

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Technical Conference

Docket No.AD13-6000

North American Electric Reliability
Corporation

Docket No.RC11-6-004

North American Electric Reliability
Corporation

Docket No.RR13-2-000

Not consolidated

**Reliability Technical Conference
July 9, 2013**

**Statement of Jeff Burleson
Vice President, System Planning
Southern Company**

My name is Jeff Burleson, and I am Vice President of System Planning at Southern Company. Thank you for the opportunity to discuss this critically important matter of electric power reliability.

In August 2011, a threatened electric system reliability outlook existed for customers in our region due to the EPA's proposed MACT rule and its unattainable timelines. Today, we are working very hard to implement the most intense environmental control program to date. Southern Company is investing several billion dollars in the four short years spanning the spring 2012 to spring 2016 timeframe. By contrast, we have dramatically reduced emissions by already investing nine billion dollars in environmental controls. That investment was made mostly over

the course of two decades so the intensity and timing were not as difficult and cost impacts to our customers were certainly more manageable.

Our existing coal-fired generation fleet includes about 20,000 MWs, comprising 63 individual generation units. In order to comply with the EPA's MATS rule, each of the 63 coal-fired units in our fleet that does not get retired will need additional controls installed or will need work to enable a switch to natural gas. For those units that are to be retired and those that will dispatch differently, transmission projects are needed to maintain the level of reliability which our customers and state regulators expect. We are diligently working on the implementation of a variety of different control technologies that have to be individually retrofitted into existing plants of differing size, design and operational characteristics. Today, at least for Southern Companies, we are taking the steps to address the reliability impacts of the final MATS rule, which is more manageable than the proposed rule, but still very stringent and costly. We are in the process of implementing additional environmental controls on about 13,000 MWs, which we plan to continue operating on coal as a primary fuel. We plan to switch about three to four thousand MWs to natural gas as the primary fuel. And, we plan to retire another three to four thousand MWs, with some of that capacity being replaced by natural gas fired CT and CC generation. In order to maintain reliability as we retire several thousand MWs of coal capacity, install additional environmental controls on the remaining coal units, and add replacement generation, we will be dependent on fourth year MATS extensions, a number of which have already been submitted and granted by the states. While reliability risks remain if our schedules are not achieved, we currently anticipate being able to complete the transition of our 63 coal units by the end of the fourth year extension period.

Southern Companies business model is a key to our ability to provide clean, safe, reliable and affordable electric service to our customers. Our vertically integrated structure and business model enable us to implement the most diversified set of new resource additions of any utility in the industry, including nuclear, 21st century coal, natural gas, renewables and energy efficiency. Our business model focuses on the retail customer and we make decisions using criteria of what best serves their need. In our region, the balancing of customers' reliability and economic interests results in firm physical transmission delivery service for network generation resources as well as either firm natural gas transportation or fuel storage. Our planning process is designed to allow adequate time to build any needed transmission before retiring, changing, or adding native load resources. Additionally, our transmission planning process also takes into account new or upgraded facilities required to meet any third party firm physical service commitments pursuant to the open access tariff. It also includes extensive fuel price scenario analyses and comprehensive reliability assessments to ensure we can reliably and economically dispatch resources without curtailments in real-time operations.

In closing, I want to point out that the "final verdict is not in" regarding reliability and cost impacts to customers since there remains a great deal of uncertainty associated with the outcome of work currently underway by EPA to develop additional rules and proposed rules. Foremost among these is the Administration's directive and the EPA's stated intention to regulate greenhouse gas emissions from existing coal fired power plants. The completion and implementation of these additional rules will require a significant amount of input from utilities and regulators such as this Commission. Let me express Southern Companies' appreciation to

the Commission for its continued involvement in assessing the reliability impacts of EPA's rulemakings and in recognizing appropriate differences among regions.