



Multiple Intervenors Annual Meeting  
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## Review of Federal Legislative & Regulatory Developments and Their Impact on Large Consumers

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# Electricity Consumers Resource Council

- ELCON is the national organization representing the interests of large industrial consumers of electricity.
- ELCON was founded in 1976.
- The organization's overarching objective is to advocate federal and state policy with a united front that is focused and cost effective. At the same time, its members created a base for sharing intellectual resources, data and experiences.
- Founding principles for economic regulation are based on cost causation.



# Overview

- Federal legislation
- EPA Clean Power Plan rulemaking
- Recent FERC policy priorities
- NERC activities that directly impact large manufacturers
- Identify a conspiracy underlying most energy policy proposals
- Seat-of-the-pants estimates of impacts



# Two Mutually Exclusive Political Playlists

## Democrats

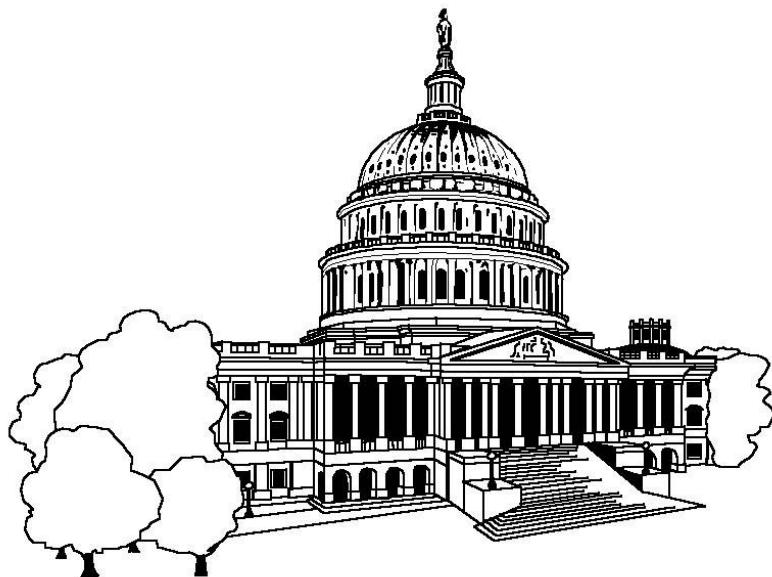
- Income gap between rich and poor
- Climate change
- Voting rights
- Gay rights
- Workplace equality

## Republicans

- Guns
- Abortion
- Tax cuts for the rich
- Border fences
- Eliminate domestic crude oil export ban



# On the Hill



- Serious efforts have begun to enact bipartisan energy-related legislation
- Anything controversial must be taken off the table—so far
- Dems have a slight upper hand in deciding content of “comprehensive” bills

# Recent Proposals

## Senate

### “Energy Policy Modernization Act”

- Energy efficiency (including manufacturing facilities)
- Grid modernization & reliability
- Cybersecurity
- Microgrids
- Natural gas exports
- Hydropower & bioenergy
- Land & water conservation

## House

### “Energy Security & Infrastructure Act”

- Coordinate siting of interstate natural gas pipelines
- Remove conflict between grid reliability and EPA rules
- Critical electric infrastructure
- Energy and manufacturing workforce development
- Energy Efficiency
- Market manipulation, enforcement & compliance



# Some Fights Already Started

- In the House, utility lobbyists were fighting for provisions that would gut PURPA and bailout uncompetitive nuclear and coal-fired power plants with guaranteed subsidies from ISO/RTO capacity markets
- ELCON (with AF&PA, ACC and CHP Association) succeeded in taking the issues off the table and suspending markup on the committee bill
- PURPA attack was defeated – the “capacity markets” issue was downgraded to two “studies” by GAO and FERC



# EPA Clean Power Plan



- Final rule issued on August 3<sup>rd</sup>
- Final, final rule yet to be issued
- Unprecedented power grab—will make EPA the lead agency on all future energy policy
- Expect lots of lengthy litigation. ELCON financially supports and is active with US Chamber/NAM CPP Litigation Coalition

# FERC



- Biggest issue is out of FERC's hands: Supreme Court review of Order 745. ELCON supported brief of Amici Curiae
- A lot of activity related to ROEs for new or upgraded transmission facilities—ground zero for this debate is MISO. ELCON weighed in in opposition to ITC Grid proposal
- Price formation in organized wholesale electric markets

# NERC

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION



- After ten years of operation as the “ERO,” NERC is finally reaching a “steady state”
- Many recent actions (all approved by FERC) will have an uncertain impact on manufacturing facilities with or without behind-the-meter generation
- Resolution of this uncertainty may be imminent
- So far, ELCON has helped contain the damage



# BES, RAI, RBR 1 & 2

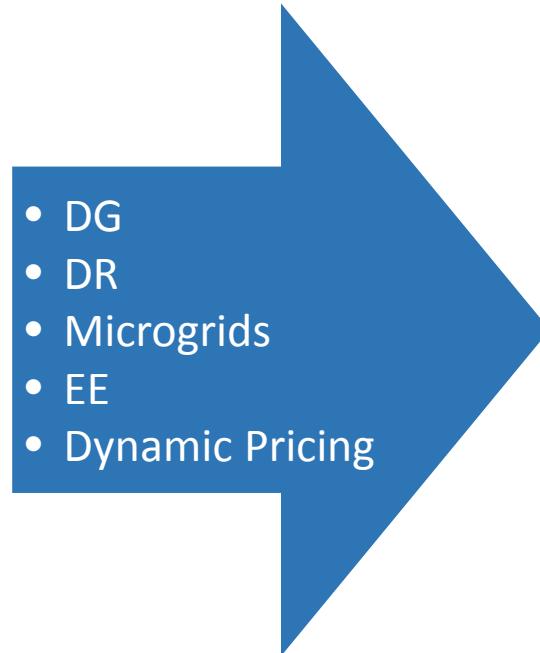
- NERC's redefinition of "bulk electric system" exposes the interconnection facilities of industrial plants to BES classification and subsequent registration
- Assets >100-kV and any intraplant loopflows create the problem; selling more than 75 MWs of BTM generation is another problem
- Recent NERC initiatives intend to shift compliance and enforcement of NERC standards from a zero-tolerance paradigm to a risk-base paradigm. This effort has achieved benefits to entities that are already NERC registered but does not ensure that low-risk manufacturing facilities will not have to "prove the negative"



# The Bigger Conspiracy

## Shifting Planning & Operational Risks to End Users

- Electric Utilities
- ISOs/RTOs
- State Regulators
- FERC
- EPA
- DOE
- NERC



End users are forced to conserve, self-generate and be price responsive under threat of punitive pricing

Utilities and their regulators have given up on planning a low-cost and reliable industry that serves the needs of retail customers. Instead, the customers must serve the wishes of utilities, their regulators and NERC.

# Impacts on Large Consumers

Policy/Legislation/Regulations	Impacts
Federal energy legislation	Low but higher if any provision targets your industry or market
EPA Clean Power Plan	High. This is a once in a lifetime event. The whole industry is being forced to be grossly inefficient with the compounding effects of other environmental rules
FERC policies & regulations	Medium high. FERC policies attempt to accommodate the CPP without regard to consumer costs
NERC reliability standards	Very high for an individual manufacturing facility

