Joint Memorandum on

Interagency Communication and Consultation on Electric Reliability

U.S. Department of Energy

U.S. Environmental Protection Agency

Purpose

This memorandum by and between the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE) provides a framework for interagency cooperation and consultation on electric sector resource adequacy and operational reliability (together, reliability) at a time of significant dynamism in the electric power sector. The memorandum describes the respective roles and responsibilities of both agencies with regard to electric system reliability.[1] It also outlines activities that our agencies will undertake individually and collectively to monitor, share information and consult to support the continued reliability of the electric system.

The EPA and DOE both play major roles in the creation of policy and the provision of funding that relates to the electric power sector. Although the EPA and DOE have distinct institutional mandates and legal authorities, the agencies each have considerable expertise in various aspects of electric system reliability and share the objective of supporting the ability of federal and state governments, grid operators, regional reliability entities and power companies to continue to deliver a high standard of reliable electric service. As the electric power sector continues to change and as the agencies carry out their respective authorities, the agencies intend to revisit this framework and revise it as necessary.

The EPA and DOE also anticipate that they will engage in regular outreach and consultation with the Federal Energy Regulatory Commission (FERC) when carrying out activities under this memorandum. FERC is an independent agency charged with assisting consumers in obtaining reliable, safe, secure, and economically efficient energy services to Americans at a reasonable cost through appropriate regulatory and market means. In particular, pursuant to section 215 of the Federal Power Act, FERC oversees the implementation of mandatory reliability standards for the bulk power system. The EPA and DOE intend to engage FERC regularly to benefit from its expertise when undertaking activities pursuant to this memorandum.

[1] For the purposes of this memorandum, electric system refers to the bulk power system as defined in section 215 of the Federal Power Act (16 U.S.C. 824o), including the transmission system and transmission-connected electric generation, but not facilities used for the local distribution of electric energy.

Background

A reliable and resilient electric power system is indispensable to the national security and economic well-being of the United States. The United States has developed a robust and multilayered system of institutions, policies and practices to ensure that our infrastructure for generating, transmitting, and distributing electric power maintains the high standards of reliability that the nation requires. Meeting this challenge has required the shared effort of many entities including federal agencies; the FERC-designated Electric Reliability Organization, the North American Electric Reliability Corporation; regional reliability entities; state public utility commissions; developers, owners and operators of generation, transmission and distribution resources; demand response providers; consumer and other public interest organizations; and other stakeholders.

This is also a time of significant ongoing change in the power sector. Since 2005, for example, the U.S. electric power sector has experienced a rapid transition towards low- and zero-carbon energy sources, including renewable generation, energy storage and increased deployment of energy efficiency and demand response. In addition, many regions of the country have experienced a significant increase in the frequency and severity of extreme weather events such as heat waves, droughts and periods of intense cold that have challenged the nation's energy infrastructure. The investments in clean energy deployment, grid reliability and resilience, and electrification of transportation, industry and homes in the Bipartisan Infrastructure Law and the Inflation Reduction Act, together with these other trends, are expected to drive significant changes in the electric power sector in the coming years.

In this dynamic context, it is essential that the EPA and DOE continue to have regular and effective communication and consultation on electric reliability using appropriate informational, policy, and regulatory tools within their respective statutory authorities and mandates. With the sound application of existing authorities and policy tools, the EPA and DOE can continue to support the reliability of the electric power system.

Roles and Responsibilities of DOE and the EPA

Department of Energy: DOE ensures America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology solutions. Supporting a secure, resilient and reliable electric power system is a cornerstone of this mission. DOE carries out its mission by supporting research, development, demonstration and deployment of new, clean technologies to produce and move electricity into our homes, offices and factories. It also helps stakeholders plan and prepare for a successful energy transition with dependable energy supplies.

The Bipartisan Infrastructure Law and Inflation Reduction Act have expanded DOE's role, with new funding, programs and authorizations to support electric transmission, power-system flexibility, and cybersecurity – all in service of enhanced reliability. As the sector risk management agency for the energy sector, DOE mitigates impacts of disruptive events through

preparedness, innovation and support for recovery in collaboration with other federal agencies, the private sector, and state, local, tribal and territory governments. DOE is also tasked with exercising emergency authorities provided by the Federal Power Act, the Natural Gas Policy Act and the Defense Production Act, which can play critical roles in maintaining the reliable operation of the electric power system in the event of emergencies and other unexpected events. Through its U.S. Energy Information Administration, applied technology offices and National Laboratories, DOE plays a key role in gathering and disseminating actionable information about the operation of the energy system to help inform federal, state, and industry decisionmakers and the public.

Environmental Protection Agency: The EPA protects human health and the environment by implementing and enforcing, in partnership with the states, the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act and other foundational environmental laws. The EPA gives careful consideration to electric reliability implications as it develops and implements environmental regulations for electric generating facilities. The EPA has a long tradition of protecting human health and the environment in a manner that has still maintained the management and reliability of the electric power grid.

For more than 50 years, the EPA has promulgated numerous regulations under the Clean Air Act and other statutes that affect the electric power sector, and in so doing, has developed significant expertise in the electric system's reliability. In its rulemakings, the EPA collects information and undertakes analysis relevant to the impacts of environmental protections on electric reliability. In addition, the EPA frequently engages with a broad and diverse array of entities that are responsible for protecting electric reliability, including DOE, FERC, state energy and environmental regulators and their associations, independent system operators, and regional transmission organizations and power companies. These activities enable the EPA to develop regulations that follow the law, are feasible to implement, and are consistent with maintaining reliable electric service.

Framework for Interagency Communication and Consultation

The foundation of this framework is routine and robust communication across DOE and the EPA. Both agencies have designated an internal team or working group with relevant expertise and responsibility with respect to electric reliability, and have identified key staff to serve as points of contact for routine communications across the agencies. In addition, the agencies will meet on an at least semiannual basis to provide updates about policies, programs and activities pertaining to electric reliability, share information and analysis, and discuss ongoing monitoring and outreach activities.

As appropriate, the agencies may hold joint meetings with other entities (such as the North American Electric Reliability Corporation (NERC), state public utilities commissions or state environmental regulators) and/or convene technical workshops to solicit information and input from outside stakeholders and experts.

During this routine communication and consultation, the agencies intend to organize activities within the following areas consistent with their respective authorities:

- Analysis. Sharing information about modeling and analysis of electric power sector investments, operations, additions of new generating resources, changes in the utilization of existing generating resources and retirements of generating resources to identify any potential forthcoming reliability risks in advance; sharing information on projections of increased extreme weather and its effect on reliability; discuss data needs and additional technical analyses required to evaluate reliability risks; and, as appropriate, make available technical tools, information and resources to entities engaged in maintaining electric reliability.

- Engagement. Continue engaging with stakeholders including power companies and relevant trade associations; state public utility commissions and related associations (e.g., National Association of Regulatory Utility Commissioners, National Association of State Energy Officials); state environmental regulators and related associations (e.g., National Association of Clean Air Agencies, Association of Air Pollution Control Agencies, Environmental Council of the States); Regional Transmission Organizations/Independence System Operators; NERC; and state and regional reliability entities. The agencies see this engagement as vital in identifying current and emerging reliability risks; data, tools and resources that may be useful to stakeholders engaged in protecting reliability; and actions that the agencies may consider taking within their respective authorities to support stakeholders in maintaining the reliability of the bulk power system.

- Monitoring. While carrying out their individual authorities, monitor the electric system to identify any reliability risks that might arise, and communicate and share information as appropriate with other entities engaged in maintaining electric reliability.

- Short-term interventions. Where the agencies become aware of previously unforeseen, short-term reliability risks, consider their respective legal and technical tools and share information as appropriate within their respective statutory authorities and mandates.

- Medium-term trajectory. Share information on the implementation of policies and programs that take into account, protect and bolster electric reliability, including the development and implementation of new public health and environmental protections under the Clean Air Act, Clean Water Act and other statutes; investments in upgrades to generation, storage, transmission and distribution infrastructure; as well as policies that support reliability planning, infrastructure development and deployment of innovative technologies.

Limitations

All commitments made by the parties to this memorandum are subject to the availability of appropriated funds. Nothing in this memorandum, in and of itself, obligates the parties to expend appropriations or to enter any contract, assistance agreement, interagency agreement or incur other financial obligations that would be inconsistent with their budget priorities. Any transaction involving reimbursement or contribution of funds between the parties to this memorandum will be handled in accordance with applicable laws, regulations and procedures under separate written agreements.

Nothing in this memorandum alters the statutory, regulatory or other authority or responsibilities of the parties. This memorandum does not supersede existing agreements or restrict any future agreements among the parties.

Duration of Memorandum

A. This memorandum is to take effect upon the signature of the parties. The agencies intend to revisit this framework no later than one year after the date of this memorandum to evaluate whether any modifications are appropriate.

B. This memorandum may be extended or modified, at any time per the mutual written consent of the parties.

C. A party may terminate its participation in this memorandum at any time by providing written notice to the other party, at least ninety (90) days in advance of the desired termination date.

Signatories

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Jennifer M. Granholm	Michael S. Regan
Secretary	Administrator
U.S. Department of Energy	U.S. Environmental Protection Agency
Date _____	Date _____