

**NEW YORK STATE RELIABILITY COUNCIL**  
**MEETING 216: April 13<sup>th</sup>, 2017**  
**Report for Agenda Item 8.1: Michael Forte**  
**NPCC Board of Directors Report**

The upcoming NPCC Board of Directors (BOD) meeting was held on March 22<sup>nd</sup>. In lieu of a Board report, the following is a summary of FERC Acting Chairman Cheryl LaFleur's comments at the 2017 Reliability Leadership Summit.

**Remarks from FERC Acting Chairman LaFleur**

At the March 21 Reliability Leadership Summit hosted by NERC, FERC Acting Chairman Cheryl LaFleur revealed what she believes are the four biggest challenges to the electric grid: (i) decentralization, (ii) infrastructure, (iii) regulation, and (iv) security.

**I. Decentralization**

- a. Grid operators must be able to manage an increasingly decentralized electric power system.
- b. The recent expansion of distributed generation has spurred a major shift in how power flows through the bulk power system (BPS).
- c. The drive towards more localized power sources has occurred alongside "greater regionalization" in markets such as Midcontinent ISO and Southwest Power Pool, which have doubled in size in recent years.
- d. The combination of rising distributed generation and the growth of regional power markets means some resources are "not smoothly integrated."
- e. FERC issued a notice of proposed rulemaking on energy storage and distributed generation, but grid managers and utilities must put more of these emerging technologies into their forward planning, LaFleur said.

**II. Infrastructure**

- a. The aging U.S. infrastructure is a major challenge for the BPS.
- b. Policymakers have floated proposals to boost investment in new infrastructure, including power, transportation and water systems.
- c. The permitting environment for new infrastructure is becoming increasingly difficult.
- d. A large portion of U.S. coal-fired capacity is shutting down in response to new environmental regulations and competition from natural gas, yet expanding infrastructure is challenging.
- e. LaFleur said that any boost in infrastructure spending should be guided by the current vulnerabilities and the power industry's long-term plan.

**III. Regulation**

- a. LaFleur said that U.S. states increasingly "want to take back resource decisions" to sustain particular energy types and meet environmental objectives, among other goals.
- b. However, LaFleur fears that states will not be able to immediately step up if FERC relinquishes some of its reliability and resource adequacy duties.

- c. FERC will host a technical conference this summer to discuss the issue and how to manage potential reliability and regulatory gaps.

#### **IV. Grid Security and Resiliency**

- a. LaFleur said that regulators have made substantial progress in the past decade, including the formation of mandatory physical and cyber security standards.
- b. However, NERC Reliability Standards alone are not enough. The industry needs to coordinate more with other critical infrastructure systems.
- c. Industry should also increase involvement in public-private groups such as the Electricity Subsector Coordinating Council.
- d. LaFleur also advocated standardization of equipment, which can help power providers recover more quickly after a major cyber or physical attack or other grid outage.