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By Electronic Submission

Comments on Quadrennial Energy Review
Office of Energy Policy and Systems Analysis
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Re: Southern Companies' Comments to the Quadrennial Energy Review

Southern Company Services, Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company, (collectively, "Southern Companies"), provide these comments to facilitate the Department of Energy's ("DOE") efforts, in DOE's capacity as the Secretariat for the Quadrennial Energy Review ("QER") Task Force,¹ as DOE engages in its analysis of the nation's infrastructure for transporting, transmitting, storing and delivering energy. Southern Companies support DOE's performance of the QER, with Thomas A. Fanning, the President and CEO of The Southern Company, having participated in panel discussions at the QER Stakeholder Meeting #12 held in Newark, New Jersey on September 8, 2014 ("Newark Meeting"). The initial focus of the QER is to analyze the increasing challenges to the nation's energy infrastructure. Southern Companies view addressing these challenges as an opportunity for the United States to become not only energy independent but also the biggest energy producer on the planet, with the economic and security boons that would result. As discussed herein and by Mr. Fanning at the Newark Meeting, to achieve such energy security, a balanced, customer-focused energy policy allowing for regional flexibility should be pursued.

¹ These comments are being provided in accordance with DOE's "Quadrennial Energy Review; Notice of Deadline for Public Comments," published in the Federal Register on August 25, 2014. 79 Fed.Reg. 50638 (2014).

I. Introduction

A. Overview of Southern Companies

1. Focus on the Customer: With 4.4 million customers and nearly 46,000 megawatts of generating capacity, Southern Companies are a leading U.S. producer of clean, safe, reliable and affordable electricity, providing electric service in four Southeastern states. Southern Companies' affiliates also include a growing competitive generation company — Southern Power — as well as a licensed operator of three nuclear generating plants — Southern Nuclear — and a provider of fiber optics and wireless communications — Southern Telecom and SouthernLINC Wireless, respectively. Southern Companies are known for energy innovation, high reliability, excellent customer service, and retail electric prices that are below the national average. As part of their focus on customers, Southern Companies are vertically integrated,² allowing for the consideration of all feasible options and opportunities through integrated, long-term planning focused on serving customer's needs for electricity on a least-cost basis. And as vertically integrated utilities, Southern Companies are absolutely accountable to their customers – customers know who to call and who is responsible for ensuring reliable, economic electric service.

“Customers are at the Center of Everything We Do”



Policy goals must be Balanced:

- *Consider all customers*
- *Provide clean, safe, reliable, affordable power*

2. Leaders in Innovation: Southern Companies are leaders in electric innovation. Southern Companies are leading the nuclear renaissance and are on schedule to be the first U.S. utility in more than 30 years to build new nuclear-powered generation. The project will add two new units with more than 2,200 megawatts of capacity at Georgia Power's Plant Vogtle. When

² While vertically integrated, the Southeast is also characterized by active, wholesale electric markets, with roughly twenty (20%) of Southern Companies' generating capacity provided through long-term power purchase agreements with independent power producers.

complete in 2017 and 2018, these new nuclear units will generate enough electricity to power more than 500,000 homes and businesses with clean, reliable energy.

Southern Companies are also industry leaders in the development and deployment of clean coal technology. Over the past decade, Southern Companies, with DOE and other partners, have been developing cleaner, less expensive, more reliable methods for producing electricity with coal. Southern Companies manage and operate DOE's National Carbon Capture Center, a focal point of national efforts to develop advanced technologies to reduce greenhouse gas emissions from coal-based power generation. The facility is the largest in the world to be connected to a pulverized coal-fired generating plant. A process called Transport Integrated Gasification ("TRIG") uses air rather than pure oxygen — and lower-grade sub-bituminous and lignite coals — to more affordably gasify the coal. TRIG technology is being used in Mississippi Power's 582-megawatt gasification plant, in Kemper County, Mississippi that is scheduled to be in service in 2015. The Kemper County Facility will capture at least 65% of the CO₂ produced by the generating process that will then be pumped underground to push out more domestic oil production through a process called enhanced oil recovery.

Southern Companies and their affiliates actively promote and develop other sources of clean energy. Southern Companies' affiliates operate: one of the nation's largest wood biomass plants, Nacogdoches Generating Facility, in Texas; the 139-megawatt (MW) Campo Verde Solar Project in California; the 30-MW Spectrum Solar Facility and 20-MW Apex Solar Facility in Nevada; the 50-MW Macho Springs Solar Facility and 30-MW Cimarron Solar Facility in New Mexico, and the 2.5-MW Granville Solar Facility in North Carolina. Southern Companies have also entered into several agreements to purchase over 650 MWs from independent wind generators.

B. The QER and Overview of These Proceedings

The QER was established by Presidential Memorandum to help the Federal government formulate a comprehensive and integrated strategy for achieving the nation's goals of attaining "[a]ffordable, clean, and secure energy and energy services" to improve "U.S. economic productivity, enhance[e] our quality of life, protect[] our environment, and ensur[e] our Nation's security."³ DOE serves as the Secretariat for the QER Task Force that is to submit a QER Report to the President every 4 years beginning January 31, 2015. The initial focus of the QER is "our Nation's infrastructure for transporting, transmitting, and delivering energy." *Id.* The QER Task Force will prepare a QER Report that:

- (a) provides an integrated view of, and recommendations for, Federal energy policy in the context of economic, environmental, occupational, security, and health and safety priorities ...

³ The White House, "Presidential Memorandum – Establishing a Quadrennial Energy Review," (2014) ("Presidential Memorandum") available at: <http://www.whitehouse.gov/the-press-office/2014/01/09/presidential-memorandum-establishing-quadrennial-energy-review>.

(b) reviews the adequacy, with respect to energy policy, of existing executive and legislative actions, and recommends additional executive and legislative actions as appropriate;

(c) assesses and recommends priorities for research, development, and demonstration programs to support key energy-innovation goals; and

(d) identifies analytical tools and data needed to support further policy development and implementation.

In the context of preparing the first of the QER Reports, DOE has been conducting a series of public meetings. In this regard, Southern Companies participated in the QER, Public Meeting #12, “Electricity Transmission, Storage, and Distribution – East,” held in Newark, New Jersey on September 8, 2014 (“Newark Meeting”), with Tom A. Fanning, the President and CEO of The Southern Company, serving as a panelist on “Panel III: Business Models and Regulations of Regulated Utilities - Do They Need to Change, and if so How?”

II. Southern Companies’ One Specific Recommendation: *Balance is Key*

DOE has consistently asked participants in its public meetings what one specific recommendation that they have for the QER Task Force. *See e.g.*, Newark Meeting, Transcript, at 215. As explained by Tom Fanning at the Newark Meeting, a *balanced* energy policy is crucial for this nation to attain the energy security that is within reach. Rather than relying on any single issue policy or politics, an “all of the above” approach, as advocated by the President and Secretary Moniz, is critical. A portfolio approach that balances the policy goals of “clean, safe, reliable and affordable energy” should be adopted that provides a full role for renewables, energy efficiency, new nuclear, 21st century coal, and natural gas. The Federal government’s role is to make a national priority the reinvestment and development of this portfolio of assets through research and development and energy innovation. To best facilitate the balanced approach that recognizes and takes advantage of the different energy and economic attributes that characterize this nation’s many regions and States, as well as keeping a focus on how best to provide clean, safe, reliable and affordable energy to customers, the States should be provided flexibility in deciding what is best within their boundaries.

III. Southern Companies’ Feedback to the Issues Raised at the QER Task Force’s Public Meetings.

The following provides Southern Companies’ comments on the major issues involving electricity infrastructure raised at DOE’s QER-related public meetings.

A. Resiliency and Vulnerabilities: with NERC and FERC Addressing Electric Reliability, Legislation is Not Needed, but the Federal Government Should Continue to Foster Industry-Government Partnerships

At the “Enhancing Energy Infrastructure Resiliency and Addressing Vulnerabilities” public meeting held by the QER Task Force on April 11, 2014 (“Resiliency and Vulnerabilities Meeting”), DOE considered infrastructure vulnerabilities (*e.g.*, vulnerabilities to attack (cyber) and extreme events) and vulnerability assessments (*e.g.*, aging infrastructure, climate change, infrastructure interdependencies). In response to these issues, Southern Companies submit that the key point is that reliability must be mission number one. Future national policy goals must consider reliability and long-term impacts, and implementing new policies must not occur too quickly due to the possibility and even likelihood of unintended consequences.

As specifically applied to the electric industry, Congress has already established a process for the development of mandatory reliability standards (*i.e.*, the North American Electric Reliability Council (“NERC”) process) and their regulatory oversight by the Federal Energy Regulatory Commission (“FERC”).⁴ There is, thus, no need for new legislation on resiliency and vulnerabilities for the electric industry, as statutory authority already exists.⁵ As demonstrated by the discussions at the Resiliency and Vulnerabilities Meeting, the current reliability challenges being faced by the electric industry are being appropriately addressed by NERC and FERC. For example, the physical security issues raised by the Metcalf substation attack are being addressed by FERC orders and NERC developing appropriate reliability standards. NERC has also developed the first version of a standard to address the potential reliability risks presented by geomagnetic disturbances.

Additional legislation is, thus, not needed for the electric industry. Instead, the appropriate role for the federal government is the continued fostering of industry-government (public-private) partnerships. The success of the Department of Homeland Security, Electric Sector Coordinating Council (“ESCC”) efforts related to addressing cyber-attacks, physical terrorism, and natural disasters demonstrates the key role that such partnerships have and must continue to play. Utilities have benefited greatly applying federally-developed cybersecurity technologies and through enhanced public-private information sharing. As threats become more sophisticated, additional public-private partnerships must be fostered and expanded to provide further coordination between government and industry.

B. Transmission: The Southeast Has a Robust Grid and Adequate Planning Processes to Address the Challenges Facing the Grid

The QER Task Force considered various issues pertaining to electric transmission at its “Electricity Transmission, Storage and Distribution – West” public meeting held on July 11, 2014 and at its “Electricity Transmission and Distribution – East” public meeting held on September 8, 2014. At these meetings, issues discussed included reliability, changing resource

⁴ See 16 U.S.C. 824o.

⁵ *Id.*

mix, planning, cost allocation, State and Federal siting processes, changing load growth patterns, and using existing transmission better.

1. Southern Companies are Recognized as Having a Robust Transmission Grid

Southern Companies appreciate this opportunity to present their views on the best means to address the challenges facing the electric transmission sector. Southern Companies are well situated to present such views, as Southern Companies are recognized for having developed a robust transmission grid that is well positioned to address future challenges. Southern Companies have developed a vast transmission system consisting of more than 27,000 miles of transmission lines and 3,700 substations. From 2008 to 2011, Southern Companies invested \$2.3 billion in transmission assets (lines and substations) and distribution substations, which Southern Companies manage in conjunction with their transmission systems.⁶

DOE itself has remarked that Southern Companies and other Southeastern transmission owners have developed a robust transmission system. DOE's 2009 Congestion Study ultimately concluded: "Because southeastern utilities build aggressively in advance of load, there is little economic or reliability congestion within the region."⁷ DOE concluded that there is little congestion within the Southeast region due to the "unique philosophy with respect to electric system planning and construction" in that "[t]he transmission system within SERC has been planned, designed and is operated such that the utilities' generating resources with firm contracts to serve load are not constrained."⁸ Likewise, in the Draft National Transmission Congestion recently issued by DOE in August 2014, DOE found that in the Southeast,

- There are no clear trends in the application of administrative congestion management procedures over the period 2006-2011
- There are no reports of persistent transmission constraints within the region.
- Transmission is being built in coordination with generation additions following longstanding planning practices overseen by state and regional protocols.⁹

⁶ See <http://www.southerncompany.com/about-us/our-business/transmission/home.cshtml>.

⁷ 2009 Congestion Study at 60-61; see also Pre-Congestion Study Regional Workshop for the 2009 National Electric Congestion Study, Atlanta, Georgia, Transcript (July 29, 2008) at 3, 7, available at http://congestion09.anl.gov/documents/docs/Transcript_Pre_2009_Congestion_Study_Atlanta.pdf.

⁸ 2009 Congestion Study at 60 (emphasis added) (*quoting* NERC, 2009 Summer Reliability Assessment at 131, available at <http://www.nerc.com/files/summer2009.pdf>).

⁹ DOE, National Electric Transmission Congestion Study, Draft for Public Comment, at xxiii, 84-85 (August 2014) ("Draft Congestion Study").

2. Socialization of Transmission Costs Should be Avoided; Regional Solutions Should be Encouraged; and the Newly Created Transmission Planning Processes Should be Afforded an Opportunity to be Implemented Before New Planning Regulations are Considered.

Transmission is the means by which utility-scale generating resources are integrated to serve load. To allow for the provision of clean, reliable, safe, and affordable electricity, the transmission system must be an adequate platform for the integration of the balanced portfolio, “all of the above,” policy approach that should be adopted to allow this nation to achieve energy security. Transmission must be adequate to allow for the reasonable development of renewables, energy efficiency, new nuclear, 21st century coal, and natural gas. Balance and resource diversity are key to shielding customers from fuel price fluctuations and to have sufficient dispatchable resources to reliably accommodate the intermittency of wind and solar resources while achieving the nation’s renewable and emission reduction goals.

To achieve these goals emphasizes the need for the government to avoid picking winners and losers through the provision of subsidies to any one type of generating resource. From a transmission perspective, this means avoiding the socialization of the cost of the transmission facilities need to integrate any particular type of generation into the grid. Cost socializing breeds economic inefficiencies and displacements and prevents an “all of the above” approach and the benefits that could have been achieved through balance and resource diversity. For example, socializing the costs of transmission needed to integrate remotely located renewables serves as a disincentive to invest in what may have been more economical, locally available “clean” resources, such as distributed solar generation, locally available wind generation, new nuclear, clean coal and natural gas. Remotely located renewable resources should be developed when economic as compared to other clean resources – considering both the cost of constructing and installing the proposed resource *and* the true costs of providing delivery service to such resources on the same basis as local resources – in pursuing State and Federal policy goals; otherwise, affordability, resource diversity, and ultimately reliability are not optimized with customers being the ultimate losers.

Regional transmission solutions to address the challenges facing this nation must be allowed. Regional approaches are appropriate to recognize and take advantage of this nation’s great diversity of resources as well as to maximize their integration into the various market structures that the different regions have adopted. New federal legislation is not the answer.

Likewise, new federal transmission planning initiatives are neither needed nor appropriate. The last few years have seen a tremendous increase in the development of regional and interregional transmission planning coordination and processes. Indeed, Order No. 1000 has required a significant amount of revisions to how regional and interregional planning is performed and has required the establishment of numerous levels and layers of transmission planning and cost allocation processes. The industry remains somewhat in flux as these processes are just becoming effective, and new federal planning mandates would only cause delay and confusion. Furthermore, other new interconnection-wide transmission planning

institutions have also been established: the Eastern Interconnection Planning Collaborative (“EIPC”) and the Eastern Interconnection States Planning Council (“EISPC”). A meaningful opportunity should be allowed for these new transmission planning processes to find their legs before new transmission planning initiatives are considered.

Applying all of the foregoing to the Southeast, as discussed above, the Southeast has a robust grid that, combined with existing transmission planning institutions, are more than adequate to address the transmission challenges facing the industry. Regional flexibility is key, and any changes adopted in the Southeast must build upon, as opposed to being contrary to, the successes that the Southeast have achieved through their existing institutions and market structures. While issues pertaining to business models will be discussed further below, the vertically integrated model that predominates in the Southeast has proven remarkably successful for this region. It has allowed for truly “integrated” resource planning that considers all reasonable options to serve customers on a least-cost basis that has been the primary driver for the construction of the Southeast’s robust transmission grid. And the vertically integrated model promotes accountability – both customers and regulators know exactly who to call and hold accountable.

3. Related QER Topics Concerning Transmission

a. Siting and Permitting on Federal Lands in the West: While transmission siting and permitting were important topics in the Western public meeting, it bears emphasizing that those discussions were focused on seeking improvements to obtain siting/permitting approvals on federal lands in the West. While means to expedite those federal approval and federal agency coordination processes in the West should continue to be pursued, care needs to be taken to ensure that addressing those Western, federal agency issues does not interfere with the effective State siting approval and permitting processes used elsewhere.

b. Gas/Electric Coordination: Gas/Electric Coordination is Not an Issue in the Southeast, and in Areas Where More Coordination is Needed, the On-Going NAESB Processes Should be Allowed to Proceed: At several of the public meetings, there were discussions and references to the need for improved gas/electric coordination. Fortunately, progress is being made through NAESB and FERC processes to provide additional coordination where appropriate. In this regard, and as established at the technical conferences FERC has held concerning gas/electric coordination, the need for gas/electric coordination is primarily in the context of the need to provide for more long-term contracting for firm gas supplies in RTO/ISO markets. Progress is being made in that regard, and the processes being formulated should be allowed to be implemented before additional legislative or regulatory requirements are pursued. Furthermore, those technical conferences have also established that gas/electric coordination is more than adequate in the non-RTO markets where, in order to be relied upon to serve native load on a long-term basis, generating resources generally must have in place long-term fuel procurement arrangements. Any effort to address the gas/electric coordination issues faced in

certain markets must take care not to interfere with the already-effective gas/electric coordination practices that are used in other markets.¹⁰

C. Distribution: The Federal Government Should Focus Its Efforts on Research and Development and Innovation.

Electric distribution issues were discussed at the QER public meetings held on July 11, 2014 for the West and September 8, 2014 for the East. Discussions considered emerging technologies (*e.g.*, digital communications, sensors, control systems, smart meters), distributed energy resources, microgrids, greater customer engagement, and technical and policy challenges and opportunities. Distribution topics included distribution planning, operations, rate structures, regulatory oversight models, the need to accommodate two-way flows of electricity, cybersecurity and privacy issues.

The primary role for DOE on the emerging distribution issues and challenges should be in innovation, research and development, and the testing and promoting of advancing technologies. The States' primary authority over distribution matters must be respected, and flexibility must be provided to allow for local solutions. After all, distribution technologies directly affect end-use customers, and the States, State commissions, and localities are best situated to address local considerations and the deployment of advancing distribution technologies for their retail customers. For example, 46% of the families that Southern Companies serve make less than \$40,000 a year, and it is imperative that the deployment of advanced distribution technologies be cost-justified and affordable. The affected localities should be allowed to determine for themselves whether the deployment of an advanced distribution technology is cost-justified and otherwise appropriate. Discretion is urged regarding federal regulatory actions concerning distribution technologies, as moving too quickly and just adding additional requirements could inadvertently hinder the development of even newer and more advanced technologies that could prove superior. Moreover, the local differences affecting distribution are much more pronounced than with respect to other industry sectors. States and localities are well-positioned to respond to their respective local needs.

With regard to microgrids, while they have received a fair amount of media particularly with regard to the increase in distributed solar generation, true self-sustaining microgrids should remain more of a specialized niche rather than any broad-based application. While it often makes sense for specialized institutions such as military bases and research centers to have microgrid capability in the event that power is lost from the grid, the appropriate national policy in terms of affordability and basic economics is to focus resources on maintaining and improving the resiliency of the grid rather than on the deployment of wide-spread, self-sustaining microgrid capabilities. As a practical matter, the latent charge in the power grid is necessary to balance the power fluctuations associated with distributed solar generation.

¹⁰ This principle applies in other areas as well. Uniform regulation adopted and applied to vastly different markets is often inappropriate. A key principle of reasoned policy making is ensuring that regulatory requirements are tailored to the specific problems they seek to address.

While electricity storage has the potential to be a game changer with potentially huge reliability and economic benefits, it remains in the embryonic stage. Much research needs to be done to make it more economically viable, and at least certain forms of storage technologies, such as batteries, face their own set of environmental issues. Southern Companies continue to engage in research and development with regard to electric storage capabilities and recommend that DOE continue its partnership efforts in the development of this technology.

D. Business Models: Southern Companies' Integrated, Regulated Model has a Proven Track Record of Supporting Sustained Economic Growth and Providing Significant Value to Customers

Panel III at the Newark Meeting explored the topic of, "Business Models and Regulated Utilities – Do They Need to Change, and if so How?" As mentioned previously, Tom A Fanning, President and CEO of The Southern Company, participated in these panel discussions. This panel explored the question of whether current business models and regulation for regulated electric utilities are appropriate in the context of declining sales/load growth, increasing self-generation, and increased investment to update and maintain transmission and distribution networks.

In exploring appropriate business models, the questions that should be asked are what problems are trying to be addressed and what policy goals are seeking to be obtained. As explained by Mr. Fanning at the Newark Meeting, a successful, balanced national energy policy affording clean, safe, reliable, and affordable energy should have three prongs. The first is that America should take an "all of the above," full portfolio approach to take advantage of the nation's abundance in resources so as to achieve energy independence, energy security and economic security within the next couple of decades. No single-issue politics or policy-setting will reach that goal. The second prong is that energy innovation must continue to be pursued. The third prong is the specific issue raised by Panel III at the Newark Meeting in that an appropriate regulatory and business model has to be in place to provide value to customers and effectuate the other policy prongs.

Southern Companies' vertically integrated, regulated model more than adequately satisfies these criteria. First and foremost, Southern Companies' business model is focused on providing value to customers. Under Southern Companies' regulated model, the provision of electricity service to their retail customers is predicated upon rendering service on a safe, reliable and least-cost basis. Because Southern Companies remain vertically integrated (*i.e.*, each operating company generally controls the distribution, transmission, and generation necessary to meet its customer's full electric requirements), they are able to perform truly integrated, long-term planning that considers all feasible generation, transmission, and distribution options (including retail demand-side and wholesale supply-side options along with potential transmission upgrades) to identify the least-cost means to address the challenges facing the electric industry and the economy in the Southeast. In addition, Southern Companies' regulated, vertically integrated model allows for the stability and favorable economics that result from

long-term planning and long-term contracting for fuel, generation, and delivery service. As referenced previously, the Southeast does not have electricity-gas coordination problems because firm, gas-fired generation has firm fuel supplies, and the Southeast does not face the long-term generating capacity problems that have become an issue in some de-regulated markets because Southern Companies can proactively plan and expand their systems and portfolios to meet future needs.

Southern Companies' vertical integration also means that Southern Companies remain 100% accountable to customers. In Southern Companies' service territory, if a customer or regulator has an issue, there is no question which company to call. Indeed, reliability of electric service is a hallmark of Southern Companies, who have just seen the frequency and duration of interruptions on their transmission and distribution systems reach a 12-year low. Southern Companies' focus on the customers has resulted in high customer satisfaction, as demonstrated by the two largest Southern Companies, Georgia Power Company and Alabama Power Company, have recently been determined by J.D. Power to have the highest customer satisfaction rating for large electric utilities in the South.¹¹

Turning back to the "all of the above," full portfolio and innovation prongs of the balanced energy policy that should be pursued, Southern Companies' regulated business model is more than adequate to effectuate these goals. The Presidential Memorandum establishing the QER discusses the need to have a "comprehensive and integrated energy strategy" for the national economy. As a result of Southern Companies' business model, including its vertical integration and integrated resource planning, Southern Companies are able to develop such a comprehensive and integrated, long-term energy strategy that satisfies the "full portfolio" and innovation policy prongs in order to meet today's and tomorrow's challenges for the Southeast. Southern Companies lead this nation's nuclear renaissance in building the first nuclear units in the United States in more than thirty years. Southern Companies, in partnership with DOE and other utilities, are pioneering the development of clean coal and CO₂ capture and sequestration technologies, with Southern Companies nearing completion of their Kemper Energy Facility, a 582 MW IGCC with carbon capture and sequestration. Southern Companies and their affiliates are leaders in the development of renewables. Among other things, the State of Georgia has recently adopted an ambitious solar program;¹² Southern Companies have entered into several agreements for the purchase of remotely located wind generation; Southern Companies' affiliates are developing significant solar and biomass generating facilities throughout the nation; and Southern Companies maintain an extensive fleet of hydroelectric generating facilities.

There is no one answer with regard to appropriate business models. While the regulated, vertically integrated model remains appropriate for Southern Companies, other regions having different models should be afforded the flexibility to fashion the appropriate structures to best

¹¹ See J.D. Power Press Release "Customer Satisfaction with Electric Utility Companies," February 12, 2014, available at: <http://www.jdpower.com/sites/default/files/2014010%20Electric%20Utility%20Business.pdf>.

¹² Information on the Georgia Power Advanced Solar Initiative is available at <http://www.georgiapower.com/about-energy/energy-sources/solar/asi/advanced-solar-initiative.cshml>.

address the particular challenges facing their regions as well as those facing the electric industry in general. Additional regulation and legislation are not the answer and would inevitably have unintended consequences. A one-size-fits-all approach would be inefficient and counter-productive.

IV. Summary of Southern Companies' Recommendations

Southern Companies agree with Secretary Moniz's "all-of-the-above" strategy. Energy independence and energy security are obtainable in the United States in the near-future but only if a balanced energy policy is adopted that takes advantage of all of the vast energy resources available to the United States. As discussed by Secretary Moniz, pursuing an "all-of-the-above" strategy means making investments aggressively across all fuels to lower the cost of low carbon alternatives, including nuclear power, renewable energy, carbon capture and sequestration and efficiency.¹³ This full portfolio approach is exactly what Southern Companies are doing.

Secretary Moniz also appropriately emphasized the critical role of States and their ability to be flexible and provide appropriate solutions. One-size-fits-all approaches would fail to recognize regional diversities in market structure and resource availability and would inherently be counterproductive. The States are best situated to understand the needs of their respective regions and constituents and should be allowed to formulate tailor-made responses to the challenges facing the industry. Regional solutions among States are appropriate only when the affected States determine and agree that doing so will optimize results for all involved.

In summary, in formulating energy policy, the key question should be "what problem are you trying to fix." For energy policy, the goal should be to achieve true energy security where the United States is not only energy independent, but the largest energy producer in the world. Such energy security breeds both national security and economic security. No single policy or politics will achieve this goal, but a balanced, full-portfolio approach utilizing all of the nation's diverse energy sources and narrowly tailored to each region's specific and disparate needs should be pursued. In achieving these goals, customers must remain the focus of decision-making as the nation pursues clean, safe, reliable, and affordable energy. New regulations, especially one-size-fits-all regulations, are not the answer. Instead, DOE and the federal government should continue its partnerships with private industry to promote innovation, research and development, and necessary informational exchanges.

¹³ See, e.g., Secretary Moniz's comments at Stakeholder Meeting #8, "Infrastructure Constraints," Bismarck, ND, August 8, 2014.

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Southern Companies reiterate their support for DOE as it performs the QER. If there is anything that Southern Companies can do to facilitate DOE in its efforts, feel free to contact us.

Sincerely,

/s/Andrew W. Tunnell

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