

## **FERC Chairman Neil Chatterjee**

### **Interview with Alix Steel, Bloomberg Markets: Balance of Power**

**November 9, 2017**

**Alix Steel:** U.S. Federal Energy Regulatory Commission Chairman, FERC, his name is Neil Chatterjee, he's joining us from Washington. Neil, thank you so much for joining us today. That was kind of a setup to your job right now. You've got a deadline, December 11. Are you going to make it?

**Chairman Neil Chatterjee:** We are. We're statutorily obligated to consider DOE's NOPR by the 11<sup>th</sup>, and we're on a trajectory to meet that deadline.

**AS:** Can you give us any specifics?

**NC:** So, we have some options. We could accept the NOPR as drafted, or we could go in our own direction. We could look to long-term solutions to answer the questions that Secretary Perry has asked about resilience and the attributes that some of these generating assets have and whether or not they're being appropriately captured by the existing marketplace. And we could also look to an interim step as we answer the longer-term question to make sure that some of these plants that are being pressured stay on line while we do that analysis.

**AS:** And at the heart of this issue is demand for electricity. You want reliability in your power grid and in theory that's why those were excited about this proposal, say you need it. You need to stockpile that because you can't stockpile natural gas and renewables in the same way. But power demand has not been growing. Why do you think we need it, especially when we haven't had a blackout in three to five years.

**NC:** I don't want to take that chance. I think my approach is going to be one of no regrets. As we look to our evolving grid and our power markets, we need to make sure, Americans need to be assured, that when they hit the light switch, that the lights come on. I don't think we can gamble with that. And we just want to make sure we're right. And so, if in fact, we do determine that we need some of these plants, we need that fuel diversity in the future, I think it's prudent for us to do the analysis to make that

determination. And I also think it's important to cast that interim lifeline because the worst-case scenario would be, we do have a long-term analysis, we figure out we actually did need these plants, but they're gone. They're off-line. And we can't get them back.

**AS:** Neil, how does this not break the power market?

**NC:** There are ways to do this. The Federal Energy Regulatory Commission has tools in its kit that will enable us to potentially have plants run because they are needed for reliability without altering dispatch, without altering the way that markets are currently functioning. It could have a minimal impact.

**AS:** But you could make the argument that a lot of these plants should be shut down if you didn't wind up subsidizing them.

**NC:** So what we have to look to is the value that those plants provide for long-term reliability and resilience. And if in fact the markets today aren't properly compensating those plants for that value, that's something we need to look at. That's part of the iterative process of making sure these markets are continually functioning at the highest, most efficient level.

**AS:** So obviously what I'm getting at is the criticism, is that this proposal would just be for subsidized coal, and prop up the industry that's being eaten by natural gas. And to support that, the Sierra Club has shown through some emails that the senior advisor at the DOE asked for and got input from the lobbyist for Peabody Energy. How do you then dispute that this is not to prop up coal?

**NC:** So FERC is an independent agency. We have our own process, and our process is fact-based, it is data-based. We build a record, we're in the process of building that record now and we move forward, and I have said that whatever steps we take moving forward are going to be legally defensible and will not distort our existing markets. And to that end, I think the idea that we would prop up a particular fuel source, FERC does not choose winners and losers. We don't start with the fuel source and work backwards. We move forward with our policies in a fuel-neutral manner. So, this isn't about identifying winners and losers.

**AS:** OK, so then what do you say to the natural gas lobbyists, and the renewable lobbyists, who are going to say to you, ‘You’re propping up this industry and hurting what we’re able to charge for power’?

**NC:** I think natural gas and the revolution that we’ve had has been extraordinary for the economy. I don’t want to do anything to hurt the natural gas industry. I don’t want to do anything – I believe in markets. I don’t want to disrupt the markets that we’ve spent two decades, and billions upon billions of dollars to build. I think we can do that without having that disruptive market impact.

**AS:** So then Neil can you reassure our viewers that whatever step you do take, [there] will still be a market in power?

**NC:** Absolutely. I am committed to ensuring that whatever steps we take forward, answer the question that Secretary Perry has asked about long-term grid resilience in a legally defensible way that does not distort our existing markets.

**AS:** We also have a lot of other members coming in for FERC. You have new members, Kevin McIntyre will become Chairman as well. Have you spoken to McIntyre about Rick Perry’s plan, and if so, what are his thoughts?

**NC:** I have not spoken to him specifically about the Secretary’s proposal, but I am confident that Kevin is somebody with a lot of expertise. He’s a smart, thoughtful guy. He’s going to come in, he’s going to evaluate the record, he’s going to carefully examine the work before us, and I hope that he will ultimately be persuaded to follow the course that I’ve laid out.