October 23, 2023

Honorable Jeff Duncan, Chairman
House Subcommittee on Energy, Climate, and Grid Security
Rayburn House Office Building
Washington, D.C. 20515

Honorable Diana DeGette, Ranking Member
House Subcommittee on Energy, Climate, and Grid Security
Rayburn House Office Building
Washington, D.C. 20515

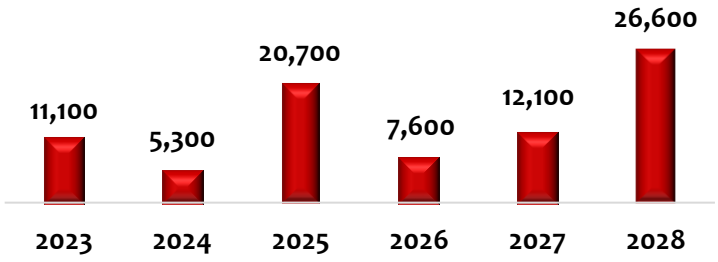
Dear Chairman Duncan and Ranking Member DeGette:

As you know, grid reliability is essential for economic prosperity, to protect public health and safety, and to promote national security. For those reasons, I am writing to express our support for the GRID Act ("Guaranteeing Reliable Infrastructure Development Act") because this legislation is needed to help ensure that Federal agencies do not issue regulations that would undermine the reliability of the electricity grid.

Hearings in the House and Senate have demonstrated that we are headed for a near-term reliability crisis unless steps are taken quickly. In addition, numerous reports have been issued about the risks to grid reliability as dispatchable resources retire and are being replaced mostly by intermittent non-dispatchable resources. For example, the North American Electric Reliability Corporation (NERC) has highlighted such risks in its "2023 Summer Reliability Assessment" (May 2023), "2023 State of Reliability Overview" (June 2023), and "2022-2023 Winter Reliability Assessment" (November 2022).

One of the primary reasons for these reliability warnings is the premature retirement of coal-fired generation which provides attributes, such as a high accredited capacity value and fuel security, that are necessary for grid reliability.

So far, more than 40% of the nation's coal fleet has retired. As a result, the remaining coal fleet totals less than 200,000 megawatts (MW) today. To make matters worse, utilities have announced plans to retire almost half the remaining coal fleet by 2028. The chart below shows announced coal retirements (in MW) during 2023-2028.



However, these announced retirements do not reflect the impact of most of the regulations EPA is developing or implementing that impact the coal fleet. In other words, actual coal retirements will exceed the retirements that have been announced so far.

Earlier this year, EPA proposed or finalized four major regulations that are projected to cause more coal retirements: "Proposed Supplemental Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category" (proposed March 2023); "Federal Good Neighbor Plan for the 2015 Ozone National Ambient Air Quality Standards" (finalized March 2023); "National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review" (proposed April 2023); and "New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule" (proposed May 2023) (aka "Clean Power Plan 2.0"). In addition, EPA is implementing regulations that deal with coal combustion residuals and regional haze. Unless these regulations are substantially moderated or overturned, we expect a large number of coal retirements will occur during 2026-2028, further exacerbating the possibility of a near-term reliability crisis. Moreover, the Clean Power Plan 2.0 will add considerably to these expected coal retirements.

Although these six regulations will cause the retirement of coal and other dispatchable resources, we are not aware of any serious analysis by EPA, the Federal Energy Regulatory Commission (FERC), NERC, the Department of Energy, or others of the reliability consequences of these rules. We want to emphasize that any serious analysis should include the impacts on operating reliability, not simply resource adequacy. Therefore, it is necessary and appropriate for Congress to require FERC to comment formally on the reliability impacts of certain proposed rules before they are finalized. The GRID Act would ensure a proper analysis of rules that "are likely to have a significant negative impact on the reliability and adequacy of the bulk-power system in North America" (paragraph 2(h)(1) of the GRID Act). Therefore, we respectfully urge Congress to pass the GRID Act as quickly as possible.

Please do not hesitate to contact us if you have any questions.

Sincerely,

Michelle Bloodworth
President and CEO
America's Power