

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

**Essential Reliability Services and the                    )  
Evolving Bulk-Power System—Primary                )  
Frequency Response                                        )**

**Docket No. RM16-6-000**

**COMMENTS OF THE  
NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS**

The National Association of Regulatory Utility Commissioners (“NARUC”) appreciates the opportunity to provide comments to the Federal Energy Regulatory Commission (“FERC” or “Commission”) in response to the February 18, 2016, Notice of Inquiry (“NOI”) seeking comment on the need for reforms to its rules and regulations regarding the provision of primary frequency response.<sup>1</sup>

**COMMUNICATIONS**

All pleadings, correspondence, and other communications related to this proceeding should be addressed to the following person:

Jennifer M. Murphy  
Assistant General Counsel  
National Association of Regulatory Utility Commissioners  
1101 Vermont Avenue, N.W., Suite 200  
Washington, D.C. 20005  
Phone: 202.898.1350  
Email: jmurphy@naruc.org

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<sup>1</sup> See Notice of Inquiry, Essential Reliability Services and the Evolving Bulk-Power System—Primary Frequency Response, 154 F.E.R.C. ¶ 61,117, 81 Fed. Reg. 9182 (February 24, 2016).

## **INTRODUCTION**

NARUC is the national organization of the State commissions responsible for economic and safety regulation of the retail operations of utilities. Specifically, NARUC's members have the obligation under State law to ensure the establishment and maintenance of such energy utility services as may be required by the public convenience and necessity, as well as ensuring that such services are provided at just and reasonable rates. NARUC's members include the government agencies in the fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands. Both Congress<sup>2</sup> and the federal courts<sup>3</sup> have long recognized NARUC as the proper party to represent the collective interests of State regulatory commissions.

## **COMMENTS**

NARUC understands that primary frequency response is critical to the reliable operation of the Bulk-Power System. NARUC has been monitoring the work of FERC and the North American Electric Reliability Corporation ("NERC") regarding the decline or potential decline of primary frequency response. At our November 2015 Annual Meeting, NARUC passed a resolution encouraging generation owners and generation operators to pursue voluntary corrections necessary to improve primary frequency response and encouraging associated entities

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<sup>2</sup> See 47 U.S.C. § 410(c) (1971) (Congress designated NARUC to nominate members of Federal-State Joint Boards to consider issues of concern to both the Federal Communications Commission and State regulators with respect to universal service, separations, and related concerns); *Cf.* 47 U.S.C. § 254 (1996) (describing functions of the Joint Federal-State Board on Universal Service). *Cf. NARUC, et al. v. ICC*, 41 F.3d 721 (D.C. Cir 1994) (where the Court explains "...Carriers, to get the cards, applied to... [NARUC], an interstate umbrella organization that, as envisioned by Congress, played a role in drafting the regulations that the ICC issued to create the 'bingo card' system").

<sup>3</sup> See *United States v. Southern Motor Carrier Rate Conference, Inc.*, 467 F. Supp. 471 (N.D. Ga. 1979), *aff'd* 672 F.2d 469 (5th Cir. 1982), *aff'd en banc on reh'g*, 702 F.2d 532 (5th Cir. 1983), *rev'd on other grounds*, 471 U.S. 48 (1985).

such as balancing authorities to support generation owners and generation operators to improve primary frequency response.<sup>4</sup>

In the NOI, FERC has expressed concern that the changing generation resource mix has the potential to reduce the inertial response within some Interconnections, because variable energy resources do not provide inertial or primary frequency response unless specifically designed to do so.<sup>5</sup> FERC “believes that a substantial body of evidence has emerged warranting consideration of possible actions to ensure that resources capable of providing primary frequency response are adequately maintained as the nation’s resource mix continues to evolve.”<sup>6</sup> NARUC shares these concerns and offers the following comments in response to the NOI.

1. NARUC supports a new requirement in FERC’s *pro forma* Large Generator Interconnection Agreement (LGIA) and Small Generator Interconnection Agreement (SGIA) whereby all new generators that interconnect with the transmission grid must have the capability to provide primary frequency response as recommended by NERC’s Task Force on Essential Reliability Services.
2. At this time, NARUC does not support making the actual provision of primary frequency response by each generator mandatory. Nor does NARUC recommend requiring all existing generators to be retrofitted to be able to provide primary frequency response at this time.
3. The NOI indicates that degradation of primary frequency response seems to have stopped, at least in some areas, and some regions have experienced improvements. As

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<sup>4</sup> See *Resolution Urging Generators to Take Corrective Action and Implement Primary Frequency Response*, adopted by the NARUC Committee of the Whole, November 11, 2015, available at <http://pubs.naruc.org/pub/53A0DD48-2354-D714-5104-06A6D3EC85D9>.

<sup>5</sup> NOI at 8.

<sup>6</sup> NOI at 10.

noted above, NARUC supports voluntary efforts by all generators to install and provide primary frequency response.

4. Reliability Standard BAL-003-1, the new NERC standard that requires balancing authorities to assure adequate primary frequency response, has not yet taken effect – compliance begins December 1, 2016.<sup>7</sup> NERC must submit a report to FERC by July 2018 analyzing the availability of resources for each balancing authority to meet its frequency response obligation.<sup>8</sup> NARUC believes that FERC should wait for these efforts before pursuing any additional standards or requirements.
5. If additional standards or requirements, other than new requirements for the LGIA and the SGIA noted above, are needed, NARUC supports their development at the regional level, under NERC's auspices, so that they can be customized in order to (1) assure against over-procurement, (2) prevent unnecessary costs, and (3) assure equitable cost allocation among generators that benefit from grid interconnectivity.

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<sup>7</sup> *Frequency Response and Frequency Bias Setting Reliability Standard*, Order No. 794, 146 FERC ¶ 61,024 (2014).

<sup>8</sup> *Id.* at P 60.

## **CONCLUSION**

In conclusion, NARUC shares the Commission's concerns about whether there will be adequate resources to provide primary frequency response in the future. NARUC, therefore, supports action as outlined above to address the situation. NARUC thanks FERC for the opportunity to provide comment and requests that its views be taken into consideration.

Respectfully Submitted:

/s/ Jennifer M. Murphy

James Bradford Ramsay

General Counsel

Jennifer M. Murphy

Assistant General Counsel

National Association of Regulatory Utility

Commissioners

1101 Vermont Ave, NW, Suite 200

Washington, DC 20005

**Dated: April 19, 2016**

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary of this proceeding.

Dated at Washington, D.C.: April 19, 2016

Respectfully Submitted:

/s/ Jennifer M. Murphy