

FERC Docket No. AD16-17

Technical Conference Re: Reactive Supply Compensation in Markets Operated by Regional Transmission Organizations and Independent System Operators

**Comments of Dennis W. Bethel
Bethel Electric Rate Consulting, LLC**

June 30, 2016

NERC Essential Reliability Services Task Force Measures Framework Report, November 2015

“The ability to control the production and absorption of reactive power for the purposes of maintaining desired voltages is critical to the reliable and efficient operation of the BPS” (*emphasis added*)

“Generators and various types of controllable transmission equipment ... are used to maintain voltages throughout the transmission system and maintain adequate reactive margins” (*emphasis added*)

Comments of Dennis W. Bethel

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- **The AEP Method is still appropriate for the purpose of allocating embedded costs incurred by fossil-fueled, nuclear and hydraulic (“Legacy”) generators to provide Reactive Supply Service**
- **Renewable electric power resources that are not yet required to provide Reactive Supply Service will incur incremental costs to develop the capability to provide Reactive Supply Service**

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- **Legacy generators supplied 92% of the electric energy consumed in the US during 2015**
- **Renewables, other than Hydro, supplied 7%**
- **The extent of the Reactive Supply capability that Renewable power resources will be able to develop, and the costs, must be documented**
- **That process may naturally lead to a different method for calculating the cost of Reactive Supply from renewables**

Comments of Dennis W. Bethel

Bethel Electric Rate Consulting, LLC

- While the AEP Method, and the evaluation of Heating Loss Costs remain appropriate for Legacy generators, some clarifications and refinements should be considered.**

Mr. Bethel is an independent electric rate consultant with more than 40 years experience in the electric power industry. Prior to starting BEREC, LLC Dennis had been Managing Director, Regulated Pricing at AEP Service Corp. He is a Registered Professional Engineer, and long-time Member of IEEE.