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## Grid Resilience <sup>[1]</sup>

### **Deck:**

What's in a Name?

### **Byline:**

Michael Keegan

### **Author Bio:**

**Michael Keegan** is an attorney (Of Counsel) at Wilkinson Barker Knauer. His practice focuses on electric and natural gas matters at the Federal Energy Regulatory Commission. Prior to joining WBK, Keegan worked in the energy practice group of an international law firm and as a solo practitioner.

[Fortnightly Magazine - December 2017](#) <sup>[2]</sup>

Shakespeare's Juliet famously pondered that question from her balcony. Although far less vexing than the predicament of star-crossed lovers, the naming of a rule related to resiliency pricing or resilience pricing and the need to define the key term, has caused a great deal of consternation in the energy industry.

On September 29, 2017, the Department of Energy proposed a rule for final action by the Federal Energy Regulatory Commission. The DOE's proposed rule is entitled "Grid Resiliency Pricing Rule."

When FERC docketed the proceeding, it did so under the caption Grid Reliability and Resilience Pricing. But there isn't a consensus as to what these names mean.

The proposed rule seeks to provide cost-based recovery for compensable "reliability and resiliency costs." However, the proposed rule does not provide a definition of resiliency or resilience. And the term is not defined in FERC's regulations.

FERC Staff implicitly acknowledged that there is no pre-existing regulatory definition and that the proposed rule did not offer one. The Staff's Request for Information on the proposed rule asked parties, "What is resilience, how is it measured, and how is it different from reliability?"

Parties submitting comments on the proposed rule in general, and in response to FERC Staff's question in particular, offered various reference points for a definition. It was pointed out by many that any final rule should provide a regulatory definition of resilience (or resiliency) if the attribute would provide the basis for cost recovery.

In terms of the bulk power system, resilience is often discussed alongside reliability. While reliability may be a familiar concept, the notion of resilience, with respect to the electric system, is perhaps less amenable to a precise definition.

Merriam-Webster defines reliability as the quality or state of being reliable; the extent to which an experiment, test, or measuring procedure yields the same results on repeated trials.

By contrast, resilience is defined as the capability of a strained body to recover its size and shape after deformation caused especially by compressive stress; an ability to recover from or adjust easily to misfortune or change.

These dictionary definitions might suggest that reliability, as it relates to the bulk power system, pertains to the ability of a facility or system to continue operating without failure or interruption (so as to be operating whenever the facility is checked on), while resilience relates to a facility's ability to recover operation after an event that caused the facility or system to shut down.

Several parties pointed to the DOE Staff Report's reference to the North American Electric Reliability Corporation's definition of "infrastructure resilience," which is "the ability to reduce the magnitude and/or duration of disruptive events. The effectiveness of a resilient infrastructure or enterprise depends upon its ability to anticipate, absorb, adapt to, and/or rapidly recover from a potentially disruptive event."

Regional transmission organizations took differing views on the term resilience, at least for purposes of the proposed rule. PJM Interconnection suggested that resilience refers to preparing for, operating through, and recovering from a high-impact, low-frequency event.

ISO New England, on the other hand, did not propose a definition, but suggested that defining and valuing resilience should be a stakeholder-driven process specific to the individual regions. Other parties suggested that a definition of resilience should relate directly to the compensation method or mechanism that resulted from a final rule.

It is not clear how FERC will define resilience, if at all. A key challenge, as with any regulatory definition, will be to provide precision and certainty. If not, what's in a name?



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