

October 23, 2017

Federal Energy Regulatory Commission
Kimberly D. Bose, Secretary of the Commission
888 First Street NE
Washington, DC 20426.
Attention: Docket No. RM18-1-000

Re: Notice of Proposed Rulemaking – Grid Resiliency Pricing Rule

Dear Secretary Bose:

The Northeast States for Coordinated Air Use Management (NESCAUM)¹ offer the following comments in response to the Federal Energy Regulatory Commission’s “Grid Resiliency Pricing Rule” proposal published on October 10, 2017 (82 Fed. Reg. 46940). NESCAUM requests that the proposal not become final as it lacks the broader perspective of state-level grid resiliency processes already underway, lacks analysis of potential environmental impacts, and lacks consideration of alternatives.

The proposed Grid Resiliency Pricing Rule intrudes upon regional grid planning processes now underway among multiple stakeholders, including a number of our state members. For example, beginning in 2016, the New England grid operator ISO-New England has been conducting the Integrating Markets and Public Policy (IMAPP) process that seeks to accommodate state policy goals and investor concerns with subsidized resources participating in the region’s competitive electric generation market.² These types of planning processes involving states and other stakeholders are more responsive to our states’ needs, and more thoughtful venues for considering multiple policy goals than this proposed federal directive.

NESCAUM also objects to the categorical exemption of this proposal from any environmental analysis, as asserted in section VII of the proposed rule. FERC can and should assess the environmental impacts of this proposal, particularly because it aims to support the continued operation of uneconomical coal generation that underperforms competitors on both a cost and environmental basis. In addition to requesting alternatives from commentators, FERC should itself identify alternatives to this narrow proposal that can address grid resiliency, appropriately

¹ NESCAUM is the regional association of state air pollution control agencies in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. These comments reflect the majority view of NESCAUM members. Individual member states may hold some views different from the NESCAUM states’ majority consensus.

² ISO-New England, Competitive Auctions with Subsidized Policy Resources, April 2017. Available at https://www.iso-ne.com/static-assets/documents/2017/04/iso_caspr_highlights_april_2017.pdf (accessed October 18, 2017).

evaluate and compare the alternatives' environmental impacts to this apparent preferred alternative, and provide a more realistic timeframe for commentators to consider the analyzed impacts.

The lack of a reasoned environmental analysis and a fair evaluation of alternatives is a fundamental concern to our states. Our states are harmed by the long-range transport of air pollution from power plants outside their borders and beyond their control. The states have worked collectively for decades in fostering multistate regional programs to limit air pollution from power plants that are now achieving demonstrable progress towards attaining and maintaining national ambient air quality standards for ozone and fine particulate matter. We have not yet, however, attained clean air for our citizens.

Without a more reasoned analysis, we fear that FERC's proposal fails to align with state air quality and other policy goals, and potentially undermines past and future progress. The proposal implicitly rejects out-of-hand the potential for alternatives that might strengthen grid resiliency with less environmental harm and cost. Without a more robust analysis of this proposal and alternatives to it, we simply have no clear understanding of its full implications. As a result, we respectfully request that this proposal not become final.

Sincerely,



Paul J. Miller

Deputy Director

cc: NESCAUM directors
EPA Region 1, David Conroy
EPA Region 2, Richard Ruvo