UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Certification of New Interstate Natural Gas Facilities	**)**	**Docket No. PL18-1-001**
Consideration of Greenhouse Gas Emissions in Natural Gas Infrastructure Project Reviews	**)**	**Docket No. PL21-3-001**

LIMITED REPLY COMMENTS OF PJM INTERCONNECTION, L.L.C. AND THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to the Federal Energy Regulatory Commission's ("FERC" or the "Commission") March 23, 2022 order in the above-captioned proceedings,[1] PJM Interconnection, L.L.C. ("PJM") and the Midcontinent Independent System Operator, Inc. ("MISO") respectfully submit the following limited reply comments in the above-captioned proceedings related to the Updated Draft Policy Statement and the Draft GHG Policy Statement (collectively, the "Draft Policy Statements").

I. LIMITED REPLY COMMENTS

PJM and MISO collectively operate grids of over 387,000 MW of generation, serving over 107 million retail customers in 24 states and the District of Columbia. The PJM region includes over 92,400 MWs of natural gas generation, while MISO includes over 76,600 MWs of natural gas generation.

PJM and MISO are fuel-neutral in the operation of their respective transmission systems. However, as Regional Transmission Organizations ("RTOs"), PJM and MISO are particularly interested in ensuring the reliability and resource adequacy of the regions they serve. Until there

[1] *Certification of New Interstate Natural Gas Facilities*, 178 FERC ¶ 61,197 at P 2 (2022) ("The Commission invites comments on the draft policy statements by April 25, 2022,[3] and reply comments by May 25, 2022.")

is widespread development and deployment of alternative technologies, the capabilities found in the natural gas generation fleet remain an essential reliability tool to the transition to a low or carbon-free electricity future. As a result, a robust gas pipeline infrastructure will be critical to helping support that industry transition in an efficient and reliable manner.

PJM and MISO take no position on the issue of the appropriate scope of environmental reviews for pipelines. This issue will be briefed on all sides by the commenters in these proceedings and will ultimately turn on the Commission's interpretation of its role under the applicable statutes governing pipeline permitting. These proceedings also seek input on whether the determination of need should include considerations beyond the submittal of precedent agreements by affiliated and non-affiliated entities.

As the Commission undertakes its review of the draft policies, PJM and MISO urge the Commission to keep in mind that the continued availability of natural gas and associated infrastructure is a key component in ensuring long-term resource adequacy, and by extension, in meeting PJM and MISO's significant reliability responsibilities under Section 215 of the Federal Power Act.[2] According to PJM's 2020 Annual Report, 43 percent of the online fuel mix for summer daily peak hours consisted of natural gas generation. In MISO's region, about 40% of the summer daily peak hours are served from natural gas generation. Although both regions are seeing a substantial increase in new renewable generation, analyses undertaken by both RTOs indicate that there still will be an ongoing need for the existing, and even the addition of new, gas-fueled generation to reliably support the ongoing industry transition. This need is driven by: 1) ensuring sufficient resources that can meet ramping requirements and ensure system balance, given the intermittent nature of increasing weather-dependent renewable generation concurrent

[2] 16 U.S.C. § 824o.

with the decreasing availability of dispatchable coal generation; and 2) providing a key source of generation capacity to support resource adequacy during tight operating periods as the industry faces significant retirement of resources for environmental and economic reasons.

MISO's *Renewable Integration Impact Assessment*[3] noted that "as renewable resources supply most of the energy, the system becomes more dependent on the stability attributes of the remaining conventional generators." That report also identified periods – specifically hot summer evenings and cold winter mornings – when low availability of wind and solar resources coincides with high power demand, and the ongoing need for flexible resources to ramp-up and down around solar and wind patterns. MISO's *Futures Report* estimates that as the amount of wind and solar grow, flexible resources like gas need to remain a significant portion of the resource mix to ensure reliability. Future 1 estimates that, by 2039, if the amount of wind and solar capacity double to 26% and coal declines from 33% to 3%, gas capacity will grow from 34% to 55% to meet the bulk electric system's flexibility needs. Notably, this will still result in an estimated 63% reduction in CO_2 emissions, largely because gas resources will need to be utilized less frequently compared to today.

The study conducted by PJM – *Energy Transition in PJM*[4] – arrived at a similar conclusion, emphasizing that "until a different technology can provide a reliable substitute at scale, an adequate supply of thermal resources will be needed to maintain grid stability."[5] The

[3] Renewable Integration Impact Assessment is available here: https://cdn.misoenergy.org/RIIA Summary Report520051.pdf

[4] Phase 1 of the study is available here: https://pjm.com/-/media/committees-groups/committees/mrc/2021/20211215/20211215-item-09-energy-transition-in-pjm-whitepaper.ashx; Phase 2 of the study is available here: https://www.pjm.com/-/media/library/reports-notices/special-reports/2022/20220517-energy-transition-in-pjm-emerging-characteristics-of-a-decarbonizing-grid-white-paper-final.ashx

[5] Phase 1 at 2.

report identified that, even with a substantial penetration of 4-hour battery storage (37 GW), "thermal resources performed a critical role maintaining reliability, typically supplying 50% of the ramping needs."[6] The study evaluated a scenario in which 70% of the generation is carbon free and underscored the benefits of regional markets in facilitating a reliable and cost-effective energy transition. As a result, any future Commission pipeline policy should consider the importance of ensuring that needed pipeline infrastructure can be timely sited, and ensure that the need for infrastructure to meet electric system reliability is affirmatively considered and not lost in the debate over the scope of environmental reviews to be undertaken by the Commission.

PJM and MISO do not opine on the relative weight to be given to precedent agreements. While PJM and MISO would prefer a policy that did not require affirmative reliability determinations by RTOs to support pipeline needs assessments, any future Commission policy should make clear the opportunity for system operators or others to submit data and otherwise comment on specific needs for pipeline infrastructure in discrete geographic locations, should those entities so choose. Given the longer range planning being undertaken by RTOs, the identity of specific geographic areas where additional pipeline infrastructure would be particularly needed to support reliability may become even more apparent than it might be today. In those instances, the RTOs should have the opportunity to present that information to the Commission if they find the particular need compelling. Clarification of this option for RTOs and the Commission's willingness to consider any such submitted information could be helpful to ensure a complete record is available to the Commission in its determination of need.

[6] Phase 2 at 5.

II. CONCLUSION

In accordance with the foregoing, PJM and MISO respectfully request that the Commission accept the limited reply comments submitted herein.

Respectfully submitted,

/s/ Thomas DeVita

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On behalf of the Midcontinent Independent System Operator, Inc.

May 25, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this 25th day of May, 2022 caused a copy of the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

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