BATTERY & STORAGE S04E05: NORA BROWNELL
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Bill Derasmo:

Hello, and welcome back to the Troutman Pepper Battery + Storage Podcast. Today I am very pleased to have as my guest, FERC Commissioner Nora Brownell.

Nora, welcome to the program.

Nora Brownell:

Thanks so much. It's really exciting to reconnect with you and to have an opportunity to talk about the future.

Bill Derasmo:

We know that you're going to speak your mind, and that's part of the reason why we wanted to have you on the program. It is great to reconnect after a long time.

Just really briefly, to remind our listeners, you were on the FERC as a Commissioner from 2001 to 2006, I believe. But before that, you were also a Commissioner at the Pennsylvania PUC from '97 to 2001, and you're the former President of NARUC.

So a lot of history there, and history that we will enjoy diving into. Before we do that, why don't we just take a second, maybe you could just tell us a little bit about what you're doing right now. I know you're the co-founder of ESPY Energy Solutions.

Why don't you just tell us what you've been up to lately and then we can dive into a conversation.

Nora Brownell:

Great. So, been doing so many interesting things. So what I realized after being on the Pennsylvania PUC and on the FERC was it's really hard to change a mature and entrenched industry, and what we could not do as regulators because we had a lot of political powers who loved that monopoly model, I realized we could do through technology.

I also realized a clean energy economy will certainly never get to net-zero, but more importantly, we'll never deal with true issues of affordability and empowered customers unless we invest in technologies that increase efficiencies, that give better data to both utilities and to all of the users, and more importantly, to empower customers to manage their own buying decisions.

It's been so exciting. I'm a partner in Clean Energy Ventures, which is a fund that invests in early stage, that missing million, technologies that can reduce GHGs. So those might be battery technologies, they might be metering, which we'll talk a little bit about. But any number of things including materials, building materials, and others. So it's been a great place to be.

Bill Derasmo:

Well, sounds like it. And I think back to the early days. One of the things that you mentioned that resonated with me, and I think I've even said it on past podcasts is that when I look back on my own career, it's sort of a travel log of these technological changes.

So we go back to the beginning and one of the big issues when you were on the FERC is, okay, well we need to get folks maybe into RTOs or ISOs, developed markets, but it was like the dash to gas as we used to say. And then after the gas, it was okay, there was a lot of wind development. And then after wind development there was solar development. And then, of course, you have this podcast and you've got storage.

I think we're naive to think it's going to stop, right? Now, beyond storage, you've got things like renewable natural gas, hydrogen, whatever the next thing is that's coming down the pike. And so, I think just right off the bat, you're opening remarks about technological change really being the change agent, that resonates with me. And that's been my experience.

As far as storage is concerned, which is the topic of this podcast, we just touched on that. In terms of your current experience, you mentioned that storage may be the answer. What are some of the things you're involved with where storage is part of the solution?

Nora Brownell:

I think we're looking at a lot of different kinds of storage. I think we're looking at a lot of different technologies. The California Energy Commission, for example, is investing huge amounts of money in long duration storage. And they're actually finding it difficult to find people who are willing to co-invest.

So I think one of the challenges is defining the market, what we need, and also making sure the rules and the environment are satisfactory so you can deploy this and encourage both public and private investment.

None of this works if we continue to rely on, oh, let's just give it to the rate payer because they're willing to tolerate anything. That doesn't encourage innovation. It doesn't get you to the right place. But I also think we're seeing great advancements in short-term technologies in homes. Everyone in California's doing a little battery storage along with solar and other tools.

So I think one of the things about storage is it's got so many different applications, whether there be grid, whether that be for reliance and resilience, whether it be for all kinds of applications.

And I love the idea that we're not doing the once and done. We have lithium batteries, that's great, but people are looking at a lot of different kinds and types so we'll have, I think, an open market. We won't necessarily be relying on one type and one resource when you think of precious metals. But one of the things I think we really have to think about is you mentioned it was dash to gas and then it was dash to renewables. Before that it was coal and boy, wasn't coal great? And then, oh, it was nuclear until we had Three Mile Island and a lot of cost overruns.

This is a big, very complicated puzzle and all of the pieces need to fit together. And I think one of the frustrations, and frankly the wastes is not thinking about, okay, if we have this kind of generation capacity, what does the mix need to be with? If we have this kind of climate change issues in California, what kind of battery deployment do we need?

If we really want broad deployment of EVs, what needs to happen to the grid? Because if you talk to any utility operator in private, they'll say, no way. No way can we support broad deployment of EVs, much less the electrification of the entire universe.

So again, all of these things are great individually, but we need to think of a holistic approach. My opinion would be that we'd have a business model that is not cost plus, but is a business model that is wires only. You'd have to create the best possible platform, both T and D, on which you could hang anything, whether it be broad electrification, whether it be broader renewables, whether it be empowering customers.

But we need to put the pieces of the puzzle together and think what it's going to look like instead of doing all these things iteratively. Because they don't work and we don't create the markets for them.

That's more than you ever wanted to know.

Bill Derasmo:

No, it's the good big picture perspective because I feel like we've had so many entrepreneurs on the program and they're great and I love talking and I love the energy that they bring and they're very passionate about their companies. But you're right, it's thinking on a micro level a lot of times. A lot of times I think it's okay, we can solve this part of the problem, but you're right. I'm not sure that anyone is taking a step back and looking at it holistically.

And maybe... We had the 2005 Energy Policy Act. Every once in a while we'd get a big federal act, and I'm not sure that they always get it right. But somebody needs to look at the whole picture. The RTOs are trying to look at things on a regional level, but it's very much a regional level. It's not a national level.

The various states, as you say, California, New York had their re-imagining the grid proceedings. It sounded a lot like what you were saying, where the T and D is kind of the platform for what people want to do. But we're not looking at it on a holistic basis, I think to be fair.

And then you've got the different agendas, and I really don't want to get into national politics, but you have the climate change is everything and we need to solve for that. It's sort of like a meteor is heading to the Earth and if we don't do something about that meteor, forget it. I mean, that's one perspective.

Another perspective you mentioned, consumer costs and the cost to the consumer. And I feel like that used to be a big issue, but I don't hear as much about that anymore. And maybe we should.

And of course there's the reliability perspective. Resiliency and reliability in keeping the lights on. All these big macro issues, but I'm not sure who's balanced. The word that we've lost, and you'll know this because as a FERC Commissioner, the old farmer's union, the balancing of investor and consumer interest. What's happened to that? Nobody talks about balancing these various interests.

And like I said, I don't want to necessarily get into national politics, but maybe that's a lesson for politics in general. Nobody talks about balancing anymore. It's hey, we got to do it all this way or all that way, and there's no... Anyway, that's my perspective on it. And in the energy industry, I think we've certainly lost that to some degree.

Nora Brownell:

You're absolutely right. And here is another way to look at it. I was recruited to come to the Pennsylvania Commission by Governor Ridge because they were starting restructuring and I'd worked with him. My chairman and I had worked when he was on the House Banking Committee.

And I said, I don't know anything about literally nothing. And which, by the way, a lot of people reminded him of that. But it became really clear very fast as my then boss, the chairman said, "Just follow the money. You'll figure it out."

And what strikes me is no one ever talks about the energy sector as economic development. That's absolutely what it is. Even if we don't want to get wrapped up in the politically explosive words like climate change and this and that, think about it as economic development. And if you think about economic development, you say, what is the business structure?

What is it that we need to drive a system that will support every sector of our economy, whether it's manufacturing, whether it's individual, whether it's EV, it's electrification in general. And if you do that, you say, well, then why do we have a business model for utilities that worked, I admit, for a hundred years, but is not fit for purpose in the future? Is resistant to change? Has cost plus as opposed to performance based? Is being asked to do a lot of things as are the RTOs?

And the incentive for change just isn't there because we are treating it as, well, we need all these renewables. Okay, you want the renewables? I do, too. But how about thinking about those queues at the RTOs? What do we need to do about that? So I think we need to think more of what does the economy need?

And an economy, I think, includes environmental issues. When your state is burning down, that's an economic issue. So I'm not excluding them. And I think if you also then have performance based rate making, you say to the RTOs, if you do the following three things, then we'll put that RTO adder back in.

But right now, the RTOs, some people call them the Association of Incumbent Utilities. Arguably, we need RTO 2.0, 3.0, but we need a way to get there without fighting the endless who's in control and who owns this and who owns that. We need to say, what are the things that we want from RTOs and how are we going to measure them? Ditto utilities. Utilities, you say you want AMI meters, for example. There's other metering technology that cost a third, but if I'm in a cost based business model, why do I want that utility?

I had a utility say to me the other day, I was talking about a company that expands capacity on transmission. He said, why do I want that? Because I'd rather big build transmission. In your dreams, pal, because under the current regime, it's going to be 20 years before you build big transmission. And in terms of the balance, isn't it better to expand the capacity we have while we are doing these other things?

And then I think just one more comment, and that is all of these technologies, whether it be metering, whether it be battery, whether it be EVs, whether it be line enhancement capacity, they all give data. And data is going to tell us a whole lot of things that make us uncomfortable. We're going to discover we've made some pretty bad planning decisions, pretty expensive planning mistakes, and I think the data will also drive us to better planning.

So we build the right things in the right places and we give the users data that they can have some influence over what gets done and what doesn't get done. That follow that, answers also the issue of affordability, which I do hear. I hear we can't do that because it's too expensive. We can't do that before.

Geez, I can argue that some generation projects that are hundreds of billions of dollars and four years late might not have been a good thing for affordability. I could say that. But in any event, I think we need to incentivize people to... Imagine if Apple just said, well, you know what? We love that iPhone. We're not doing anything else. Imagine if Microsoft did that. Imagine.

So we have an industry in which there's no competition. We never created markets that would substitute for that. Regulators cannot substitute for competition. So we need a fit for purpose future build, and that's going to involve a lot of change, including regulatory change.

Bill Derasmo:

I think the statement that there's no competition, sort of, right? I mean, I think the generation sector, certainly in certain regions, there's pretty fierce competition like in PJM or MISO. All these markets that have what we used to call day two markets, but it's been a heck of a challenge.

So let's take a step back to when you were on the commission, when you were on FERC. There were some, and I was involved with it, there were some crazy battles and sets of proceedings to get folks into either PJM or MISO, and of course the alliance fell apart and all that.

So we got people into these markets and you talked a lot about RTOs and incentives, right? And let me ask you this. I think this is an interesting question, if I don't say so myself. If you had to do it all over again, right? Looking back on my own career, I'd say, well, I think getting folks into RTOs has had enormous benefits in certain ways. With that being said, what would you do differently having the benefit of experience, putting it that way, almost 20 years now of these RTOs fully existing, day two markets, the way things shook out in terms of membership?

What do you think you would've done differently?

Nora Brownell:

Would not have compromised on independence as much as I think we had to do. I absolutely, and we talked about it and it was just one more battle. I would've built in more performance based evaluations. Don't even call it performance based rates. Call them evaluations.

At one point we talked about giving RTOs a report card. What are the five things we want RTOs to do and how are they doing? I would do, by the way, the same with reliability scorecards, as well. If you want to drive change, you have investors take a look at somebody's report card. And if they got a C in reliability, I think that would change the equation pretty fast. If they got a C in performance, I think that would inform both state regulators, although to my dying day, transmission is interstate and I don't care what anybody says.

You can talk about, yeah, there's new investment in PJM and MISO, but there's also hundreds of millions of dollars in a queue, and that is inexcusable. We've created all kinds of barriers to entry. I would actually ask the DOE to do more of the evaluations because right now the utilities provide the data that drives the decision making. And I think utilities, wonderful though they are and caring about their customers, if they're the only inputs to the data, it's really funny how the only outcomes seem to be the ones that they want.

So I get the DOE more involved in evaluating all of the proposals. I get DOE to do a study, by the way, on the market power that exists, certainly at the seams. And that's the other thing. I would've... Every time we mentioned the seams issues, the RTOs, the utilities, everybody went nuts.

The reality is we're leaving a ton of money on the table. We created a system that is just not maximizing the efficiency. And again, until you do that, you have customers paying a whole lot more money than they should or a whole lot of money on things that maybe they didn't actually need.

Bill Derasmo:

Yeah. Well, you're preaching to the choir, in terms of, seams issues as the author of the complaint in EL13-88. And the reason why I mentioned the year is because I think the last order on compliance came out in 2021 maybe, but that was on behalf of NIPSCO. It's a matter of public record. So it's out there that

a complaint that we filed that was seeking to get effective inter-regional planning between PJM and MISO.

Because, as you know, right up there where NIPSCO sits, I mean it's PJM and MISO, and they're all interlacing, as one of your colleagues at the time may have said, and it was a real mess. I think you guys actually put some language into Order 2000... Nobody talks about Order 2000, by the way, which I think is amusing because it was such a huge deal at the time.

But now, 20 years later or whatever it is, we talk about Order 1000 a lot, but not Order 2000, right?

Nora Brownell:

Yeah.

Bill Derasmo:

But in Order 2000, there was language about scope and configuration. And if you go back and read the complaint we filed, we went into depth on that, trying to make the argument of, look. In this particular case, you really got to look at MISO and PJM as one giant entity.

We got some good things out of the docket, out of the case. There were some reforms that came about, but you're preaching to the choir as far as seams issues. I think there's a lot more that can be done. I think ironically enough, the utilities are leaving value on the table for themselves, in terms of what could be done if they just looked at it.

That's a good example is the seams issues may have been treated differently, if you knew then what you know now, right?

Nora Brownell:

And I also, just one more thing I would change is, so we created the market monitoring unit in the aftermath of California. But the intent was... Market monitoring and enforcement. The intent was that market monitoring group would be the real analytical tool to say, not only catch the bad guys, but also we were making a lot of rules, still make a lot of rules. What's working and what's not. I wanted to do what you would do in any real business, is evaluate, okay. Are we encouraging more investment? Are we reducing queue time? Are we doing this? Or do we need to change the rule?

Or by the way, is there market power going on? Instead, it's, I think, become more of an enforcement unit, which is again, catch the bad guys. Happy to do that. But it's amazing to me how the bad guys are always the little guys, always the traders. And the utilities never... They get us couple of million dollars for having, as we've seen in First Energy, apparently bought off every politician including the PUC.

And I think we need to broaden our scope. For example, I've heard a lot of instances recently in the West where one company in particularly puts out an RFP for whatever. And by the way, in the languages, if you have ever objected to something we proposed at the PUC or the FERC, you cannot bid. If that's not market power, I do not know what is.

So I'd like, again, to have more emphasis on real issues and to have more monitoring about what's going on, than just a pure focus on getting scalps. And getting the scalps, yeah, you get them. But meanwhile, all this other stuff is going on. Which again, is a barrier to entry, it's a barrier to efficiency, and it's a barrier to, I think, outside investments.

Again, so rate payers don't have to pay for every bloody thing that comes down the pike.

Bill Derasmo:

Yeah. My observation on market monitoring units, and for us geeks in the energy industry, we could do 10 podcasts on market monitoring units. But my observation is that the California energy crisis, now it's a long time ago at this point, it's 25 years ago, just about.

Anyway, the point is I think that the people in those roles were so impacted by very euphemistic word, the shenanigans that happened, the really dark scandalous behavior that occurred and ended up being the subject of a lot of proceedings and then seeing that sort of pop up in the RTOs as they developed.

I think they were so spooked by all of that, that the focus of the market monitoring units has really been market manipulation. And we could debate about many ways that's a good thing, but I understand what you're saying. There's a lot of other areas that they could be looking at. And the interesting thing about it... This is again, could be a topic for another day, but in terms of the RTO development, and maybe as a matter of reality that you had to allow for some flexibility.

My own experience is almost like the personality of the market monitoring unit in each region developed differently or was different. So the philosophy, you'd say PJM is totally different than the philosophy in New York or whatever. That's kind of odd too, right? The things they choose to focus on?

Nora Brownell:

That is a great point. I was talking about the market monitoring within FERC itself, but the independent market monitoring units have become kingdoms, particularly in PJM of their own, who make the rules as they go along.

And again, getting back to that analytical tool at FERC, at one point we talked about should the market monitors report to FERC? I don't know what the right structure is, but I do know that we can't have people out there making rules as they go along. And there were discussions when I was there about that. There continue to be discussions. That's not healthy.

And I also think if we'd had the better analytics when the California market design was approved, you would've said no matter what the fact that everyone in the California caucus wrote to FERC and said approve this, someone who really looked at it would've said, wait a minute.

First of all, it just doesn't work economically. But secondly, you also might have said... And by the way, the rules that we are making are big enough to drive a truck through. As I said at the time, yeah, there were guilty people. But there were guilty people who took advantage because the rules didn't exist. And by the way, a lot of those... We talk about Enron. Enron should have been so smart as some of the other players in the market who were bigger cheaters, but weren't regulated by the FERC, if you know who I mean.

So yeah, we got the rules wrong. But again, better data, better analytics, all of that would've given better information. And frankly, in the RTO market monitors, I think we need to standardize, again, some of the things that they're doing. And again, FERC has the authority. They have not delegated authority to the RTO monitors, which we reminded a few people of more than once.

But that means... Again, what industry doesn't change? Guess what? We've now created an institutional business model for the utilities, but also an institutional model for the RTOs.

Bill Derasmo:

Right.

Nora Brownell:

And we've also asked them to do too damn much. They're supposed to solve every state's individual problem. They're supposed to run the queue. They're supposed to... What is it that we want them to do? And how do we make them independent enough to do it?

Bill Derasmo:

It's another great topic. Exactly. And I'm someone who's guilty of... I don't know how many complaints over the years I've filed against RTOs or been in proceedings where been on the other side. But you're right. In fairness to them, think of the enormous tasks that we've given them, plural.

One issue that you've mentioned several times that I haven't gotten to yet, but is one of the elephants in the room right now in the industry, is queue reform and the status of the queue. One of the things that drives me crazy, I don't know about you, but I hear a lot on the hill of we need permitting reform. Okay, I get it. Yes. Traditional permitting reform. You got to go to the Army Corps of Engineers and get a permit if you're going to deal with a wetland. And you got to get an air permit and this permit. I understand all that.

It's enormously difficult to do anything in this country, quite honestly, that involves building anything, right? So totally understand permitting reform. But respectfully, that's not the major issue. If you talk to people in the industry, as far as adding resources, the overwhelming issue is, oh my gosh. I got to go into the queue.

Nora Brownell:

Yeah.

Bill Derasmo:

That's years.

Nora Brownell:

Yeah.

Bill Derasmo:

A lot of times basically the reaction is we welcome permitting reform, but quite honestly, I'll deal with that. I'll hire consultants and lawyers and we'll go deal with it. The issue is, I'm just going to sit in the queue. And I don't know what the upgrade costs are. And all of a sudden I'm going to get walloped with, I don't know how big of a bill, and then I got to make a decision.

And so to me, that's the issue. I'm not a lobbyist, so I don't know senator or whoever who's really focused on this, but that should be the focus of congressional inquiry and say, is there anything we can do legislatively to fix this? Because I know the RTOs are tearing their hair out and they're trying to do things within existing rules like replacement generation or surplus interconnection capacity. And there may be a role for that.

What can we do more generically that can get at that problem? And it's been a problem for a long time and nobody seems to have any answer. And pertinent to the audience, it probably, I think for you, will

have a broader audience, but I think there's a lot of people interested in connecting storage. That's the number one issue is how do we navigate the queue?

Nora Brownell:

Yeah, permitting is an issue and having a more literally a rational program on public lands. Yes, that is important. Look, I'm not Albert Einstein, but I think the queue issue is one that is, frankly, a reflection of our unwillingness to upset the apple cart in terms of who's going to control what.

I think that the RTOs would say, we don't have the resources. I know a lot of companies storage, particularly who have offered to pay for the studies by an independent and, by the way, have been rejected. You know what? When somebody offers me help, hell, I take it. And I think this is where DOE and FERC could come down hard. Okay, you can't do it? We'll do it.

I think batching projects would make a lot more sense, probably cut down on costs in terms of what needs to be upgrade. I think we need to have a better study on what upgrades are we asking because people have deferred maintenance on the monopoly assets. I think people are still getting asked to be paid for that stop the... Probably rate payers have paid for seven times.

It's not a perfect answer, but I think you absolutely have to throw a lot more resources at it. I think it needs to be independent. Again, if I control the data in, I control the answer I get. And I think we need to have more independence in terms of that. I don't think FERC needs to expand its kingdom to do that work, although they can be part of it.

There are great modelers at DOE. Again, if you had performance based rates, if I were looking at some of the queues and some of the lack of movement, I would say, I'm sorry, RTO, this is one of the four things we're judging you on. And so, no adder for members until you resolve this issue.

I also think we've bent over backwards to say every region is different, every state is different, every block seems to be different. But there ought to be more standardization. There ought to be templates. I think that would make everyone's lives easier, it would make the rules clear, and it would save a boatload of money and time.

Bill Derasmo:

I can give you an anecdote on standardization where... I'm a bit of a convert on this. So we were doing a project for, let's just say, a part of the country that's not FERC jurisdictional. And there are actually a few, and it's not Texas.

They were looking at trying to standardize their interconnection agreements. And what I would say is, it's funny because I had this perspective working on this project the last couple of years. I was like, you know what? The FERC standard GIA is actually really good.

And I don't know who the person was at 888 First Street who principally authored it. But that's an example where, looking back on it, there were so many fights about all this stuff. It's like, you know what? Thank goodness that in FERC-land on the mainland of the United States, lower 48, so to speak, at least you've got a standardized interconnection agreement that everyone has learned to live with.

It may not be perfect, but as a practitioner who's been doing this for a long time, looking at I was like, this is actually really good. And so, there's a lot of that. I think if you think about it, obviously the proforma oat, it's a pretty good... Excuse my language, product.

Nora Brownell:

Yeah.

Bill Derasmo:

It makes sense. It's rational. The standardized GIA. There's a few really big important examples of that. Standardization is always going to be fought, I think initially, but when you look back on it's like to the extent we have standardized, I think it's been a good product that most people can have either enthusiastically embraced or have learned to live with.

Nora Brownell:

Yeah.

Bill Derasmo:

So, I just wanted to add that.

Nora Brownell:

No, I think that's important. I think, God forbid we should mention the horrible SMD. But when you look at what's happened in the market, ooh, funny thing, people have kind of crept along. But again, all these, we are different. We are unique. I think you got to look behind the curtain and say, we're unique because we're trying to preserve our own assets.

I think there is absolute reason to look at a lot more standardization and again, measure it. Did it work? And if it didn't, okay, fine. Then let's look at what does. And that isn't whimsy. You don't do that overnight.

Bill Derasmo:

Right.

Nora Brownell:

Again, when you make any rule, you ought to be, again, John Doer, measure what matters. I think we measure a lot of things, but not the things that really matter, and that's what you see in the outcomes.

Bill Derasmo:

Yeah. And so, by the way, I did not mention SMD. You mentioned SMD.

Nora Brownell:

I periodically get notes from people saying, wow, did you see this in the market? They're really going towards SMD. And I just chortle. Just chortle.

Bill Derasmo:

You know what's funny? I'll just mention one anecdote. I don't know if you can relate to this, but one of these conferences, I can't remember if it was the Energy Bar Association or if it was one of the other major conference sponsors. But I was at a conference around this time that the Order 2000 proposals

came into the door. And there was a woman speaker. Gosh, I wish I could tell you who it was because she did a great job. I would love to pay her a compliment.

But she gave a great book, an example of a great book, that would match up with each RTO's proposal. And so, each RTO bizarrely, in my opinion, had its own personality and it was really invested in its own model. And it was really kind of funny to think...

And the one she gave for PJM, which to this day... I'm sorry for my friends in PJM, is so perfect, was Vanity Fair. Which sort of like, hey, we're PJM. It's sort of like you picture a cocktail party. And the one for New York, which I also thought was perfect, at least at the time, was the Great Gatsby.

And so, those were two of the ones I remember. The Alliance is long gone, rest in peace, but the one they put for the Alliance was Frankenstein. Which... So anyway.

Nora Brownell:

They're actually pretty good. They're all pretty good.

Bill Derasmo:

They're actually really good. And so, if this woman's ever happens to listen to this podcast, she should message us and say, hey. That was being gave that presentation.

Nora Brownell:

We need to get her back. That's great. That's really wonderful. I would've done PJM, maybe Lords of the Universe or something, in their own eyes. And again, I appreciate that they all offer something differently, but I think the world is not so different that everybody needs to do it their way.

Bill Derasmo:

Right.

Nora Brownell:

Think of the costs. I once did, when I was at FERC, God knows what happened to it. And I said, what is the cost of these IT systems that are out of control? And they came up with very obvious reasons. One is people can't make up their minds, and so they keep changing things. But they've hardwired the IT solution, so then you have to start all over again.

We haven't mentioned it, and this is very unpopular, but the stakeholder process is also a drag on the system. And I appreciate that everyone needs to get... Well, no. I don't, actually. My nickname at the bank was Zarina, and there's times that the democratic process doesn't work.

I don't want stakeholders deciding what kind of surgery I have when I get it some disease. I don't want stakeholders designing my next electric vehicle. Everyone's entitled to their opinion, but they represent very special and very narrow interests. RTOs, again, should be representing in the way that Congress no longer does. Should be representing the interests of everyone, the economic, the environmental, whatever.

It's not about power. It's not about protecting your business model. It's about more than that. And that stakeholder processes cost a lot of money. You have companies who send five people to a stakeholder meeting and they're arguing against each other like help me here.

Bill Derasmo:

I just have to laugh, because I've always found the stakeholder process to be a little bit bizarre. I'm sorry, because I have friends who they're stakeholder representatives for companies and they do a great job representing their companies, very passionate about their issues. And I totally get it.

The reason why I think it's bizarre is take a step back from the energy industry. What other industry behaves like this or makes decisions like this? Is there any other? Because I don't know. I can't think of any.

Nora Brownell:

No. And there's a great movement, particularly in Europe, that everything needs to be stakeholder driven. And I think stakeholders, landowners, people who pay the bills, they need a voice, but the voice is not being well represented in the stakeholder process.

And ultimately, you are designing very complex systems that serve a larger population than the individual quadrants in the stakeholder process.

Bill Derasmo:

Right.

Nora Brownell:

There has to be a way to get people's voices heard, and we're not in the business of destroying businesses. But we do need to, again, make sure we have a network that serves the broader interests. And that is beyond one company or two companies or whatever.

And again, addresses that balance between customers and investors.

Bill Derasmo:

That's the word I think is the theme of this episode, is balance. I just feel like that sort of struck me over the last, I don't know, couple of weeks where I'm like, we're just out of balance on everything. Everything is a life and death fight for my sector or whatever it is.

Nora Brownell:

Yeah.

Bill Derasmo:

And that should be the theme for this whole episode. I will mention one other point you mentioned about RTOs and proprietary technology and all that. Another anecdote from my own life representing storage interests in MISO, and again, a matter of public record, we filed a complaint on behalf of our client a few years back. And I think it led to Order 841 because the commission ordered that relief from

the complaint. They ordered it generically across the country. So all the RTOs had to put in provisions to accommodate storage participation in the markets.

But the reason why it's pertinent is what you mentioned about software. As a practical matter, it took years to get the implementation done. And when you really drill into the reasoning, it was because of software implementation. If you don't have off-the-shelf solutions that you can apply New York, PJM, MISO, SPP, wherever, that's another issue you're always going to run into, because each RTO'S going to think they built a better mousetrap and little things like terminology that's different across regions.

At this point in time, does it really make sense for PJM to use FTR, New York ISO to talk about TCCs, and I forget what the SPP term... At this point, we've been at this now for 20 years, about. Can you guys standardize some of this stuff?

Nora Brownell:

You bring up a point, and there have been a zillion studies about this. That industries developed their own language in order to protect their position. You talk to a doctor, you talk to a lawyer with all due apologies, you talk to a utility guy. When I became a state commissioner, they gave me this 400 page book of telecom acronyms, and you'd have seven different acronyms for the same piece of wire.

And so when I would tour, which I used to spend a lot of time with, because that's how you get to know things, is talk to the people who are doing the jobs, not with all due respect to the regulatory sherpas or the CEOs for that matter. And I'd say, you cannot use any acronyms. Just tell me what it is because, honestly, I'm not that bright and I can't figure it out. So just point it, show me, and tell me what it is.

So, yeah, there's literally no reason. Again, it's making people talk about how they have problems accessing, they don't understand. And again, that's among the other reasons people are suspicious of RTOs, because you need more transparency. You need a common language, and you need, again, to evaluate what the outcomes are.

Because if you're not getting what you want, then you need to change the rules. But on IT, and believe me, there's a lot of people who are willing to let RTOs or anybody spend a gazillion dollars if you've been involved in an IT project because you got this little nuance and this little...

You know what? No. Life's not that different.

Bill Derasmo:

Right.

Nora Brownell:

All the engineers will tell me I'm wrong, by the way.

Bill Derasmo:

Listen, I appreciate the perspective. We could talk all day. I feel like I should let you go because otherwise I'll just keep firing questions and your whole day will be gone.

Nora Brownell:

No, it's been so much fun and I appreciate your interest and your enthusiasm. Even my own children tell me I'm boring, so it's fun to find... We have a support group of nerds, so I appreciate that.

Bill Derasmo:

Oh, believe me, my kids tell me I'm boring, but that's par for the course in this line of work.

Nora Brownell:

Exactly.

Bill Derasmo:

I really appreciate your time. I think the audience will get a kick out of this episode. Really appreciate having you on. You are the second FERC Commissioner that we had on. We had Phil Moeller on two or three years ago.

Again, really appreciate it, and I hope you enjoyed your time. Any last words for the audience before we go?

Nora Brownell:

Yes. That is, quit protecting narrow interests and get with the program. Let's go beyond the behavior we see at our national leaders level and put self-interest aside because in the long-term best interest of the country, we need to do things differently.

Bill Derasmo:

Well, here-here. I wholeheartedly agree. And again, I think I will close with this. The word for today is balance. When people look at these issues, whether it's national politics or in this particular case energy industry issues, try to take a step back and say, what balances all of these really important concerns?

Because I don't feel like anyone's doing that today.

Nora Brownell:

I agree. I agree, and I think FERC tries, but the political pushback they get... There are independent agencies for a reason, and we need to hold that thought.

Bill Derasmo:

Well, why don't we leave it there? Thanks again, Nora Brownell. We really appreciate your time.

Nora Brownell:

Tons of fun. Great to chat.