

FERC's Powelson touts renewables' value, but not at the expense of market integrity

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Published on - Wed, 14 Mar 2018 17:24:02 EST

US **Federal Energy Regulatory Commission** member Robert Powelson said he was "very bullish" on the prospects for clean energy investment at a **renewable** industry event Wednesday in Washington, while holding to his strong rebuke of ISO **New England** 's plan for accommodating more state-subsidized green resources into that region's forward capacity **market** .

He called **FERC** 's recent action to remove barriers to **electric** storage resources' participation in the wholesale power **markets** (RM16-23) game-changing, and promised to be a champion for breaking down other barriers to **market** entry and providing the regulatory certainty needed to make clean-energy investments.

"I'm spending a lot of time here in Washington to take the 1980 version of baseload conversation and get people to think about it in the 21st century of new technologies, and not get caught up in political dogma but look at the economic realities of where we're headed as a country," Powelson said at the American Council on **Renewable Energy** 's **Renewable Energy** Policy Forum.

"I think that **FERC** has recognized through our Office of Innovation and under Chairman [Kevin] McIntyre's leadership that we're going to stand behind supporting new entry into the **markets** ," he added. "And, in my view, I think broader expansion of regional **markets** are providing some much-needed value."

He pointed to the success of the voluntary western energy imbalance **market** , which automatically balances load on five- and 15-minute increments to dispatch the least-cost resources in the **market** , and interest in expanding the Southwest Power Pool.

"I think we need to stay the course in supporting the [competitive] **market** design and, more importantly, stay away from collapsing these **markets** with regressive policy actions," Powelson said. "I still did not sign up for this job to blow up competitive **markets** ," he said, drawing applause from the crowd as he reiterated his comments made shortly after the Department of Energy proposed the grid resilience pricing rulemaking.

Supporting the integration of **renewable** resources into the **markets** , he said, would contribute to real GDP growth and decarbonization goals while also driving "home the message that **renewable energy** is part of this resiliency equation."

Markets should pick winners, losers - not agencies

He advocated for letting the **markets** — not regulatory agencies — pick winners and losers when it comes to the generation mix.

Following Powelson's prepared remarks, **ACORE** President and CEO Greg Wetstone said the trade group was opposed to proposals that begin with the premise that certain older generation that has become uneconomic must be kept in the picture for resilience and reliability purposes. Rather, **ACORE** is pushing for "a fair **market** design that allows **renewables** and storage to compete to provide resilience," he said.

Wetstone added that the group was concerned that some grid operators, such as **ISO-NE** , were pushing back against states' authority to choose the resources in their energy portfolio "with approaches that seem to penalize those states and require consumers there to effectively pay for continued operation of uneconomical facilities."

Powelson responded that he was meeting with and listening to the states as these issues are front and center for the commission. Still, he said he had a problem with **ISO-NE** 's plan that attempts to better accommodate states' out-of-**market** resource procurement actions while also preserving competitive prices in the capacity **market** .

Up to 1,200 MW of state-sponsored clean energy generation procured pursuant to a 2016 **Massachusetts** law could be ripe for participation in **ISO-NE** 's 13th forward capacity auction scheduled to be held February 2019 for the 2022-23 delivery year.

ISO-NE 's January 8 proposal (ER18-619) sought to get ahead of the possibility that **electricity** ratepayers in the region would be forced to pay both for new state-sponsored resources and for the cost of additional capacity procured through the forward capacity **market** if the state-sponsored resources failed to clear the **market** because of certain **market** rules that were in place.

Tariff changes allowing the grid operator to implement new competitive auctions with sponsored policy resources rules that establish a two-stage capacity auction process were accepted in a March 9 split decision by **FERC** .

Powelson voted against **ISO-NE** CASPR rules

Powelson filed a dissent, voting against the **market** -rule changes.

He said Wednesday that while he supported clean energy, **New England** 's "progressive policies come right now at a cost of" having to burn 2 million barrels of oil when a "bomb cyclone" or "polar vortex"-type event hits.

"If we don't have orderly exit and entry in the **market** and we have stay-on generation, I think we're going to create problems in that marketplace," he said.

Powelson urged **New England** policymakers to continue conversations on **renewable energy** investment, but cautioned them to "be very careful." The potential reliability issues the region could face by 2025, according to a fuel security analysis **ISO-NE** released in January, he said, read "like a horror story."

Beyond its reliance on oil to keep the lights on during extreme cold weather events, he said the region also faced issues tied to its dependence on **gas** storage and the inability of states to collaborate around clean energy transmission development.

Powelson characterized **New England** as suffering not from NIMBYism but from CAVE — citizens against virtually everything.

"Siting is hard, but you've got to get there," he said.

He noted that, during the recent prolonged cold spell, 15 million customers "paid the highest **gas** basis costs in the country and they were less than 200 miles from the **Leidy gas** hub in **Pennsylvania** at a \$2.34/MMBtu trading mark."

He acknowledged that getting any 30-inch-diameter pipe into **New England** would be hard. "In lieu of that, we've got to solve this problem" before **New England** falls prey to reliability issues outlined in the fuel security analysis, and **renewables** "are going to be a big player in that conversation," he said.

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