

The following are a few excerpts from comments filed by ERCOT, MISO, PJM and SPP on EPA's proposed ozone transport rule. EPA projects that the proposed rule will cause 23,000 MW of coal retirements by 2025. The grid operators express concerns about coal (and gas) retirements caused by the rule and the resulting threat to grid reliability. All support a "reliability safety valve."

Joint Comments of ERCOT, MISO, PJM and SPP

"Certain features of the Proposed Rule have the potential to trigger material impacts to reliability."

"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."

"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 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."

MISO's Comments

"Management of generation dispatch, whether shifting or idling, are electric power dispatch issues best left to the jurisdictions of FERC and the states."

"EPA's proposed FIP/transport rule, if promulgated as drafted, would cause significant, potential adverse impacts associated with grid reliability."

"The proposed FIP does not address the challenge and impacts of maintaining resource adequacy for the power grid ... Different types of resources are accredited, or count, for different amounts of capacity depending on how reliable they are to be able to generate at the time they are needed. The traditional dispatchable generators targeted by this Proposed Rule tend to have much higher accredited capacity than the replacement capacity that has been brought online in recent years."

"MISO is experiencing a trending decline in reserve margin, which is largely the result of the retirement of significant amounts of dispatchable generation. As a result, MISO believes that the Proposed Rule could substantially accelerate that trend at a time when MISO is facing the need for increased reserves ..."

"Given the changes to the generating fleet, and the potential shortfalls in generating capacity, it is imperative that reliable generating resources, like the facilities subject to the Proposed Rule, be recognized for the regional reliability value provided to the region's customers."

"EPA has also assigned certain idling and generation shifting assumptions to state budgets which are flawed. Underlying these flaws is an agency that has little experience or statutory jurisdiction to manage the dispatch of power through an emissions reduction program."

SPP's Comments

"The proposed rule may impact approximately 40,000 MW of coal and gas generation in six states with assets operating in the SPP footprint: Arkansas, Louisiana, Missouri, Oklahoma, Texas and Wyoming."

"SPP has concerns that any reduction in operations will pose a threat to reliability in the form of reduced generation capacity. Even without the impacts of the proposed rule, SPP has experienced scarce supply conditions and is predicting that those conditions will worsen over the coming planning horizon."

"SPP has approximately 24,000 MW of coal and gas generation within its footprint without SCRs installed."

"It is not just a matter of whether a certain number of thermal generators will retire; reduced output is a serious concern for SPP as well."

"SPP is fortunate to have a robust and growing portfolio of renewable generation in its footprint, but thermal resources continue to play a critical role in managing the variability of renewable resources and preserving system reliability."

PJM's Comments

"Although PJM today has an adequate reserve margin, the region is not immune from the trends occurring elsewhere in the country that have driven premature retirement of fossil resources at the very time when such resources will be needed as a back-up given the intermittent nature of renewable resource output."

"... while PJM is seeing certain shifts in its respective generation portfolio through the addition of renewable generation and inverter-based resources, thermal generators continue to provide essential reliability attributes and services. PJM's own analysis of this shift indicates that under today's generation portfolio, thermal generators supply the bulk of the essential reliability attributes needed to support the grid, which include inertia, frequency response, reactive capability, fuel assurance, and black start. These essential reliability attributes will be needed for the foreseeable future."

"As reserve margins shrink across the country and fuel costs rise, PJM urges the EPA to use its discretion to balance its requirements under the rule with avoiding rate shock to customers. PJM, which administers the wholesale market for electricity in a region serving 61 million customers, stands ready as a resource to EPA to help model potential cost impacts in the PJM region from various iterations and options in rule design."

ERCOT / Public Utility Commission of Texas's Comments

"Based on information obtained from owners of generation in the ERCOT region, the PUCT and ERCOT understand that this mandate will likely result in the retirement of approximately 8,200 MW of coal-fired capacity and the loss of an additional 2,600 MW of natural gas-fired capacity by 2026."

"The anticipated retirement of up to 8,200 MW of existing coal capacity and up to 2,600 MW of existing natural gas capacity in the ERCOT region by 2026 will pose significant challenges to reliable operation of the grid due to the reduction in dispatchable generation capacity and loss of reliability services provided by these resources."

“... the Transport FIP will likely reduce the reliability of the ERCOT grid below an acceptable level.”

“ERCOT has assessed the transmission needs in 2026 with the expected retirement of 10,800 MW of thermal generation due to the Transport FIP. ERCOT estimates the cost of the transmission upgrades needed to address just these reliability issues to be in the range of \$1.2 to \$1.5 billion ... Depending on the location and type of new generation that is added to the ERCOT system to replace the potential generation retirements, additional regional transmission upgrades would be needed. The cost of these regional transmission projects is estimated to be in the range of \$2.7 to \$5.2 billion ... ”

“The Transport FIP, while much less ambitious than the Clean Power Plan, would be a similar and improper overreach into the generation resource planning and operation authority of the states and RTO/ISOs.”

“The Transport FIP affects hundreds of coal and natural gas plants across the nation. It is unclear whether there is a sufficient supply of labor and SCR equipment available for all EGUs that may opt to install this equipment to meet the 2026 deadline.”

“ERCOT estimates that it would take an ERCOT team of engineers and modelers up to 4 months to complete a thorough reliability impact analysis of the Transport FIP.”

“Nor, to the PUCT’s knowledge, did EPA engage with any other state utility commissions, other regional transmission organizations (RTOs) or the Federal Energy Regulatory Commission (FERC). Ensuring the reliability of the nation’s electric grid has long been the province of these entities, not the EPA.”

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