

**Prepared Statement of
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Thank you for the opportunity to join you today. Everyone in this room shares a commitment to ensuring the reliability of our nation's electric grid. Together, we are committed to ensuring the safe and secure delivery of electricity to consumers. And, together, we share a commitment to doing this in a way that is economically viable, affordable, protects public health, and is environmentally sound.

Historically, the electric utility sector has a strong track record of protecting the reliability of our Nation's electric grid. Working collaboratively with federal and state governments, we jointly have developed technology, tools, processes and procedures that protect our Nation's critical infrastructure. That record is one that should make us all proud.

Continuing that record is a shared goal, which is why we continue to assess the abilities of our utility partners as well as potential impacts of standards put in place by DOE or our federal partners. AN area of conversation at this conference has been standards that the Environmental Protection Agency (EPA) has put into place or is currently developing that would apply to the electric utility sector. These are appropriate and necessary steps to protect human health and the environment that can – and indeed must – be implemented in a way that maintains reliability of the electric grid. After all, maintaining the grid is important to public health and the health of the US economy.

The Department of Energy is committed to working with the EPA and other stakeholders to successfully implement these environmental regulations and maintain grid reliability. A number of analyses have been conducted by industry groups and others, with a goal of predicting what impact the EPA regulations could have on overall resource adequacy of America's electricity supply and the US economy.

These studies have produced varying estimates of affected generating capacity, often based on different sets of assumptions. Some of those studies have been based on early or incomplete predictions about EPA rules that have not yet been finalized. Despite these differences, we are beginning to see a new consensus emerging: Generally speaking, the new EPA rules will not create widespread resource adequacy issues.

To confirm this, the Department has developed and modeled a conservative "stress test" scenario for 2015 that is deliberately more stringent than the new EPA rules. While that review will be available soon, it confirms what many have said. Assuming prompt and responsible action by regulators and generators, the timeliness associated with the construction of new generation capacity and installation of pollution control retrofits would generally be comparable to EPA's regulatory compliance timelines.

With respect to local reliability issues, the Department believes that -- where localized issues could arise -- mechanisms already exist to address those concerns on a plant-specific or more local basis. And, the Department of Energy is willing to provide technical assistance throughout this process if needed. DOE recognizes the important role that regional reliability coordinators, ISOs, RTOs, state public utility commissions, NERC and FERC will have in conducting and reviewing these detailed iterative analyses.

This is a critical point, and it is worth repeating: The new rules are not expected to create widespread resource adequacy issues, and whatever local reliability challenges that could arise should be manageable with **timely** cooperation and coordination among all the stakeholders, including utilities, regulators, BAs, RCs, ISOs, and RTOs.

If we can work together, existing statutory, regulatory and other mechanisms should be sufficient to address any potential localized grid reliability concerns on a case-by-case basis.

If used in a timely manner, we believe the electric sector should have enough flexibility to comply with the regulations without endangering grid reliability. Take, for example, the issue of notification. With adequate notice of an intention to retrofit or retire a power plant, RCs/ISOs/RTOs can better plan for maintenance outages and analyze concerns with respect to services provided by retiring units. This will assure that standards for grid reliability are maintained while avoiding the need for any emergency actions.

We should also work to ensure that reliability analyses are reviewed by a neutral body to ensure consistency, address issues across the seams between grid reliability regions, and assess timely implementation of solutions.

For plant operators that anticipate reliability concerns and need to pursue flexibility mechanisms, requests for available extensions, and even consent decree discussions, should begin sooner rather than later.

Finally, the Department also believes that, as a tool of last resort, the Federal Power Act provides a vital legal tool for ensuring grid reliability. Under Section 202(c), the Secretary has the authority to order a generator to operate in emergency conditions. While the Department has only exercised this authority on six occasions, we should be prepared to act in a timely fashion to ensure conditions for grid reliability are maintained as EPA's regulations are implemented.

The bottom line is this: we can work to implement these new rules, and continue our history of working together to provide safe, reliable electricity to American consumers. I thank you for your time, and look forward to a great discussion.