

EPSA Strongly Supports Congressional Efforts to Bring Increased Certainty and Predictability to Permitting Process

Electric Power Supply Association (EPSA) members own and operate approximately 20% of the installed generating capacity in the United States – a diverse mix of conventional and renewable generation assets, including natural gas, wind, solar, coal, battery storage, and nuclear resources. EPSA members have decades of experience participating in regional wholesale electricity markets and have invested billions of dollars of private capital to build and interconnect new generation assets in every ISO/RTO region. We maintain an intense focus on the reliability of the bulk power system and the benefits derived from wholesale energy markets to maintain electric grid reliability, lower costs, reduce emissions, reward efficiencies, spur innovation, and protect ratepayers from inefficient investment.

EPSA strongly encourages Congress to pass legislation making meaningful reforms to the process of permitting all manner of generation assets and natural gas supply infrastructure (fuel supply infrastructure is critically important to enable low carbon, dispatchable generation to supplement continued deployment of zero emission, intermittent resources).

Building a more efficient review process

Reforms should modernize federal policy under the National Environmental Policy Act (NEPA) to make the permitting of generation and natural gas supply more efficient, predictable, legally certain, and strike an appropriate balance between environmental protection and building the essential infrastructure needed to maintain a reliable and low carbon electric grid. These reforms should include (but not necessarily be limited to) ensuring definitive, well-articulated timeframes for environmental reviews (conducted by agencies like the U.S. Fish & Wildlife Service and the U.S. Army Corps of Engineers) and litigation, improving intra-government coordination among relevant agencies, and enhancing efficiencies by encouraging coordination between investors and those conducting environmental reviews.

A better balance must be struck between energy project development and environmental goals. The current

permitting process often renders the projects needed to meet energy independence and clean energy goals nearly impossible to build in a reasonable timeframe, if at all. Without meaningful improvements to NEPA, the Endangered Species Act, and the Clean Water Act (and similar statutes) projects will continue to face unreasonable delays.

As an organization committed to promoting competitive wholesale markets, EPSA believes that well-designed markets are the optimal way to drive investment in policy goals – whether those goals are reliability, affordability, emissions reduction, or other priorities. However, even a well-designed market sending accurate and efficient price signals is meaningless without the ability to execute on the investment decisions indicated by the market.

Climate goals will benefit from permitting reform

EPSA firmly rejects the notion that the clean energy transition should be a zero-sum game – a notion that ignores the importance of flexible, dispatchable, energy-secure generation to complement investment in weather-dependent, non-dispatchable resources. Our country has lived through numerous periods in the last few years that illustrate the essential nature of balancing resources – the polar vortex in Dec. '17-Jan. '18; Winter Storm Uri in Feb. '21; California's intense heatwave in Aug. '22; and Winter Storm Elliott in December '22. Each of these instances proved – once again – that both conventional and renewable resources must be part of a reliable and clean energy future. This is a message being echoed independently by each ISO/RTO, the North American Electric Reliability Corporation, and the Federal Energy Regulatory Commission (FERC).

Investment in energy infrastructure should include both zero emission energy generation (which may require far greater acreage than conventional resources) and the low carbon, flexible, balancing resources needed to keep the lights on when weather conditions aren't sufficient. In short, proponents of renewables should similarly benefit from a streamlined permitting process as will investors in dispatchable generation.

Renewable resources will also bear an increasing share of responsibility for electric grid reliability so ensuring certainty in the permitting process will benefit both types of resources. Permitting reform is mutually beneficial to the entirety of the generation spectrum.

Natural gas supply infrastructure is critical to electric grid reliability

Over the last decade, the interdependencies between the electric and natural gas industries have grown exponentially – to the extent that many view natural gas supply infrastructure as an extension of the electric grid. Robust natural gas supply, deliverability, and flexibility will be critical to maintaining electric grid reliability as regions become more dependent on non-dispatchable resources. Future investment in flexible, balancing resources will undoubtedly include significant natural gas capacity, and natural gas pipeline and storage infrastructure will be required to adequately fuel that capacity. Pipeline and storage investment, which will be critical to fueling existing and new power plants backing up variable resources, will be similarly important as investing in new generation and should be included in efforts to bring greater certainty and predictability to permitting efforts. Resource adequacy can't be achieved by simply counting nameplate megawatts – infrastructure will be needed to fuel those plants in order to deliver those megawatts to the system.

Along the same lines, significant investment in carbon capture infrastructure will play an important role in meeting the nation's climate goals. Carbon dioxide pipelines and injection wells are critical components of broader carbon capture systems, and without being able to construct the pipelines necessary to carry the CO₂ and the injection wells necessary to sequester the CO₂, it will be impossible to meet carbon capture goals.

Creating a 21st century grid that can meet the needs of all Americans

EPSA's support for permitting reform is not about lowering or compromising environmental standards. Our position

is an acknowledgement that private investors require a higher level of certainty and transparency that regulatory processes will be fairly completed within a reasonable, predetermined time frame. This is a certainty that currently does not exist and is limiting infrastructure investment and development.

While not our focus, EPSA appreciates the importance of investment in electric transmission to enable a reliable and affordable clean energy transition. It is important to recognize that the opposition to natural gas infrastructure (and the strategies used to frustrate its development) may result in similar strategies being used by opponents of transmission infrastructure. Permitting reform can address these challenges.

For many years, EPSA members have engaged at FERC on several transmission-related issues. Specifically, EPSA members continue to engage with the Commission on determining appropriate cost allocation for interconnection upgrades and protecting ratepayers from shouldering transmission costs without tangible financial or reliability benefits; determining when competitive generation may be a lower cost option than transmission; and supporting competition for transmission additions. Regarding permitting for electric transmission, EPSA is eager to see how the Commission moves forward with its open Notice of Proposed Rulemaking stemming from recent direction from Congress strengthening FERC's ability to approve the building of electric transmission. A reliable clean energy transition will not only require substantial investment in weather-dependent and balancing generation but also the ability to move power within and between regions while ensuring the integrity of competitive wholesale markets.

We are encouraged by legislative efforts in the 117th Congress like those by Senators Joe Manchin and Shelley Moore Capito, and Congressman Garret Graves, and indications that (among others) Chairman Manchin, and Chairs Cathy McMorris Rodgers and Bruce Westerman intend to focus on the issue in the coming months. EPSA hopes to play a constructive role as Congressional actions develop in 2023.

Competitive Wholesale Electricity Markets Nationwide

More than 20 years ago, competitive wholesale electricity markets were established in many parts of the U.S. to help reduce power generation costs, increase competition and provide choice for consumers. Since then, these markets have consistently driven innovation, enhanced efficiency and reduced costs. This new competitive era replaced an inflexible, vertically-integrated utility model that was costly and failed to advance the power sector.

As competitive power suppliers, EPSA members have since delivered substantial economic benefits to consumers and businesses – by quickly adapting and investing in cleaner, lower-cost, efficient resources needed to support a reliable grid. In addition to natural gas, geothermal, and wind and solar resources.