FERC Podcast Transcript

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Interview with Jignasa Gadani, Director of FERC's Office of Energy Policy and Innovation

Craig Cano: Welcome to Open Access. I'm Craig Cano. Today we're sitting down with Jignasa Gadani, director of FERC's Office of Energy Policy and Innovation, to talk about the work her office is doing. Jignasa, thanks for joining us.

Jignasa Gadani: Thank you. It's great to be here.

Craig Cano: Let's start by talking about the Office of Energy Policy and Innovation, which we call OEPI. At FERC there are offices for very specific regulatory oversight purposes: Energy Markets and Rates, General Counsel, Enforcement, Electric Reliability, Energy Projects. So, what is OEPI, and what is it you do?

Jignasa Gadani: OEPI works across all those program offices and with the Commissioners on development of policies and rules that address emerging challenges in the electric and natural gas industries that FERC regulates. We were created in 2009, and have about 80 staff, including those who recently joined OEPI from the Office of Enforcement, because their work aligns with OEPI's role at the Commission. These staff members conduct and publicly present energy market assessments that examine the operation and the performance of the energy markets.

Craig Cano: What are some of the office's primary responsibilities?

Jignasa Gadani: Overall, OEPI evaluates the energy markets and the interstate grid to improve economic efficiency, system operations, and reliability in light of new developments and in response to changing resource mix and governmental public policies. Specifically, we examine energy market rules to ensure adequate compensation for resources responding to system needs, such as in the Commission's price formation efforts. We also explore how to remove barriers to ensure access to the market and to the grid by all resources, as seen in the Commission's recent storage rule and generator interconnection rule. We have looked for ways to coordinate between wholesale electric markets and the natural gas industry; as I mentioned, we also conduct regular energy market energy assessments.

Craig Cano: And why are those issues important? Well, let me put that another way, what does that mean for the average energy consumer?

Jignasa Gadani: That's an important question for OEPI, because yes, these challenges do affect consumers. The Commission regulates wholesale energy markets and the interstate transmission grid that the average customer may not always think impact their

everyday life. However, the entities serving the average customer participate in these markets and use the grid and are affected by the Commission's work. On top of that, increased customer participation in controlling their energy choices has led to more interaction between the federally regulated transmission system and state regulated distribution system. New developments in technology amplify these interactions. The Commission currently is gathering more information to determine what the role of distributed energy resources, like electric vehicles, once aggregated, would have in wholesale energy markets. FERC must stay on top of these developments so we can ensure that rates charged to consumers are just and reasonable, and not unduly discriminatory or preferential. So yes, our work affects energy consumers; that's why it's important that we do it thoughtfully.

Craig Cano: Tell us how OEPI does its work.

Jignasa Gadani: We start with a talented, dedicated group of economists, engineers, analysts and lawyers within our office. We lead research projects on energy market design, analyze the energy markets, and translate the results into policy recommendations. Assessing industry trends and innovation in the electric and natural gas industries and identifingy regulatory barriers to innovation, is another part of our job. We also evaluate the outcomes of recent policy changes on market participant behavior and market operations. OEPI provided technical and policy-oriented analysis to support the Commission's review of industry proposals. We also hold technical conferences, produce public staff reports, and write internal issue papers. All of this is done in collaboration FERC's other program offices and results in rulemakings and orders on industry proposals.

Outreach is a key part of what we do as well. We meet with a range of energy industry participants and stakeholders, public power and other regulators – from state, federal and international bodies. Our outreach informs our analyses and policy recommendations.

Craig Cano: So now that we know what OEPI does, share with us some of the major issues that you are working on right now.

Jignasa Gadani: Sure. I'll share three issues. Energy storage is a big part of what we're currently working on. Storage is emerging as a new energy resource because of advancements in battery technology and its cost-effectiveness. This technological advancement directly affects energy market competition. In 2018, the Commission finalized a rule on energy storage, known as Order No. 841. It removes barriers to the ability of energy storage resources in the capacity, energy, and ancillary services markets operated by the regional operators that FERC oversees. The Commission is requiring the regional power market operators to establish a new model for participation in their markets – a model that recognizes the physical and operational characteristics of electricity storage resources. Now, we're working on addressing the compliance plans from the regional operators in order for them to implement these reforms.

Second, we are also working on an inquiry on whether the Commission's transmission incentive policy is providing a signal for appropriate investment in the transmission grid, balancing need with cost.

Third, in the past few months we held staff workshops to discuss the technological advancements that could help increase the capacity, efficiency, or reliability of transmission facilities. One was on managing transmission line ratings and the one last week was on Grid Enhancement Technologies. The topics discussed are really important and cutting-edge for system owners and operators around the country. We heard from various experts and industry representatives on the use of these technologies in transmission planning and operations, and the challenges to these technologies' deployment and implementation. We discussed what the Commission can do to meet those challenges, including providing incentives for, or requiring adoption of, grid-enhancing technologies by utilities and market operators.

Craig Cano: Those workshops sound very interesting. What do you expect to learn?

Jignasa Gadani: We need to digest all of the information – both workshops had multiple presentations from over 30 participants. But I will say I learned a lot about how utilities in the U.S. and abroad are using various technologies to improve performance and reliability as their systems face new challenges every day. I also heard about various hurdles that may need to be overcome to encourage the adoption of these technologies, including how technology needs to be proven before being adopted but there needs to be a first mover to encourage innovation. Additionally, I heard a consistent measure of benefits for new technologies is also important but may be difficult to create.

Craig Cano: And what about grid resilience? Everybody wants to know what FERC's doing on that front. Is there anything that you can tell us?

Jignasa Gadani: What I can say is that the Commission and staff have spent a tremendous amount of time reviewing comments, and formulating ideas on what steps the Commission might be able to take. At the staff workshops I mentioned earlier, several experts discussed why they thought the various new technologies might help with resilience of the grid.

Craig Cano: With all that going on, I should let you get back to work! Thank you very much though for taking the time to be with us today, Jignasa.

Jignasa Gadani: Thank you.

Craig Cano: FERC is an independent regulatory agency that oversees the interstate transmission of electricity, natural gas and oil. FERC reviews proposals to construct and operate interstate natural gas pipelines and liquefied natural gas terminals, and oversees the licensing of nonfederal hydropower projects. FERC protects the reliability

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