UNITED STATES OF AMERICA
BEFORE THE
U.S. ENVIRONMENTAL PROTECTION AGENCY

Federal Implementation Plan Addressing	)	
Regional Ozone Transport for the 2015 Ozone	)	EPA-HQ-OAR-2021-0668
National Ambient Air Quality Standard	)	

JOINT COMMENTS OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.; MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.; PJM INTERCONNECTION, L.L.C.; AND SOUTHWEST POWER POOL, INC.

Electric Reliability Council of Texas, Inc. ("ERCOT"), Midcontinent Independent System Operator, Inc. ("MISO"), PJM Interconnection, L.L.C. ("PJM"), and Southwest Power Pool, Inc. ("SPP") (collectively, "Joint ISO/RTOs"), jointly submit these comments in response to the Environmental Protection Agency's ("EPA") proposed rule in the above-referenced docket ("Proposed Rule").[1] Certain features of the Proposed Rule have the potential to trigger material impacts to reliability. Joint ISO/RTOs submit these comments to explain the implementation challenges associated with the Proposed Rule and underscore the need for a reliability-based "Reliability Safety Valve" ("RSV") provision within any future final rule.[2]

COMMENTS

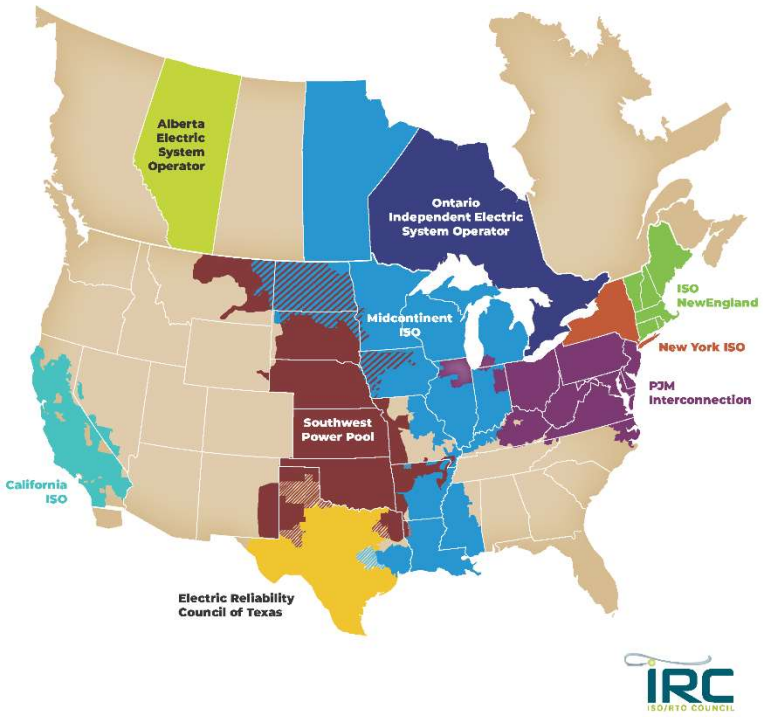
Joint ISO/RTOs' focus is on ensuring the reliability of the bulk electric system across their respective footprints. Modifications to the Proposed Rule are needed to address the

[1] Federal Implementation Plan Addressing Regional Ozone Transport for the 2015 Ozone National Ambient Air Quality Standard, Proposed Rule, EPA-HQ-OAR-2021-0668, 87 Fed. Reg. 20,036 (Apr. 6, 2022) ("Proposed Rule").

[2] The ISO/RTO Council and the EPA previously collaborated during the development of the Clean Power Plan to incorporate a "Reliability Safety Valve" into the final regulation in order to allow operation of generation units needed for reliability. Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, Final Rule, EPA-HQ-OAR-2013-0602, 80 Fed. Reg. 64,662, 64,877-79 (Oct. 23, 2015) ("Clean Power Plan"). Individual RTOs may be providing supplemental comments for EPA's consideration in this docket.

potential for distinct reliability challenges resulting from the rule's implementation. The particular impacts are outlined in each of the RTO/ISO comments filed in this docket.

By way of background, with the exception of ERCOT,[3] the Joint ISO/RTOs are federally regulated entities serving more than 151 million customers—25 million in ERCOT, 42 million in MISO, 65 million in PJM, and 19 million in SPP. Their collective footprint ranges from Montana in the west and New Jersey in the east, and Minnesota in the north and Texas in the south.



The Joint ISO/RTOs manage the delivery of power from the high-voltage transmission grid to local distribution utilities, which then are responsible for delivery to end-use customers. Joint ISO/RTOs are independent entities, separate from the companies that own electric

[3] The jurisdiction of the Federal Energy Regulatory Commission over ERCOT is limited but does include authority to enforce mandatory reliability standards under section 215 of the Federal Power Act. *See LS Power Development, LLC*, 155 FERC ¶ 61,176 at P 3 n.4 (2016).

generation and transmission facilities. They have been authorized by the Federal Energy Regulatory Commission ("FERC"), or in the case of ERCOT, the Public Utility Commission of Texas, to provide transmission service and otherwise administer the bulk electric system in their respective regions. As relevant here, one of the key functions of the Joint ISO/RTOs is to facilitate and maintain the reliable delivery of electricity to those they serve.

Pursuant to legislative and regulatory directives, the Joint ISO/RTOs are charged with ensuring the reliability of the bulk electric system in their respective footprints. In performing these functions, the Joint ISO/RTOs must comply with federally-approved reliability standards promulgated by the North American Electric Reliability Corporation ("NERC") and the applicable Regional Entity.

Implementation of the Proposed Rule has the potential to pose distinct reliability challenges that must be addressed. One challenge is maintaining resource adequacy. Resource adequacy, in general terms, is achieved when the megawatt capacity of the generators in a particular region exceeds the forecasted load for that region by a reserve margin. The Joint ISO/RTOs are experiencing a trending decline in reserve margin, and believe that the Proposed Rule could substantially accelerate that trend at a time when we are facing the need for increased reserves resulting from extreme weather, high load conditions and generator retirements. Replacement of retiring generation with new facilities presents its own risks. It will take time to obtain the required regulatory approvals to construct new generation and especially any needed transmission facilities to connect that generation to the grid. Of course, resource adequacy must be maintained and NERC reliability standards met in this interim. Any final rule, both as to its design and its implementation timing, needs to take these factors into account.

Additionally, while the Joint ISO/RTOs are seeing certain shifts in their respective generation portfolios, thermal generators continue to provide essential reliability services. The Joint ISO/RTOs are concerned that the Proposed Rule could cause generator retirements due to the limitations on operations and/or the cost of installing Selective Catalytic Reduction ("SCR") by 2026. However, to the extent units do not retire, their ability to operate could be limited by the Proposed Rule, which depending on the region and level of flexibility within the rule, could present a distinct reliability challenge.

Joint ISO/RTOs strongly support including some form of a "Reliability Safety Valve" in a future final rule to support the reliable operation of the bulk electric system. To be clear, the RSV would not be a blanket exemption from compliance. Rather, it represents certain tools and processes that would be available to address reliability issues that might arise during the implementation of a final rule. Proposed frameworks and details associated with a RSV may be contained in separately-filed comments by the individual entities making up the Joint ISO/RTOs.

CONCLUSION

Joint ISO/RTOs encourage the EPA to consider the potential reliability challenges that may arise during the implementation of a future final rule. In light of those challenges, the Joint ISO/RTOs respectfully request that the EPA consider including a Reliability Safety Valve in a future rule. Joint ISO/RTOs appreciate the opportunity to comment in this proceeding and both individually and as a group, are ready to work with the EPA and affected stakeholders to address these important issues.

Respectfully submitted,

By: /s/ Dennis Hough

Craig Glazer
Vice President–Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W, Suite 600
Washington, D.C. 20005
(202) 423-4743
Craig.Glazer@pjm.com

Dennis Hough
Assistant General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd
Audubon, PA 19403-2497
(267) 541-9256
Dennis.Hough@pjm.com

Lanny Nickell
Chief Operating Officer
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223
(501) 614-3232
lnickell@spp.org

Chad V. Seely
Vice President & General Counsel
Electric Reliability Council of Texas, Inc.
8000 Metropolis Drive, Building E, Suite 100
Austin, Texas 78744
(512) 225-7035
Chad.Seely@ercot.com

Kristina M. Tridico
Deputy General Counsel, Regulatory
Midcontinent Independent System Operator, Inc.
720 City Center Drive
Carmel, IN 46032
(317) 249-5400
ktridico@misoenergy.org

Dated: June 21, 2022