

Examination of Electricity Markets and Reliability: Secretary of Energy Rick Perry April 14th Memorandum



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Secretary of Energy Rick Perry issued an April 14th Memorandum to the agency's Chief of Staff titled:

Study Examining Electricity Markets and Reliability ("Memorandum")

Secretary Perry is initiating a study "to explore critical issues central to protecting the long-term reliability of electric grid, using the full resources and relationships available to the Department."

The Memorandum references Secretary Perry's attendance at a G7 Energy Ministerial meeting in which the need for "an energy transition utilizing greater efficiency and fuel diversity" was discussed. Secretary Perry noted that:

There was also notable concern about how certain policies are affecting, and potentially putting at risk, energy security and reliability. It impressed upon me that the United States should take heed of the policy choices our allies have made, and take stock of their consequences.

The Memorandum also notes in part:

- A reliable and resilient electric system is essential to protecting public health/fostering economic growth/job creation
- The United States electric system is the most sophisticated/technologically advanced in the world
- Significant changes are occurring within the electric system that could profoundly affect the economy/national security
- Such changes require further study and investigation
- Baseload power is necessary to a well-functioning electric grid
- The United States has an abundance of domestic energy resources (including coal, natural gas, nuclear, and hydroelectric)
- Grid experts have expressed concerns about the erosion of critical baseload resources
- The manner in which baseload power is dispatched and compensated has been questioned
- Some have highlighted the diminishing diversity of the nation's electric generation mix

The Memorandum directs that the previously referenced issues and others be "rigorously studied and analyzed."

The issues that are directed to be explored include:

- The evolution of wholesale electricity markets, including the extent to which federal policy interventions and the changing nature of the electricity fuel mix are challenging the original policy assumptions that shaped the creation of those markets;

- Whether wholesale energy and capacity markets are adequately compensating attributes such as on-site fuel supply and other factors that strengthen grid resilience and, if not, the extent to which this could affect grid reliability and resilience in the future; and
- The extent to which continued regulatory burdens, as well as mandates and tax and subsidy policies, are responsible for forcing the premature retirement of baseload power plants.

[A copy of the Memorandum can be downloaded here.](#)