



Oral Statement of Paul Bailey

“Part II: Powering America: Defining Reliability in a Transforming Electricity Industry”

October 3, 2017

Chairman Upton, Ranking Member Rush, and Members of the Subcommittee. My name is Paul Bailey. I am President and CEO of the American Coalition for Clean Coal Electricity. ACCCE commends the subcommittee for holding this hearing and appreciate the opportunity to testify.

ACCCE represents America’s fleet of coal-fueled power plants. Through the first half of this year, the fleet supplied 30 percent of the nation’s electricity needs. In 2010, the coal fleet represented more than 300,000 MW of electric generating capacity. Unfortunately, more than 100,000 megawatts of coal-fueled generating capacity have either retired or announced plans to retire. These retirements represent one-third of the fleet that existed just seven years ago.

A secure electric grid is vital to the nation’s wellbeing. This means the electric grid must be *both* reliable and resilient. The coal fleet provides many attributes that help ensure *both* reliability *and* resilience. These attributes include fuel security and many other essential reliability services.

It is important to keep in mind that reliability and resilience are not the same thing. Reliability refers to resource adequacy and the security of the bulk power system to withstand sudden disturbances, according to NERC. Reliability is a well-defined term with agreed upon metrics and attributes. For example, my written testimony lists

more than a dozen reliability attributes. The coal fleet scores well against these attributes. Some of the other resources represented on this panel today also score well on reliability metrics.

On the other hand, there are no agreed upon resilience criteria or metrics. Resilience means maintaining a reliable grid in the event of high impact, low frequency events, or put another way, low probability disturbances that have catastrophic consequences such as a polar vortex.

Fuel security is critical to both reliability and resilience. Over the past five years, the coal fleet has maintained an average on-site stockpile of 73 days of subbituminous coal and 82 days of bituminous coal. Several recent reports, including those by NAS and PJM, cite the importance of the coal fleet's on-site fuel supply that contributes to grid reliability and resilience.

Despite its contribution to reliability and resilience, the coal fleet faces a number of challenges. These include environmental expenditures; low natural gas prices; mandates and incentives for renewables; out-of-market subsidies; and market rules that do not properly value the attributes of the coal fleet. Market rules are important because almost two-thirds of the coal fleet serves wholesale electricity markets.

Last week, DOE took an important step by proposing a rule that directs FERC to adopt certain electricity market reforms. The rule would require RTOs and ISOs to adopt market rules to ensure that fuel security, reliability, and resilience attributes — such as those provided by the coal fleet — are fully valued.

Although we are still evaluating the proposal, it represents a major step toward achieving at least some reforms in wholesale electricity markets. However, to achieve DOE's goal and prevent more premature coal retirements, these reforms must be adopted quickly.

FERC must provide strong leadership and act expeditiously, and grid operators must adopt these and other reforms as soon as possible.

Thank you again for the opportunity to testify today. I look forward to answering your questions.

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