FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 3, 2014

OFFICE OF THE CHAIRMAN

The Honorable Fred Upton
Chairman
Energy & Commerce Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Upton:

Thank you for your letter of November 24, 2014, on the electric reliability aspects of certain regulations proposed by the Environmental Protection Agency (EPA), particularly the Clean Power Plan.

As you know, reliability has been a top priority for me throughout my time on the Commission. FERC supports the reliability and security of the electric grid in several ways. For example, FERC is responsible for authorizing the construction of certain energy infrastructure, such as interstate natural gas pipelines, liquefied natural gas terminals, and non-federal hydropower generation. Also, as part of our responsibility to ensure just and reasonable rates, FERC works to ensure that energy markets provide appropriate signals for investment in needed infrastructure, including wholesale electric generation and transmission facilities. Finally, FERC oversees the development and enforcement of mandatory reliability standards for the bulk power system. EPA is of course responsible for promulgating environmental regulations under the statutes it implements.

In this context, FERC can and should help EPA understand the implications that such regulations may have on electric reliability and support utility compliance with those regulations where necessary and to the extent possible. To this end, Commission staff has communicated regularly with staff from EPA, the Department of Energy (DOE) and industry participants during the past few years to track utility efforts to comply with EPA's Mercury and Air Toxics Standards (MATS). More recently, the Commission commented to EPA on the first request by a utility for a fifth year to comply with the MATS rule. FERC stated that, unless the utility is able to procure additional resources, the affected unit is needed to maintain reliability in accordance with EPA's MATS policy.

You ask for information on consultation and coordination between the Commission and EPA over the last 18 months, citing a 2012 report on this issue by the Government Accountability Office (GAO). As you may know, GAO updated its report in August 2014, and stated that "DOE, EPA, and FERC have taken initial steps to monitor industry progress responding to EPA regulations including jointly conducting regular meetings with key industry stakeholders." Also as noted by GAO, in May 2013, staff from the three agencies "jointly developed a coordination memorandum that was intended to identify how the agencies would work together to address the potential effects of EPA's regulations on reliability." Additional details on communication between the Commission and EPA are contained in the attachments to this letter.

You also ask the Commission to hold a technical conference soon on these matters. Prior to receiving your letter, my colleagues and I began discussions regarding whether to hold such a conference and, if so, the appropriate scope and timing of such a conference. We hope to decide on an appropriate course of action in the near future. I understand the importance of these issues.

Thank you for your inquiry. If I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

Cheryl A. LaFleur
Chairman

Attachment A

The list below provides information about meetings or discussions with EPA related to the development of the Clean Power Plan ("Proposal").

On February 7, 2014, the Chairman and others from FERC met with EPA officials at FERC headquarters. At the meeting, the EPA officials described in very general terms aspects of the Proposal. On February 18, 2014, FERC staff met with EPA staff at EPA headquarters in Washington, DC, as a follow-up to learn more about the Proposal.

On March 6, 2014, FERC staff met at EPA headquarters with staff from EPA and DOE to discuss certain concepts proposed in a paper by RTOs related to the Proposal.

On April 16, 2014, FERC staff met with EPA staff at EPA headquarters in Washington, DC, to review parts of a draft of the Proposal and to ask about certain issues and information in the Proposal.

On April 23, 2014, FERC staff participated in a telephone conference with staff from the EPA and the Office of Management and Budget (OMB) regarding a draft of the Proposal. FERC staff provided oral comments on the draft Proposal, which focused primarily on reliability. FERC staff commented on the draft's contemplated increases in the capacity factor for natural gas combined cycle units, renewable generation, and coal heat rates. In particular, FERC staff commented on pipeline and other infrastructure adequacy given the potential increased utilization of natural gas combined cycle units and renewable generation in the draft Proposal. FERC staff also commented on the advisability of regional collaboration among states and some form of a "reliability safety valve."

On May 29, 2014, FERC staff met with staff from EPA at EPA headquarters in Washington, DC. EPA staff provided FERC staff with an oral summary of the draft Proposal.

On July 18, 2014, FERC staff met with EPA staff at EPA headquarters in Washington, DC. The EPA staff provided FERC staff with an oral update on the public response to the Proposal.

On October 7, 2014, FERC staff met with EPA and DOE staff at EPA headquarters in Washington, DC to discuss questions regarding the Proposal, including aspects relevant to electric reliability, that EPA planned to ask in a supplemental issuance. Subsequently, FERC staff had two or three brief phone calls or conversations with EPA staff regarding this issuance, primarily on the expected date of EPA's issuance.

On December 15, 2014, FERC staff plans to meet with EPA and DOE staff at EPA headquarters in Washington, DC to discuss aspects of implementation of a final rule under 111(d).

Attachment B

The list below provides information about meetings with EPA related to other proposed and final EPA regulations. In addition, staff from FERC, EPA and DOE continue to hold monthly calls with key stakeholders on the implementation of the Mercury and Air Toxics Standards (MATS). Please see Attachment C for the dates of these conference calls in the last 18 months.

On November 5, 2013, FERC staff met with staff from EPA at EPA headquarters in Washington, DC, concerning the EPA's proposed rule to establish requirements for cooling water intake structures at existing facilities under Clean Water Act section 316(b).

On November 22, 2013, staff from FERC, EPA's air division and DOE met at EPA headquarters in Washington, DC. We have not been able to identify the specific topic, from staff recollections or available records.

On June 11, 2014, FERC staff held a conference call with staff from EPA regarding implementation of EPA MATS enforcement policy in anticipation of a request for an Administrative Order to operate in noncompliance for an additional year under 113(a) of the Clean Air Act.

On July 1, 2014, FERC staff held a pre-filing meeting to review an entity's potential plans to submit to EPA a request for an Administrative Order. EPA staff participated in this meeting by phone. FERC staff will also meet/met with this entity on December 4, 2014. This entity has not yet filed a request for an Administrative Order.

On August 25, 2014, FERC staff held a call with EPA staff concerning Kansas City Board of Public Utilities' (BPU) request for an Administrative Order under the MATS rule.

On September 3, 2014, FERC staff provided to EPA staff a background presentation on FERC's regulation of electric utilities under the Federal Power Act. This presentation was not related to any particular proposed or final rule, and was intended to provide a high-level overview of FERC's authorities and policies.

On September 15, 2014, FERC staff held a call with EPA staff concerning BPU's request for an Administrative Order under the MATS rule.

On September 24, 2014, FERC staff held a call with EPA staff, staff from EPA Region 7, and BPU regarding its request for an Administrative Order under the MATS rule.

On October 17, 2014, FERC staff held a call with EPA staff concerning BPU's request for an Administrative Order under the MATS rule.

On November 6, 2014, FERC staff held a call with EPA staff concerning BPU's request for an Administrative Order under the MATS rule.

Finally, FERC staff has listened to certain OMB-organized conference calls at which EPA discussed its coal ash final rule.

Attachment C: Conference Call Updates on MATS Compliance

Subject	Start	End
Update with MISO	Tue 6/18/2013 2:30 PM	Tue 6/18/2013 3:00 PM
Update with ERCOT	Wed 6/26/2013 1:00 PM	Wed 6/26/2013 1:30 PM
Update with SPP	Mon 7/8/2013 11:30 AM	Mon 7/8/2013 12:00 PM
Update with PJM	Thu 7/11/2013 10:30 AM	Thu 7/11/2013 11:00 AM
Update with ERCOT	Thu 7/18/2013 3:30 PM	Thu 7/18/2013 4:00 PM
Update with MISO	Mon 7/22/2013 11:00 AM	Mon 7/22/2013 11:30 AM
Update with SPP	Thu 8/8/2013 11:30 AM	Thu 8/8/2013 12:00 PM
Update with PJM	Mon 8/19/2013 9:30 AM	Mon 8/19/2013 9:30 AM
Update with SPP	Mon 8/19/2013 3:00 PM	Mon 8/19/2013 3:30 PM
Update with ERCOT	Wed 8/21/2013 11:00 AM	Wed 8/21/2013 11:30 AM
Update with SPP	Mon 9/9/2013 11:30 AM	Mon 9/9/2013 12:00 PM
Update with MISO	Tue 9/17/2013 10:00 AM	Tue 9/17/2013 10:30 AM
Update with ERCOT	Mon 9/23/2013 2:00 PM	Mon 9/23/2013 2:30 PM
Update with PJM	Thu 9/26/2013 9:30 AM	Thu 9/26/2013 10:00 AM
Update with SPP	Thu 10/10/2013 10:00 AM	Thu 10/10/2013 10:30 AM
Update with MISO	Wed 10/23/2013 10:30 AM	Wed 10/23/2013 11:00 AM
Update with SPP	Thu 10/24/2013 10:00 AM	Thu 10/24/2013 10:30 AM
Update with ERCOT	Mon 10/28/2013 4:00 PM	Mon 10/28/2013 4:30 PM
Update with PJM	Thu 10/31/2013 9:30 AM	Thu 10/31/2013 10:00 AM
Update with ERCOT	Wed 12/4/2013 3:00 PM	Wed 12/4/2013 3:30 PM
Update with SPP	Mon 12/9/2013 11:00 AM	Mon 12/9/2013 11:30 AM
Update with PJM	Thu 12/12/2013 2:00 PM	Thu 12/12/2013 2:30 PM
Update with MISO	Mon 12/16/2013 10:00 AM	Mon 12/16/2013 10:30 AM
Update with ISO-NE	Thu 12/19/2013 10:00 AM	Thu 12/19/2013 10:45 AM
Update with PJM	Fri 1/17/2014 1:00 PM	Fri 1/17/2014 1:30 PM
Update with SPP	Tue 1/21/2014 10:00 AM	Tue 1/21/2014 10:30 AM
Update with MISO	Wed 1/29/2014 10:00 AM	Wed 1/29/2014 10:30 AM
Update with ERCOT	Wed 2/5/2014 11:30 AM	Wed 2/5/2014 12:00 PM
Update with MISO	Fri 2/21/2014 10:30 AM	Fri 2/21/2014 11:00 AM
Update with SPP	Tue 2/25/2014 10:00 AM	Tue 2/25/2014 10:30 AM
Update with PJM	Mon 3/3/2014 2:00 PM	Mon 3/3/2014 2:30 PM
Update with ERCOT	Tue 3/4/2014 3:00 PM	Tue 3/4/2014 3:30 PM
Update with SPP	Tue 3/25/2014 10:00 AM	Tue 3/25/2014 10:30 AM
Update with ERCOT	Wed 4/9/2014 2:30 PM	Wed 4/9/2014 3:00 PM
Update with PJM	Fri 4/11/2014 10:00 AM	Fri 4/11/2014 10:30 AM
Update with MISO	Wed 4/23/2014 9:30 AM	Wed 4/23/2014 10:00 AM
Update with SPP	Tue 5/13/2014 11:00 AM	Tue 5/13/2014 11:30 AM
Update with ERCOT	Wed 5/14/2014 11:30 AM	Wed 5/14/2014 12:00 PM
Update with PJM	Tue 5/20/2014 10:30 AM	Tue 5/20/2014 11:00 AM
Update with MISO	Mon 6/9/2014 10:00 AM	Mon 6/9/2014 10:30 AM
Update with ERCOT	Wed 6/18/2014 10:00 AM	Wed 6/18/2014 10:30 AM
Update with SPP	Thu 6/19/2014 2:30 PM	Thu 6/19/2014 3:00 PM