ELECTRICITY

Industry execs split on baseload, reliability

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House Energy and Commerce Subcommittee on Energy Chairman Fred Upton (R-Mich.) held a hearing yesterday on the electricity industry. Energy and Commerce Committee

A former chairman of the Federal Energy Regulatory Commission told lawmakers yesterday that coal and nuclear power plant retirements are primarily being caused by low natural gas prices and other market forces, not regulatory policy, and that there is no evidence that the trend will threaten electric grid reliability.

The comments from Joseph Kelliher, now executive vice president for federal regulatory affairs at NextEra Energy Inc., came days after a leaked draft study from the Department of Energy included essentially the same findings (***Greenwire***, July 17).

But questions remain about how Energy Secretary Rick Perry and other political staff at DOE will choose to present the final version of their study. The initial premise of the review, which has been repeatedly delayed, was that officials were concerned about whether the closings of baseload coal and nuclear plants have been caused by policies favoring renewables and are hampering reliability.

Kelliher, one of several energy industry representatives testifying in front of the House Energy and Commerce Subcommittee on Energy yesterday, later doubled down specifically on coal plant closures.

"Coal plant retirements are driven in most places by pure cost factors ... the retirements are primarily driven by economics and not by environmental regulation," said the former George W. Bush appointee.

The strongest objections to his views came from Tamara Linde, an executive at New Jersey energy company Public Service Enterprise Group Inc., who argued that regulatory intervention is needed to keep nuclear plants open. If they are allowed to close, the reliability and resilience of the grid will be compromised, she said.



"If PSEG's nuclear plants were to close, the overwhelming majority of remaining generation in New Jersey would be natural gas," Linde said in her opening statement. "The utility mantra has always been to have an additional line of defense to deal with unexpected events. It's in our DNA to strive to build a system where we are not overly reliant on any single facility — or any single fuel source — to ensure the availability of the life-giving commodity our customers rely on."

Linde was also the only of the seven executives who, when asked directly by Rep. Fred Upton (R-Mich.) what the main drivers of change in the electricity industry are, named policymaking.

Joseph Kelliher, federal regulatory affairs executive vice president at NextEra Energy Inc., testified about the electricity industry. He used to lead the Federal Energy Regulatory Commission. House Energy and Commerce Committee

"States are driving policies that are encouraging and enabling investment in renewables," she said.

The other six named technological advances and low market prices for natural gas and renewable energy.

The question of fuel diversity came up repeatedly throughout the hearing. All of the witnesses agreed that it is important, but there was disagreement about whether regulators should intervene to encourage diversity.

Kenneth Schisler, vice president of regulatory affairs at EnerNOC, said that "fuel diversity is good, but I think we need to use market forces to achieve it as far as possible." And Jackson Reasor, CEO of Old Dominion Electric Cooperative, warned that "creating winners and losers" by "regulating diversity" is a tricky path.

"There's not really a diversity crisis that we need to act on," said Kelliher.

Again, Linde split off from the pack, citing nuclear's contribution to fuel diversity as a reason for tilting the scale to ensure that nuclear plants survive.

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