

[First Look: DOE's NOPR to FERC on Grid Resiliency Pricing](#)

Proposes that certain power plants be offered new pricing dependent on their "resiliency" — defined by having a 90 day supply of fuel on-site — which FERC later rejects.

Updated last **January 12, 2018**
for the 01/08/2018 FERC response to DOE.



WHAT IT DOES

On September 28, 2017, Secretary of Energy Rick Perry submitted a [Notice of Proposed Rulemaking \(NOPR\) to the Federal Energy Regulatory Commission \(FERC\)](#) calling for certain power plants to be offered new pricing that rewards them for their "resiliency."

Resiliency in this case was defined as the ability to continue normal operation in the event of fuel supply disruptions due to emergency or disaster. For power plants to be eligible for the new pricing, they would have been required to have on-site a 90-day supply of fuel and meet several other regulatory conditions. The NOPR argued that decreasing resiliency is leading to more power disruptions; however, this conclusion contradicts findings in other recent Department of Energy and National Electricity Reliability Corporation (NERC) studies on U.S. power system reliability. The proposed rule applied only to plants located in specific electricity markets, called RTOs and ISOs, and would have significantly altered pricing dynamics in those markets by providing additional revenue to coal and nuclear plants, which have otherwise been out-bid by lower-cost natural gas and renewable plants.

Update: On January 8th, 2018, [FERC unanimously declined to continue the Rulemaking Process](#) initiated by Secretary Perry on the basis that the Proposed Rule did not meet the legal standards required for FERC action. Instead, FERC initiated a new proceeding to look at grid reliability more holistically, with regional grid operators directed to submit initial comments within 60 days.

RELEVANT EXPERTS

The Nicholas Institute for Environmental Policy Solutions at Duke University held a webinar entitled "[DOE's Directive to FERC on Baseload Resources: Understanding the Legal and Market Implications](#)" on October 19, 2017. The full video of the webinar, as well as the associated resources, can be found [here](#).

STATUS

The proposed rule was published by the Department of Energy on October 10, 2017, and directed the Federal Energy Regulatory Commission to take final action by December 11, 2017 or to issue the proposed rule as an interim final rule. The Commission requested public comments on or before October 23, 2017, with reply comments due on or before November 7, 2017.

Update: The five-member FERC unanimously rejected the NOPR on January 8, 2018, instead asking RTOs and ISOs to respond to a list of questions regarding grid resilience within 60 days.

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ENERGY SUBCATEGORY

[Production, Conversion, Distribution](#)

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