

FERC Commissioner Norris expects not to seek another term

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Market Intelligence

With his frustration mounting over when the agency will be back to normal with five members and a clear chairman, FERC Commissioner John Norris said June 26 that he will not be seeking another term once his term expires in June 2017.

"I couldn't get confirmed if I wanted to," Norris said June 26 during the Western Power Trading Forum's summer general meeting in Sonoma, Calif. He said he had heard industry stakeholders say that he could not get Senate confirmation even if he was reappointed because he is too "pro-consumer."

After pointing out that everyone in the room, regardless of whom they work for, was ultimately an energy consumer, he took some umbrage about the negative connotation of focusing on consumers over business interests. "Pro-consumer is not anti-business," he said, adding that he views "pro-consumer" as "driving our system to be more efficient" by encouraging new market concepts and competition.

Norris, a Democrat, was nominated by President Barack Obama in 2010 to fill the remaining term of another commissioner and was reconfirmed in 2012 for a full term expiring in June 2017. He was rumored to be in the running to replace Joseph Kelliher as FERC chairman before Jon Wellinghoff, also a Democrat, got that nod in 2009.

Coming out from what he called "the land of dysfunction," Norris urged the WPTF audience members to contact their local congressional delegates to put pressure on what he sees as "raw political power moves" involving the FERC chairmanship. The Senate Energy and Natural Resources Committee on June 18 decided to delay a decision on the chairmanship, with Norman Bay expected to be appointed to the role if his nomination is approved by the full Senate. But he may have to wait another nine months before that appointment takes effect, with acting Chairman Cheryl LaFleur, a Democrat, remaining in place for now.

"It will be up to President Clinton," Norris said, eliciting laughter from the audience with his joking expectation that a chairman will not be placed officially until 2017 when he predicts Hillary Clinton will become president after Obama ends his final term.

One of the issues discussed during the Senate confirmation hearing was FERC's relationship with the U.S. EPA as the regulators address grid reliability amid power plant retirements spurred by the environmental agency's new rules on greenhouse gases emissions. While FERC jurisdictionally "can't do much" to dispute the EPA's work, as one audience member stated, the agency will continue to provide the EPA with its expertise on grid security, Norris said. FERC will be an "honest broker" of insight and information as it was when the EPA was working on its Mercury and Air Toxics Standard, he said. "Our responsibility is to speak out honestly."

As to other issues bubbling at his agency, Norris declined to opine about how FERC will proceed on the issue of demand response, given a May 23 federal appeals court opinion vacating Order 745, which essentially mandated that the operators of organized energy markets pay demand response resources the market price for energy under certain conditions. LaFleur announced June 11 that her agency would ask the full U.S. Court of Appeals for the District of Columbia Circuit to reconsider the decision. Norris would also not say when FERC exactly expects to submit its request for en banc rehearing but noted that the filing deadline is July 7. "I am pleased FERC decided to move forward to challenge that. ... I hope the court rules expeditiously," he said.

With Order 745 being a major legacy decision for Wellinghoff, Norris has no love lost for the man who has been a controversial voice about his former agency's awareness of grid vulnerability following the 2013 gunfire attack at Pacific Gas and Electric Co.'s Metcalf substation in the San Francisco Bay Area. The commissioner pointed out that no parties have been arrested for Metcalf and so the reasoning behind it, whether terrorism or otherwise, has not been made clear. "He will be hard-pressed to get a call back from any commissioner," he said.

Former chairman of the Iowa Utilities Board, Norris said ensuring the grid is reliable and redundant to address multiple threats requires a rational focus on the cost impact to ratepayers. "You can put up barriers, but if you do that for each kind of threat, that becomes cost-prohibitive," he said.

With mostly tales of woe, Norris did highlight a bright spot by congratulating the audience of stakeholders from Western utilities, generators and other interests for moving ahead on a regional energy imbalance market, or EIM. FERC on June 19 unanimously approved the EIM formed between the California ISO and Berkshire Hathaway Energy subsidiary PacifiCorp, which is set to go live Oct. 1. "You guys are really making progress. ... Thirty-eight balancing authorities [in the West] is probably not the most efficient way to run a system," he said, adding that he expects the new five-minute balancing market to be successful enough to encourage more participation.

As to whether FERC could nudge the hesitant Bonneville Power Administration to join the EIM, Norris said his agency could not address that issue given that the federal power marketing administration is under the U.S. Department of Energy. Portland, Ore.-based BPA is a major presence in the Northwest, producing about one-third of the power used in the region. The EIM encompasses balancing authorities in six Western states, most being in the BPA's backyard. "The West is heading in the right direction. [BPA] will see that and that's what will force them in the right direction," he said.

Picker's perspective

Also during the meeting, WPTF's members got a local perspective from Michael Picker, the newest member of the California Public Utilities Commission. He was appointed in January after serving as Gov. Jerry Brown's top renewable energy adviser.

Speaking June 27 as the keynote speaker, Picker said the biggest issue for his agency is integrating utility energy portfolios, especially as the state's successful solar push is producing growing supplies of this renewable resource during the day. Also challenging grid reliability and resource procurement is the 2013 retirement of the 2,254-MW San Onofre nuclear generating station in San Diego County and the retirement of once-through cooling units on the coast in Southern California, he said.

The former vice president of the Sacramento Municipal Utility District's board of directors, Picker said a first step to address the "systemic challenge" is learning how to treat customers as a resource. He pointed to SMUD's SmartPricing Options pilot conducted in 2012 that tied into the utility's newly deployed smart meters. He said 100,000 households of its 1.4 million customers opted for time-of-use pricing, with power demand at peak dropping by what he described as the equivalent of a 250-MW peaker plant. "That could be potentially replicated elsewhere," he said.

Picker said a second challenging issue appearing in California is "the convergence of technology" in the distribution grid arena with the advent of more solar energy. Without specifically naming names, he said "one company is masterful at doing this" by combining solar panels with battery storage and then ensuring each of their arrays comes with smart inverters and the ability to report back on production without connection to utility meters.

"I cannot confirm or deny," Picker said when asked by SNL Energy if he meant Tesla Motors. Tesla CEO Elon Musk and SolarCity Corp. CEO Lyndon Rive in February were welcomed at the PUC with a special speaking event during which PUC President Michael Peevey expressed an openness to utilities and distributed generation developers sharing space in California despite concern that utility business models would be threatened by losing customer energy demand and grid need. California's rates are decoupled, meaning utilities profit from grid system investment and not energy sales.

Picker thought aloud about a world where solar production and storage by customers could provide voltage support and regulation as well as energy. There could be greater value created by aggregating these customers in a constrained area, he said, urging the audience to bring this concept to the PUC under possibly power purchase agreements to sell these services. "You tell us what values you need," he said, adding that he expects that such new concepts would spur "the entrance of other industries."

As to whether California will bump up its 33%-by-2020 renewable energy portfolio, Picker said the PUC is thinking much more holistically. "The RPS doesn't procure customer loyalty or response. The issue for me is optimizing resources," he said, adding that "the RPS is relatively unimportant" because the state will reach its goal. "Why am I still talking about it?"

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