



# Joint ISOs/RTOs Comments to EPA Regarding Reliability Concerns with the Proposed Greenhouse Gas New Source Performance Standards

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Operating Committee  
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## Key Statistics

Millions of people served	154+
Gigawatts of generating capacity	648
Miles of transmission lines	284,800
2022 terawatt hours of annual energy	2,200
Square miles of territory	2,000,000
States served	30 + DC



- Compliance requirements reach virtually the entire natural gas and coal fleet
- Compliance requirements are based on an assumption of widespread commercial availability of carbon capture and sequestration (CCS) or substantial co-firing with hydrogen
- Proposed compliance requirements limited to ‘inside the fence line’ solutions given Supreme Court rejection of Obama-era Clean Power Plan
- Requirements are implemented through state implementation plans which are subject to ultimate US EPA approval

- We detailed concerns with the proposed timelines and provisions that could accelerate the pace of retirements of generation needed to support load demands and system stability given an increasing amount of intermittent renewable generation on the grid
- We pointed out shortcomings in EPA's reliability assessment
- We proposed complete reconsideration of the requirements for new gas-fired combustion turbines
- We outlined various 'Reliability Safety Valves' to ensure that reliability can be maintained

- EPA took note of reliability concerns raised in its prior notice and sought supplemental comments seeking input on existing and proposed mechanisms to ensure reliability within the Final Rule
- EPA outlines its proposal to FERC in Technical Conference
- PJM's Mike Bryson provides testimony in response to EPA's presentation outlining our reliability concerns.

Given the request for initial Comments, the Joint ISOs/RTOs came together on a more detailed set of Comments outlining specific proposals to address:

- Near-term and immediate needs for unit-specific relief that will allow units to run during system emergencies;
- Longer-term regional resource adequacy challenges that would require targeted relief from certain provisions of the Rule in order to ensure that each region can continue to meet its target reserve margin

- From EPA's Effluent Limitation Guidelines
  - Permit conditions allow for the operation of a unit under limited circumstances for grid reliability
- From EPA's Clean Power Plan
  - Allows a unit to operate for an initial period of up-to 90 days, complying with an alternative standard. May be extended.



We provided EPA with four options for creating a longer term resource adequacy-based 'Safety Valve'. These include:

- **EPA Action**: Clear direction on use of Remaining Useful Life and Other Factors
- **EPA Action**: Creation of a sub-category for units needed for reliability
- **EPA Directives to States**: Clear guidance to states on what would be an acceptable plan in regards to resource adequacy and regional reliability
- **Market-Based Option**: Guidance allowing the creation of a regional bank of reliability allowances to be used in system emergencies



## Option One: Remaining Useful Life and Other Factors (RULOF)

- ISO/RTO or other Balancing Authority identified need
- Six years in advance, reviewed and revised annually
- Units would be allowed to operate (through compliance extensions, etc)
- Use of pre-determined enforcement discretion rules
- State plan variance or revision

- ISO/RTO or other Balancing Authority identified need
- Five years in advance
- Identification of needed megawatts of capacity to address resource adequacy and shortfalls of needed regional reliability services

## Option Three: Region-Wide Resource Adequacy and Reliability Provisions

- ISO/RTO identifies a regional reliability need that will be exacerbated by the provisions of the Proposed Rule (such as premature retirements of needed fossil generation without a similarly paced replacement of that generation in like kind)
- ISO/RTO proposes to EPA an identification of a specific quantity (number of MWs) which it projects it will be short and seeks temporary relaxation of specific provisions of the Rule to accommodate that number of megawatts being maintained
- EPA would defer to the ISO/RTO determination (or any FERC or state PUC ruling on the ISO/RTO action)

- States would be required to work with their ISO/RTO or BA and build in an expedited, if not automated, process that would allow for the plan to be modified upon the identification of a resource adequacy or other reliability issue
- States in an ISO/RTO or BA region would need to act as a region in modifying individual state plans (including extending deadlines) upon identification and verification of a regional resource adequacy or reliability issue (so as to respect regional resource adequacy needs and the realities of the regional dispatch)

- EPA would authorize the creation of a bank of “regional reliability allowances” which would be available to unit owners in the region should emergency conditions or resource adequacy issues arise in a given region as certified by the ISO/RTO or BA and confirmed by FERC
- There would be competition for the purchase of those allowances within the region with recovery of the purchase costs in each resource’s market bids

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