UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Essential Reliability Services and the Evolving Bulk-Power System — Primary Frequency Response	Docket No. RM16-6-000

COMMENTS OF THE AMERICAN PUBLIC POWER ASSOCIATION, LARGE PUBLIC POWER COUNCIL, AND TRANSMISSION ACCESS POLICY STUDY GROUP

On November 17, 2016, FERC issued its Primary Frequency Response NOPR[1] proposing to require all newly interconnecting large and small generating facilities to install and enable primary frequency response capability as a condition of interconnection. The American Public Power Association ("APPA"), the Large Public Power Council ("LPPC"), and the Transmission Access Policy Study Group ("TAPS") (collectively, the "Joint Commenters") submit these comments in support of certain aspects of this important NOPR. Specifically, Joint Commenters support (1) the proposal to require all generators newly interconnecting pursuant to the *pro forma* Large Generator Interconnection Agreement ("LGIA") and Small Generator Interconnection Agreement ("SGIA") to install governors or equivalent control devices; (2) the proposal *not* to require any compensation be paid to new generators for complying with the NOPR's proposed requirements; and (3) the proposal *not* to impose requirements on existing generators.

[1] Essential Reliability Services and the Evolving Bulk-Power System—Primary Frequency Response, 81 Fed. Reg. 85,176 (proposed Nov. 25, 2016), 157 FERC ¶ 61,122 (2016) ("NOPR").

INTEREST OF JOINT COMMENTERS

APPA is the national service organization representing the interests of the nation's 2,000 not-for-profit, community-owned electric utilities. Power utilities account for 15 of all sales of electric energy (kilowatt-hours) to ultimate customers and collectively serve over 49 million people in every state except Hawaii. Public power utilities own approximately 10% of the total installed generating capacity in the United States. Approximately 264 public power utilities are registered entities subject to compliance with NERC mandatory reliability standards.

LPPC is an association of the 25 largest state-owned and municipal utilities in the nation. LPPC members are located throughout the nation, both within and outside RTO boundaries. LPPC represents the larger, asset-owning members of the public power sector.

TAPS is an association of transmission-dependent utilities ("TDUs") in more than 35 states, promoting open and non-discriminatory transmission access.[2] As TDUs, TAPS members have long recognized the importance of maintaining a reliable, capable grid at a reasonable cost. TAPS members are also users of the bulk power system and are highly reliant on the reliability of facilities owned and operated by others for the transmission service required to meet TAPS members' loads. Thus, TAPS supports the development and implementation of new and advanced technologies which will increase reliability and increase access to more economic power supplies, provided that those technologies

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[2] David Geschwind, Southern Minnesota Municipal Power Agency, chairs the TAPS Board. Jane Cirrincione, Northern California Power Agency, is TAPS Vice Chair. John Twitty is TAPS Executive Director.

increase reliability and increase access to more economic power supplies at a reduced cost to the ultimate ratepayer.

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COMMENTS

As the nation's resource mix continues to evolve, it is essential that balancing authorities ("BAs") have adequate primary frequency response to maintain grid reliability following contingencies. The Commission, NERC, and the industry have taken several steps to evaluate and address the issue of declining primary frequency response. One of the most significant actions was the Commission's approval of NERC Reliability Standard BAL-003-1, which requires BAs to achieve sufficient primary frequency response performance during frequency deviations. In the order approving that reliability standard, the Commission directed NERC to submit a report, due in July 2018, that will

address the availability of resources for BAs to meet their primary frequency response obligations.[3]

In response to the Commission's February 2016 Notice of Inquiry ("NOI") in this docket, Joint Commenters noted that NERC's July 2018 report will better inform the need for further action to ensure adequate frequency response in each interconnection.[4] Joint Commenters urged the Commission to be measured in taking actions prior to the release of that report.[5] Joint Commenters stated that it would be appropriate to begin a rulemaking that would require newly interconnecting generators to install primary frequency response capability.[6] Joint Commenters also urged the Commission not to impose significant new obligations on existing generators at this time,[7] and not to impose a uniform requirement to compensate generators for the provision of primary frequency response.[8] Additionally, Joint Commenters stated that generators should be encouraged—but not yet required—to comply with NERC's Primary Frequency Control Guideline.[9]

As discussed below, and consistent with its comments on the February 2016 NOI, Joint Commenters support most elements of the Commission's NOPR.[10]

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[3] Frequency Response and Frequency Bias Setting Reliability Standard, Order No. 794, 78 Fed. Reg. 3,723, 3,731 (Jan. 23, 2014), 146 FERC ¶ 61,024, P 60 (2014).

[4] *Essential Reliability Servs. & the Evolving Bulk-Power System—Primary Frequency Response*, Comments of the American Public Power Association, Large Public Power Council, and Transmission Access Policy Study Group 2 (Apr. 25, 2016), eLibrary No. 20160425-5258.

[5] *Id.*

[6] *Id.* at 6-7.

[7] *Id.* at 10-11.

[8] *Id.* at 14-15.

[9] *Id.* at 7-9.

[10] As discussed in its NOI comments, Joint Commenters would have preferred that the NOPR not establish

I. JOINT COMMENTERS SUPPORT THE PROPOSAL TO REQUIRE ALL NEW GENERATORS TO INSTALL GOVERNORS OR EQUIVALENT CONTROL DEVICES.

Joint Commenters support the NOPR's proposal to revise the *pro forma* LGIA and SGIA to include "requirements for new large and small generating facilities, both synchronous and non-synchronous, to install, maintain, and operate equipment capable of providing primary frequency response as a condition of interconnection."[11] Requiring newly interconnecting generators to install governors or equivalent control devices is a relatively low-cost way to prevent the erosion of the interconnections' collective frequency response capability as the resource mix evolves.

Joint Commenters also support the proposal to apply this new requirement to both synchronous and non-synchronous generators, regardless of whether they connect pursuant to the LGIA or SGIA. Applying the requirement to *all* generators newly interconnecting through the LGIA or SGIA is appropriate, particularly given that non-synchronous generators and small generators are making up a growing share of the changing resource mix.

II. JOINT COMMENTERS SUPPORT THE PROPOSAL NOT TO REQUIRE ANY COMPENSATION BE PAID TO NEW GENERATORS FOR COMPLYING WITH THE NOPR'S PROPOSED REQUIREMENTS.

The NOPR proposes that newly interconnecting generators install, operate, and maintain governors or equivalent control devices *as a condition of interconnection*. The

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specific governor operating requirements, such as maximum droop and deadband parameters, and instead, give NERC additional time to analyze whether the settings identified in the Primary Frequency Control Guideline are sufficient and necessary to support primary frequency response. However, particularly in light of the Commission's recent order accepting CAISO's proposal to impose almost identical governor operating requirements, *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,182 (2016), Joint Intervenors are not objecting to the operating requirements proposed in the NOPR.

[11] NOPR, P 44.

NOPR "does not propose to mandate that new generating facilities receive any compensation for complying with the proposed requirements."[12] Joint Commenters support that proposal.

Primary frequency response capability should be a standard feature of all new generators. Just as all new cars come equipped with anti-lock brakes, all new generators should come equipped with frequency response capability as part of the "rules of the road." It is therefore appropriate to require new generators to install governors or equivalent control devices as a condition of interconnection. Additional compensation is unnecessary to incent generators to install and maintain control equipment that is now standard for all generators.

Nor is compensation needed for requiring generators with governors or equivalent control devices to meet the operating requirements proposed by the NOPR. As the Commission recently recognized, imposing requirements for generators with governor controls without providing additional compensation is a just and reasonable condition of participation in wholesale markets.[13] The Commission explained that generators benefit from the confidence customers gain in wholesale markets by the provision of uninterrupted service, so it is not unreasonable to require generators to accept, as a condition of interconnection, an obligation that helps the transmission operator maintain reliable service.[14]

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[12] *Id.* P 1.

[13] *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,182, P 17 (2016).

[14] *Id.* It is noteworthy that while the NOPR proposes certain operating parameters, it is not proposing a required headroom. NOPR, P 44.

III. JOINT COMMENTERS SUPPORT THE PROPOSAL NOT TO IMPOSE REQUIREMENTS ON EXISTING GENERATORS.

The NOPR does not propose to impose requirements on existing generators but "seeks comment on whether additional primary frequency response performance or capability requirements for existing resources are needed."[15] Joint Commenters support the NOPR's proposal, and urge the Commission not to adopt any new requirements for existing generators in the final rule.

It would be premature for the Commission to impose performance or capability requirements for existing resources, because there is no demonstrated need for such requirements, which could be very expensive and unnecessarily burdensome. As the NOPR recognizes, all three U.S. interconnections currently exhibit adequate primary frequency response performance.[16] Imposing primary frequency response capability requirements on *new generators* will help ensure that primary frequency response does not degrade in the coming years, but since there is currently sufficient primary frequency response, there is no demonstrated need to impose requirements on existing resources.

Imposing a requirement on existing resources at this time could be unduly costly. Several entities, including Joint Commenters, have explained that the costs of retrofitting existing generating facilities with primary frequency response capability could be significant.[17] And a blanket requirement that all existing generators install governors or equivalent control devices could result in more primary frequency response capability

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[15] NOPR, P 57. The NOPR does, appropriately, propose to impose primary frequency response requirements on existing generators that take any action that requires the submission of a new interconnection request.

[16] *Id.* P 9.

[17] *Id.* P 29.

than is needed. It is therefore essential that the Commission gather more information and confirm that the need for such a requirement justifies its high cost before considering such an imposition.

CONCLUSION

For the reasons discussed above, the Commission should adopt a final rule that, consistent with the NOPR: (1) requires all generators newly interconnecting through the LGIA or SGIA to install governors or equivalent control devices; (2) does *not* require any compensation be paid to new generators for complying with the requirements; and (3) does *not* impose primary frequency response requirements on existing generators.

Respectfully submitted,

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January 24, 2017

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated on this 24th day of January, 2017.

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