electrical engineering. Make no mistake, this work is extraordinarily difficult and it will be even more so should this regulation come to pass."

Document Content(s)

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