

Bill Loveless: Cheryl LaFleur is the newest member of the Federal Energy Regulatory Commission, and she brings a calling card: reliable electricity supply. The former utility executive sat down with Chris Newkumet, Platts' Chief Editor of Inside FERC, and the two discussed critical issues for consumers and the economy.

Chris Newkumet: Since joining the Commission this summer, you've indicated that electric reliability is going to be a high priority for you. Acknowledging that reliability is critical, what does that really mean for you, for the Commission, for U.S. consumers?

Commissioner LaFleur: Electricity is really the commodity that powers all sectors of our society and our economy, so I know from being a citizen myself and from lots of work with customers that really nothing is more important to them in terms of their energy than being able to count on the electric grid to be there when they need it. I think another reason it's a priority is it's a relatively new area of FERC's jurisdiction, and a lot of the rules still have to be written, and we're still working on how we best ensure the reliability and security of the electric grid.

Newkumet: The National Electric Reliability Organization recently suggested that pending EPA rules on emissions and water intake may compromise grid reliability. That rekindled the age old debate over energy production and its impact on the environment. What was your reaction to that assessment by NERC?

Commissioner LaFleur: I thought it was very carefully done, one of a number of studies that have come out that really look at how both existing and proposed EPA rules could impact the electric generation fleet, and the study found that, rather unsurprisingly, as the rules are tightened, in many areas calling for a different environmental profile of our generation, not all of the current fleet will be economic to retrofit, and so there will be changes needed in where we get our electricity.

Newmuket: But do you see this as a crisis looming for the nation or a call to action?

Commissioner LaFleur: I think much more of a call to action and, really, as much of an opportunity as a challenge. I think NERC was doing its job by alerting people to an issue that is several years in the future, so that we can consider as a society how we respond with investments in existing resources, bringing in clean, new resources, strengthening the transmission grids to get that power to people, and also the EPA, of course, is still working on the timing and transitioning of a lot of its rules, and NERC was really highlighting those issues. But I don't think it's reason for panic, more a reason for action.

Newmuket: But some industry groups have been critical of FERC, saying that you're not doing enough to promote the development of clean energy generation, that you're standing on the sidelines. How do you react to that?

Commissioner LaFleur: I don't think so. You're always going to be criticized by people no matter what you do, but I think that FERC has clearly made it a priority to help clean, new energy resources get connected and get serving customers. I think we've done that in at least two ways. One, by helping the rules get written so wind, solar, demand response, storage and other

new resources can participate in markets and also helping the details of the rules get written so they can effectively play in the power grids. But secondly, FERC is helping to get the rules written to build more electric transmission which is what's needed to bring new resources to market. So I think this is very much a priority at the Commission.

Newmuket: Strong regulatory authority to greenlight the construction of high-voltage transmission is considered critical to the emergence of intermittent resources, such as solar and wind, but the picture is cloudy there. Does Congress need to clear that up for FERC and for DOE?

Commissioner LaFleur: The amount of solar and wind that is already connected and is under construction and has applications into the queues – or the requests to interconnect with the different grids, even under the existing set of laws, is a staggering amount. It would really become a major part of our power generation. I mean, wind is expected to account for up to 20 percent of the generation we use in the country when it was less than 3 percent just a couple years ago, so I think under the existing set of laws as interpreted by FERC and the different rules in the different states requiring the purchase of more variable resources, we're seeing a lot coming in. Things that could have been done by Congress at the national level could help that.

Newmuket: Such as? On transmission in particular.

Commissioner LaFleur: I think I was referring more to some of the more direct things that Congress would do to require purchasing of renewables, but, on transmission, I think the Commission has robust authority under the Federal Power Act, but some of the proposals that were floated in Congress last year to give clearer authority would only augment that.

Newmuket: Thank you so much.