

Commissioner Philip Moeller
April 10, 2014 Testimony
Senate Energy and Natural Resources Committee

Thank you Chairman Landrieu, Ranking Republican Murkowski and members of the Committee. I'm Phil Moeller, a member of the Federal Energy Regulatory Commission since 2006. Thank you for holding the hearing on this important topic.

We've gone through quite a winter, particularly in the Eastern Interconnect that you referenced on page 3 of the staff handout with, particularly starting January 5, the polar vortex events. I think we need to send appreciation to the thousands of people who kept the system running in control rooms, Mr. Hunter's members, people who made decisions -- dispatch -- they came through remarkably well in a system that was very stressed.

I've consistently said that we'll let the market decide which fuels are the winners based on economics and affordability, but I can't be reliability neutral. On this subject it is just too important. We have to maintain reliability of the nation's grid.

I went back and looked at the letter that Sen. Murkowski wrote me in 2011 and my response, and my House testimony that year in which I called for a more formal process to analyze the potential reliability implications of, particularly, environmental rules.

To my knowledge that process has not yet occurred, but I still continue to advocate for it. The reason is as follows. We've had a couple of unusually warm winters before this one and the system was very stressed. Yet in 53 weeks we are going to lose all those MATS plants that are slated for closure. Now, plants that retro fit generally have a fourth year, sometimes a fifth year, but the fifth year is full of uncertainty and some of the other panelists will relate to that.

So, as referenced earlier, our region has very different fuel mixes depending on where you come from. Some areas more dependent on natural gas, in my home in the Northwest hydropower. But we are seeing a lot of stress, particularly with prices down, not only with the coal plants that are going to be shut but also with the nuclear fleet that has been referenced that should be kept in mind.

Specifically the Midwest is looking at some challenges in the summer of 2016, where they project a reserve margin that will be a deficit. Although that reserve margin has been moved upwards to only 2 gigawatts it also depends on that fact that the assumption is that consumers will be using less electricity per year. And that's a pretty big assumption to make.

We also have individualized situations. I reference one in my written testimony where an area is going to be in a conundrum as to how they go forward without a coal plant.

On this issue we have a variety of opinions. We have executives who will say we can get through this period without any problem; we have others that are very concerned. My focus has been to try to get the data. Which plants retire when, where they are in the system, what they provide in terms of not just power but, perhaps, voltage support is very, very important.

And as I've called for data, frankly, we've had some that has been contradictory and some that hasn't been particularly effective in ... we're not exactly confident in a lot of the numbers. That has me very concerned going into the next two to three years. And I would again point to the fact that we need to do a better job in government, working with the private sector, some kind of a formalized process to analyze this.

A lot of this is just going to depend on the weather. If we have mild weather for the next couple of years we might make it through. But if we have extreme weather in the summer, or as we saw in the winter, the system will be extremely stressed and that's where reliability is paramount, and peoples', frankly, their safety and their lives are at stake if we have extended, extreme weather and the system isn't able to produce power.

Thank you again for the chance to testify. I look forward to questions.