

September 9, 2015 - Commissioner Honorable's interview with Monica Trauzzi on "OnPoint"

Monica Trauzzi: Hello, and welcome to OnPoint. I'm Monica Trauzzi. With me today is Colette Honorable, commissioner on the Federal Energy Regulatory Commission. Commissioner Honorable, thank you so much for coming back on the show.

Colette Honorable: Thank you, Monica. Great to be back.

Monica Trauzzi: Commissioner, you have a unique perspective on state compliance with EPA's Clean Power Plan, having recently served as president of the National Association of Regulatory Commissioners and also chair of the Arkansas PSC. Does EPA's final Clean Power Plan provide a balanced framework for all states and PUCs to ensure reliability and maintain rates as they comply with the power plan?

Colette Honorable: Thanks for the question, Monica. I think EPA definitely, in this final rule, has greatly improved the balance by ensuring that we -- honestly, the goal is to reduce greenhouse gas emission, so we have to keep that in mind first while ensuring that the rule does not impact reliability and affordability, so I definitely think that the EPA has struck a proper balance, but now the hard work begins, and so I look forward to working with the states and RTOs and ISOs and others to ensure that we get the plans right.

Monica Trauzzi: So the measures that were added to ensure reliability, the safety valve that was constructed to look like the one that was used in the MATS rule and the promise to work with FERC and DOE moving forward on reliability, are these efforts enough to ensure that the power stays on?

Colette Honorable: Well, I think they're a great start. Through the MOU that we have with EPA and DOE, we have committed to get together quarterly. Our staffs, in particular, have been very pleased with my personal interaction with EPA and EPA's interaction with FERC in general, but now we also need to continue to engage with regents, with states and other groups of stakeholders to ensure that we are monitoring and supporting their development of state and regional plans.

Monica Trauzzi: And the valve allows for a 90-day period for states to exceed their carbon limits during emergencies. How do regulators ensure that states don't even get to that point?

Colette Honorable: Well, I think it's through the planning process, and that's why this period is so crucial, and I've really encouraged the states and regions to collaborate and cooperate together. This is the difficult foundation that must be laid in order to ensure that we are on the right track and that we're not waiting and putting ourselves in a difficult position later.

Monica Trauzzi: Do you agree with EPA that the use of a safety valve would be a rarity?

Colette Honorable: I do. And I think that the MATS rule and the construct that FERC had in place to address that, though somewhat different, is still a good example of ensuring the careful work that will take place can avoid any things that may occur later. However, having that safety valve is a very good fallback, if you will.

Monica Trauzzi: Your colleague on the commission, Commissioner Tony Clark, stressed that FERC needs a leadership role moving forward as the compliance plans come together. How would you like the interaction between FERC, EPA and the states to look like?

Colette Honorable: So I think that we all have really demonstrated leadership, and I have to commend every one of my colleagues. We have different perspectives, but I think we've all led and led well, and I think Chairman Bay is taking the helm nicely in the transition. We also need to continue to engage. I think the work that we undertook with the technical conference effort, beginning with the national overview and then the three regional conferences, I think individually we're doing work. I've teamed up with a Bipartisan Policy Center on not one occasion, but I'll have another one coming up in the fall to engage more directly with stakeholders. This is the work that we have to continue to stay engaged, to make sure that we're hearing the stakeholders and responding in any way that they need for us to.

Monica Trauzzi: And you're confident that EPA will allow for any type of engagement that FERC sees necessary?

Colette Honorable: Absolutely, and I must commend the EPA we have worked very cooperatively together, both in our role to provide advice and counsel and in the EPA's role in responding to that, and I think the final rule really demonstrated that they listened to the advice and counsel that FERC provided quite well.

Monica Trauzzi: Commissioner Clark also said no one should think reliability and affordability are slam dunks.

Colette Honorable: I agree with that.

Monica Trauzzi: This kind of suggests, though, that EPA has pushed things somewhat beyond the safe zone. Has EPA gone too far?

Colette Honorable: I don't think so. I think that clearly EPA has recognized that they aren't the reliability expert we are. Certainly the states are in the best purview to ride herd first over affordability. It's still within our purview to ensure just and reasonable rates as well, but this is, again, this foundation that I speak of, cooperation and collaboration, we too must have that with our sister agencies and with the stakeholders.

Monica Trauzzi: Is the regional approach looking like perhaps the safest bet for states and for states that are in PJM-type scenarios as the only good option to regionally link with the states that are in the organization?

Colette Honorable: From my experience, it appears that the regional construct is best to be able to spread those costs over a wider region while taking what works well from a number of different states seems to be the better example. I won't supplant my judgment for that of the states, but I also encourage the states to determine now what works best for them.

Monica Trauzzi: In terms of infrastructure, implementing the Clean Power Plan will require, in varying degrees based on region, new gas pipelines, new transmission infrastructure for all types of generation, but in particular a ramp-up in renewables. How is the commission preparing for that increase in infrastructure?

Colette Honorable: We're seeing a number of increases in those sorts of dockets, and it's a new day. I've said this a number of times, and we really must be focused on infrastructure development, and that means in a number of different ways to be able to support this wider diversity of fuel sources and resources that will come online as we implement the Clean Power Plan. Transmission lines and pipes are part of that.

Monica Trauzzi: And can the infrastructure be brought on in a timely and cost-effective manner, or does the commission feel some sort of pressure to move approvals along quickly in order to fall in line with the timelines of the power plan?

Colette Honorable: Well, I think certainly there have been some concerns about moving dockets along timely. I will never feel pressure to approve them timely because that is our purpose, to sit in judgment of those applications, and I think each of us takes that role seriously, but I think that we've been very committed and we have moved them along in a timely fashion, but I think we'll continue to make that a priority to ensure that each docket is moving along at a steady pace so that whether it's an approval or disapproval, that the applicants get that response fairly timely.

Monica Trauzzi: So could we potentially see a ramp-up in decisions, approvals or disapprovals?

Colette Honorable: In my short tenure at FERC, Monica, I've seen a ramp-up, particularly in transmission and pipeline dockets, so I think that's part of our future.

Monica Trauzzi: How will Order 1000 continue to be implemented now that the power plan has been finalized, and how do those two rules sort of interact?

Colette Honorable: I think, Monica, that they complement one another. Beginning from the time that Order 1000 was instituted, we have really come a long way, if you will. So we've completed the first round of compliance dockets now under Order 1000. I think it's a good time for us to pause, look at -- look back at what Order 1000 was intended to do, and now what needs to be tweaked, changed or furthered in order to ensure that we're continuing to meet the objectives of Order 1000.

Monica Trauzzi: Can you take me behind the scenes a little bit into some of the conversations you may have had with states and PUCs since the rule has become final? What have you been hearing?

Colette Honorable: Well, I hear from many that things are working well, that particularly the regional and interregional work is really bolstered by Order 1000, and that very difficult work of working on seams issues, on interregional transmission projects has been supported by Order 1000. I think we need to continue to ensure that incentives and other areas in which Order 1000 is intending to level out the playing field in the regional process are working as intended. But I think among the states, it's working better than may have -- it may have been anticipated originally.

Monica Trauzzi: And on the Clean Power Plan, what conversations have you had?

Colette Honorable: I'm hearing all sorts of conversations, and it's good that I continue to hear all sorts of conversations from states that say we can meet the -- our goal right now for our state. I'm hearing also from our state colleagues that have concerns and are challenging them, but I have to compliment Arkansas in particular because, while Arkansas has continued to challenge the legality of the Clean Power Plan, both the air director and the new PSC chair, Ted Thomas, and his colleagues there have said we are going to continue with developing a plan, and I think that's the best example of what a state should do.

Monica Trauzzi: All right. We'll end it right there. Thank you so much for your time. Thanks for coming on the show.

Colette Honorable: Thank you, Monica.

Monica Trauzzi: And thanks for watching. We'll see you back here tomorrow.