

THE CHANGING ENERGY LANDSCAPE: OVERSIGHT OF FERC

HYBRID HEARING

BEFORE THE
SUBCOMMITTEE ON ENERGY
OF THE
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COMMERCE
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
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¹ Mr. Glick’s replies to submitted questions for the record have been retained in committee files and are available at <https://docs.house.gov/meetings/IF/IF03/20210727/113963/HHRG-117-IF03-Wstate-GlickR-20210727-SD001.pdf>.

² Mr. Chatterjee did not answer submitted questions for the record by the time of publication.

³ Mr. Danly’s replies to submitted questions for the record have been retained in committee files and are available at <https://docs.house.gov/meetings/IF/IF03/20210727/113963/HHRG-117-IF03-Wstate-DanlyJ-20210727-SD001.pdf>.

⁴ The information has been retained in committee files and is attached to Ms. Clements’ prepared statement at <https://docs.house.gov/meetings/IF/IF03/20210727/113963/HHRG-117-IF03-Wstate-ClementsA-20210727.pdf>.

THE CHANGING ENERGY LANDSCAPE: OVERSIGHT OF FERC

TUESDAY, JULY 27, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ENERGY,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:30 a.m., in the John D. Dingell Room 2123, Rayburn House Office Building, and remotely via Cisco Webex online video conferencing, Hon. Bobby L. Rush (chairman of the subcommittee) presiding.

Members present: Representatives Rush, Peters, Doyle, McNerney, Tonko, Veasey, Schrier, Butterfield, Matsui, Castor, Welch, Schrader, Kuster, Barragán, Blunt Rochester, O'Halleran, Pallone (ex officio), Upton (subcommittee ranking member), Burgess, Latta, McKinley, Griffith, Johnson, Bucshon, Walberg, Duncan, Palmer, Lesko, Pence, Armstrong, and Rodgers (ex officio).

Also present: Dingell, Fletcher, Schakowsky, Long, and Joyce.

Staff present: Tiffany Guarascio, Deputy Staff Director; Anthony Gutierrez, Professional Staff Member; Perry Hamilton, Clerk; Anne Marie Hirschberger, FERC Detailee; Zach Kahan, Deputy Director, Outreach and Member Service; Rick Kessler, Senior Advisor and Staff Director, Energy and Environment; Mackenzie Kuhl, Digital Assistant; Jourdan Lewis, Policy Coordinator; Tyler O'Connor, Energy Counsel; Lino Peña-Martinez, Policy Analyst; Kaitlyn Peel, Digital Director; Tuley Wright, Senior Energy and Environment Policy Advisor; Sarah Burke, Minority Deputy Staff Director; Michael Cameron, Minority Policy Analyst, Consumer Protection and Commerce, Energy, Environment; William Clutterbuck, Minority Staff Assistant/Policy Analyst; Nate Hodson, Minority Staff Director; Peter Kielty, Minority General Counsel; Emily King, Minority Member Services Director; Mary Martin, Minority Chief Counsel, Energy and Environment; and Brandon Mooney, Minority Deputy Chief Counsel for Energy.

Mr. RUSH. The hearing is now called to order.

The Subcommittee on Energy will now come to order.

Today the subcommittee is holding a hearing entitled "The Changing Energy Landscape: Oversight of FERC."

Due to the COVID-19 public health emergency, you can participate in today's hearing either in person or remotely via online video conference.

Members who are not vaccinated and participate in person must wear a mask and be socially distanced. Such Members may remove

their mask when they are under recognition and speaking from a microphone.

And now—and persons who are not vaccinated and present in the committee room must wear a mask at all times and be socially distanced.

For Members participating remotely, your microphone will be set on mute for the purpose of eliminating and avoiding background noise. Members participating remotely will need to unmute your microphone each time that you wish to be recognized.

Please note that, once you unmute your microphone, anything that is said will be heard over the loudspeaker in the committee room and subject to being heard by the live screen added onto by the omnipresent C-SPAN.

Since Members are participating from different locations at today's hearing, all recognition of Members, such as for questioning, will be in the order of the full committee seniority.

Documents for the record can be sent to Lino Peña-Martinez at the address that we have provided to each of your staff. All documents will be entered into the record at the conclusion of the hearing.

The Chair will now recognize himself for an appropriate opening statement.

STATEMENT OF HON. BOBBY L. RUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Again I would say good morning to each and every one of you.

Today the Subcommittee on Energy convenes to continue our work in establishing a path forward to achieve net-zero greenhouse gas pollutions and combat climate change. In order to achieve these important issues, it is critical that the Federal Government harnesses to its fullest extent all of its best capabilities.

In addition to this, as the energy landscape continues to change and to grow, it is vital that the conference and the Biden administration and future administrations work closely together.

And for many reasons that I am so delighted, so pleased to have FERC before the Subcommittee on Energy today.

Before I begin, though, I want to take a moment to publicly congratulate Chairman Glick for your being named Chairman of FERC this past January. I certainly enjoyed the opportunity to meet with you at the beginning of your tenure and to look forward to our continued and productive partnership.

Also, Chairman Chatterjee, I believe that this may be your last hearing before the—I'm sorry, Commissioner Chatterjee; instant promotions are not applicable here—Commissioner Chatterjee, I believe that this may be your last hearing before the committee during your tenure.

I want to thank you for your outstanding years of public service, and I want to wish you well as your time in FERC is being concluded.

I also want to take a moment if I might to congratulate my senior staff on this subcommittee, Jourdan Lewis. This is her last hearing. She is going on to higher heights, to better environments, and to a more profitable experience. She is going to work at the NACE Foundation in a very important capacity, and I want to

thank Jourdan for not only her being junior and senior legislative person on energy in my office and on this subcommittee, but her outstanding public service that goes all the way back to the Department of Energy.

Would you please just join with me in giving Jourdan a round of applause for her outstanding work?

[Applause.]

Mr. RUSH. Thank you, Jourdan, for your outstanding work and your continued commitment to our Nation's future.

It is well known that the electricity sector is one of the largest sources of greenhouse gas pollution within the United States.

Further, the sector has had a disproportionate impact on health, environment, and pockets of historically marginalized communities, the infrastructure of these marginalized communities.

Although it is not traditionally viewed as a climate regulator, FERC's vast authority over the electricity sector makes it a principal player in our race to tackle climate change.

As we know, FERC regulates critical elements of the U.S. energy industry and its systems. This includes the transmission and the wholesale purchase of electricity, the transport, of course, of natural gas, and the permitting of a variety of energy infrastructure projects.

I want to also say that FERC is also key to creation of a 21st century grid, which we need to reduce electricity cost all while delivering reliable, clean energy to consumers.

Chairman Glick, I congratulate you on taking long-awaited steps to make real reforms that will support zero carbon electricity.

[The prepared statement of Mr. Rush follows:]

PREPARED STATEMENT OF HON. BOBBY L. RUSH

Good morning. Today, the Subcommittee on Energy convenes to continue our work in establishing a path forward to achieve net zero greenhouse gas pollution and combat climate change. In order to achieve these important missions, it is critical that the Federal Government harnesses to the fullest extent all of its capabilities. In addition to this, as the energy landscape continues to change and grow, it is vital that Congress and the administration works closely together. It is for these reasons that I am pleased to have the Federal Energy Regulatory Commission (FERC) before the Subcommittee on Energy today.

Before I continue, Chairman Glick, I would like to publicly congratulate you on being named Chairman of FERC this past January. I enjoyed the opportunity to meet with you at the beginning of your tenure and look forward to our continued partnership. Also, Commissioner Chatterjee, I believe this may be your last hearing before the Committee during your tenure. I thank you for your years of service and wish you well as your time at FERC comes to an end.

It is well known that the electricity sector is one of the largest sources of greenhouse gas pollution within the United States. Further, the sector has had a disproportionate impact on the health, environments, and pockets of historically marginalized communities. Although it is not traditionally viewed as a climate regulator, FERC's vast authority over the electricity sector makes it a principal player in our race to tackle climate change.

As we know, FERC regulates critical elements of the U.S. energy industry and its systems. This includes the transmission and wholesale purchase of electricity, transport of natural gas, and the permitting of a variety of energy infrastructure projects. Along with this, FERC possesses the necessary tools to support the transition to a safe, affordable, and equitable clean energy future. For example, FERC, through a technology neutral approach, has the ability to address barriers within competitive wholesale electricity markets to facilitate the deployment of new low-cost technologies, like wind and solar.

FERC is also key to the creation of a 21st century grid, which we need to reduce electricity costs all while delivering reliable clean energy to consumers. This is why I am pleased that FERC, under Chairman Glick's leadership, is taking long-awaited steps to make grid reforms that will support zero carbon electricity. Equally important, FERC, along with our Federal agencies, must take the needs of historically marginalized communities into greater consideration. With this in mind, I commend FERC and my colleagues, Congresswomen Schakowsky and Kuster, for their work to establish a FERC office to do just that.

The climate crisis requires a whole of government approach. Therefore, today, I look forward to discussing how FERC plans to sustain its critical momentum in this regard. And with that, I yield to my friend and colleague, the Gentleman from Michigan, Ranking Member Upton, for five minutes.

Mr. RUSH. My time has expired, and now I want to recognize my good friend from the great State of Michigan, the ranking member of the subcommittee, Mr. Upton, for 5 minutes for purposes of an opening statement.

**STATEMENT OF HON. FRED UPTON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MICHIGAN**

Mr. UPTON. Well, thank you, my friend, Mr. Chairman, and thank you to our witnesses today for appearing.

And welcome back, Chairman Glick. It is nice to have you testify again, but this time as Chairman of FERC.

A special welcome from the Energy and Commerce Committee to Commissioners Clements and Christie. We look forward to working with each of you as members of this committee conduct oversight of FERC and work to strengthen and modernize our Nation's energy infrastructure, and of course our good friend Mr. Chatterjee as well.

You know, FERC is a small agency, but such an important mission. FERC is also unique in several ways. It is organized as an independent agency comprised of a bipartisan commission.

FERC is funded primarily through user fees and annual charges paid by regulated energy companies, and importantly, FERC's responsibilities are limited by the statutes passed by us, the Congress.

FERC's primary responsibilities include regulation of transmission and sale of electricity, oil, and natural gas in interstate commerce. They also review proposals to build interstate natural gas pipelines, LNG facilities, and non-Federal hydro projects.

At the same time, the electricity sector is also undergoing a dramatic transformation. A mix of Federal, State, and market changes are driving out traditional baseload energy—we know that, notably coal and nuclear—while weather-dependent renewables take their place. These trends are contributing to reliability challenges, balancing load and meeting peak demand, as seen in California, as well as in Texas.

So FERC's authority is limited to the bulk power system for electricity in interstate commerce, but they are obligated to ensure that regional markets are benefiting consumers.

As FERC turns its attention to the transmission planning process, I will certainly be paying close attention to how the costs of transmission projects are allocated to the taxpayers.

Simply put, ratepayers should not be forced to subsidize transmission lines or sacrifice 24/7 grid reliability in order to connect renewable projects to big cities. And when considering transmission,

FERC should not be picking winners among renewable developers or sacrificing reliability and cost.

Given the importance of FERC's established responsibilities and with limited time and the agency resources to expend, concerns have also been raised about what appears to be a shift in FERC policy to align with President Biden's social justice environmental programs. Under his leadership, FERC has begun to move the goalposts on environmental reviews, revive regs. for electric transmission in regional electricity markets to support wind and solar projects at the expense of cheaper and more reliable options and encourage lawsuits and legal challenges to new infrastructure projects.

So with that, I look forward to today's hearing. There is much to consider, given the changing landscape.

And I would yield back the balance of my time.

[The prepared statement of Mr. Upton follows:]

PREPARED STATEMENT OF HON. FRED UPTON

Thank you, Mr. Chairman. And thank you, to our witnesses, for appearing before us today. Welcome back, Chairman Glick, it is nice to have you testify again, this time as Chairman of FERC.

And a special welcome to the Energy and Commerce Committee to Commissioners Clements (*pronounced "Clu-mentz"*) and Christie. We look forward to working with each of you as Members of this Committee conduct oversight of FERC and work to strengthen and modernize our nation's energy infrastructure.

FERC is a relatively small agency with an important mission. FERC is also unique in several ways: FERC is organized as an independent agency comprised of a bipartisan commission; FERC is funded primarily through user-fees and annual charges paid by regulated energy companies; and importantly, FERC's responsibilities are limited by the statutes passed by Congress.

FERC's primary responsibilities include regulation of transmission and sale of electricity, oil, and natural gas in interstate commerce. FERC also reviews proposals to build interstate natural gas pipelines, LNG facilities, and non-Federal hydro-power projects.

In carrying out its responsibilities, FERC is often required to balance competing interests from a wide range of stakeholders to ensure rates for electric and pipeline services are "just and reasonable" and to determine whether energy infrastructure projects such as hydropower, interstate natural gas pipelines and LNG facilities meet the public interest and provide energy for consumers at a reasonable cost. Congress has also charged FERC with overseeing mandatory reliability standards for the bulk-power system to increase the reliability of the electric grid and protect from all-hazards, including a cyber-attack.

FERC has a lot on its plate. As we have witnessed, the shale revolution has led to unprecedented growth in natural gas production. The U.S. is now the world's leading producer and emerging as a world-leading exporter.

American consumers are benefitting from reliable and affordable supplies of natural gas, and we are more energy secure now than at any point in our history. American businesses and manufacturers are also more globally competitive as a result, creating jobs up and down the supply chain in all 50 states.

The rise of natural gas production has led to an increase in infrastructure—including pipelines, storage, and LNG facilities—all of which are regulated by FERC.

At the same time, the electricity sector is also undergoing a dramatic transformation. A mix of Federal, State, and market changes are driving out traditional baseload energy—notably coal and nuclear—while "weather dependent" renewables take their place. These trends are contributing to reliability challenges balancing load and meeting peak demand, as seen in California and Texas.

While FERC's authority is limited to the "bulk-power system" for electricity in interstate commerce, FERC is obligated to ensure that regional markets are benefiting consumers. As FERC turns its attention to the transmission planning process, I will be paying close attention to how the costs of transmission projects are allocated to ratepayers.

Simply put, rural ratepayers should not be forced to subsidize transmission lines or sacrifice 24/7 grid reliability in order to connect renewable projects to big cities.

When considering new transmission, FERC should not pick winners among renewables developers while sacrificing reliability and cost.

Given the importance of FERC's established responsibilities and with limited time and agency resources to expend, concerns have also been raised about what appears to be a shift in FERC policy to align with President Biden's social justice and environmental agenda.

Under new leadership, FERC has begun to move the goalposts on environmental reviews; revise regulations for electric transmission and regional electricity markets to support wind and solar projects at the expense of cheaper and more reliable options; and encourage lawsuits and legal challenges to new infrastructure projects.

With that, I look forward to today's hearing to learn more about FERC's priorities and find issues of common ground. There is so much to consider given the changing energy landscape, and FERC has its work cut out to site new pipelines and electric transmission to ensure reliable and affordable supplies of energy for all Americans.

Thank you, I yield back.

Mr. RUSH. The Chair thanks you, Ranking Member, for giving back the balance of your time.

The Chair now recognizes Mr. Pallone, the Chair of the full committee, for 5 minutes for the purposes of an opening statement.

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. PALLONE. Thank you, Chairman Rush.

FERC plays a critical role in ensuring the safe, reliable, and affordable delivery of energy to American homes and businesses, and I am pleased to welcome all of the current FERC Commissioners to this oversight hearing.

And I want to congratulate Chairman Glick on his appointment by President Biden and look forward to speaking to you about the Commission's priorities for the coming year.

I also wanted to recognize Commissioner Chatterjee, whose term on the Commission recently expired, but—I know you are still here, but the term expired. Although there are policy differences, we found common ground on several important issues, and I thank you for your service.

Recent extreme weather events in Texas, California, and the Pacific Northwest dramatically illustrate that the climate crisis is here and only will get worse if we do not act, and that is why Chairman Rush, Mr. Tonko, and I introduced the Clean Future Act, to get us to 100 percent clean economy no later than 2050 and to make our electric grid more resilient to extreme weather.

FERC has a large role to play in achieving this clean energy future and maintaining the reliable operation of our Nation's grid, and as we heard at our transmission legislative hearing several weeks ago, reforming the transmissions planning, siting, and cost allocation processes are critical to ensuring we can move renewable power from our wind and solar corridors to major population and industrial centers.

So I want to commend FERC for its recent announcement of a joint task force with the National Association of Regulatory Utility Commissioners. This is an effort to resolve the tensions between FERC and State regulators that too often interfere with the responsible deployment of more transmission.

I am also anxious to hear more about the Commission's recent advanced notice of proposed rulemaking on transmission and inter-

connection issues. In particular, I want to hear how FERC claims to pursue transmission policies that promote transmission development while also protecting ratepayers.

And FERC, of course, also regulates the certification and siting of natural gas pipelines. Two of the biggest challenges we face in this area have to do with protecting landowner rights and accounting for greenhouse gas emissions.

And, fortunately, I believe FERC has made some much-needed progress in these areas as well.

On the eminent domain issue, FERC recently issued guidance protecting landowner interest during natural gas pipeline siting proceedings, and that was a good start. But the Gas Act needs to better reflect today's realities and balance development with State and landowner rights.

I hope FERC does more to address the appropriate scope of pipeline's eminent domain authority, as well as whether it should permit pipeline companies to demonstrate a market need for a new pipeline by signing gas supply contracts with their own affiliates.

With respect to the greenhouse gas emissions, during our 2019 hearing with FERC, I expressed disappointment about FERC's failure to account for greenhouse gas emissions in the pipeline review process. Earlier this year for the first time, FERC assessed the significance of a project's greenhouse gas emissions and contributions to climate change, and that, again, was a welcome step forward.

I also wanted to mention two other promising FERC actions. First, this year after a long wait, FERC committed to establishing an Office of Public Participation. The public and particular members of underrepresented communities must have the opportunity and ability to participate in Commission proceedings.

So I am pleased that FERC finally acted to establish that office, and I am committed to ensuring that FERC makes that also an effective resource for environmental justice to leaders, Tribes, landowners, consumer advocates and other members of the public.

And second, I want to congratulate Montina Cole, who Chairman Glick appointed to be the Commission's first senior counsel for environmental justice and equity. For too long regulators have overlooked the environmental justice and equity concerns associated with siting the natural gas pipelines, as well as hydroelectric licenses and other projects.

This is an important step to ensure that these concerns are no longer ignored.

So thank you again for joining us today. I look forward to your testimony as we work together in our path forward.

Thank you. Thank you, Mr. Chairman. I yield back.

[The prepared statement of Mr. Pallone follows:]

PREPARED STATEMENT OF HON. FRANK PALLONE, JR.

The Federal Energy Regulatory Commission plays a critical role in ensuring the safe, reliable, and affordable delivery of energy to American homes and businesses. I'm pleased to welcome all the current FERC Commissioners to this oversight hearing.

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I am also interested to hear more about the Commission's recent Advanced Notice of Proposed Rulemaking on transmission and interconnection issues. In particular, I want to hear how FERC plans to pursue transmission policies that promote transmission development while also protecting ratepayers.

FERC, of course, also regulates the certification and siting of natural gas pipelines. Two of the biggest challenges we face in this area have to do with protecting landowner rights and accounting for greenhouse gas emissions. Fortunately, I believe FERC has made some much-needed progress in these areas.

On eminent domain, FERC recently issued guidance protecting landowner interests during natural gas pipeline siting proceedings. That's a good start, but the Gas Act needs to better reflect today's realities and balance development with state and landowner rights. I hope FERC does more to address the appropriate scope of pipelines' eminent domain authority, as well as consider whether it should permit pipeline companies to demonstrate a market need for a new pipeline by signing gas supply contracts with their own affiliates.

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I would also like to mention two other promising FERC actions. First, this year, after a long wait, FERC committed to establishing an Office of Public Participation. The public, and in particular members of underrepresented communities, must have the opportunity and ability to participate in Commission proceedings. I am pleased that FERC finally acted to establish the Office of Public Participation. I am committed to ensuring that FERC makes this office an effective resource for environmental justice leaders, Tribes, landowners, consumer advocates, and other members of the public.

And second, I want to congratulate Montana Cole, who Chairman Glick appointed to be the Commission's first senior counsel for environmental justice and equity. For too long, regulators have overlooked the environmental justice and equity concerns associated with siting new natural gas pipelines, hydroelectric licenses and other projects. This is an important step to ensure these concerns are no longer ignored.

Again, thank you for joining us today. I look forward to your testimony as we discuss the path forward.

Mr. RUSH. The chairman yields back.

We turn now to the ranking member of the full committee, Mrs. McMorris Rodgers, for 5 minutes for the purpose of an opening statement.

**OPENING STATEMENT OF HON. CATHY McMORRIS RODGERS,
A REPRESENTATIVE IN CONGRESS FROM THE STATE OF
WASHINGTON**

Mrs. RODGERS. Thank you, Mr. Chairman.

Let me also welcome the Commissioners today.

Since our last hearing in 2019, we now have three new Commissioners, a departing Commissioner Chatterjee, and Mr. Glick has now been confirmed Chairman. Congratulations.

This shifting leadership makes our oversight especially useful and timely today.

How FERC executes its mission can have profound impacts on the price of energy and our security, also the ability of utilities to provide affordable and reliable energy and power to people. We cannot forget this as we examine the Commission's activities and the agenda today and as we examine proposed energy and environmental policies here in Congress.

What really matters is that we make sure policies work for people to protect our way of life, to protect our standard of living.

We must make sure that our Federal laws and policies enable, not undermine, access to affordable and reliable energy. This is necessary for a prosperous society, for the energy to innovate, keep costs low, and support jobs. It is essential for assuring public health and safety.

Heart-wrenching examples, when the power goes out or the fuel stops flowing, have proven the point in California, Texas, the East Coast, and even in my district in Spokane.

We all agree in the importance of clean energy solutions, but not as a substitute for the affordable energy that keeps the lights on.

Across the Nation, State and Federal environmental and regulatory policies are undermining affordable, reliable energy. State renewable-energy mandates and certain existing electricity market structures are driving out traditional baseload generation and harming people.

An official assessment indicates we are witnessing an electricity reliability crisis unfold across the country. In May, the North American Electric Reliability Corporation's summer reliability assessment confirmed what California grid operators were also reporting, that the State remained at risk of energy emergencies during normal summer demand and high risk if weather events cause above-normal demand across the West.

Texas and Louisiana, the Upper Midwest, and New England are also at risk if a major weather event drives up power demand, according to the report.

What will happen if current unreliability trends continue?

What happens when more baseload generation and clean nuclear is shuttered?

What happens when regions have no choice but to rely on weather-dependent wind and solar transmitted from other regions?

What happens if the rush to green and the Green New Deal socialist agenda effectively nationalizes expensive California-style mandates on the rest of the country?

We have discussed in many hearings how certain measures of the Clean Future Act would nationalize decarbonization goals, regardless of cost or reliance on China. Federal clean energy mandates will drive out American energy, raising cost on low- and middle-income workers and undermining our economic opportunities.

Mandating questionable electricity market structures will take control and accountability away from States, whether States or communities like it or not.

And none of this stops the left from depriving States and communities of reliable, affordable energy. It will not relieve radical efforts to erase the benefits of firm, dispatchable energy.

Even in Washington State there continues to be extreme efforts to dismantle the four lower Snake River Dams so important to clean, renewable, reliable, affordable electricity.

FERC may not have any say in what Congress or the States do, but there is no question it must properly deal with the harsh consequences of policies that will make us dependent upon China and take America back to the Dark Ages.

As regulatory oversight and decision making will help shape the kind of energy systems we have in the future, what matters today is will FERC focus on its core mission so the reliable, affordable delivery of energy and power remain the highest priority.

Will the hard-working men and women of this country be central in its policy, or with the environmental agendas that threaten to fail our most basic energy needs prevail?

I look forward to our discussion today.

With that, I yield back.

[The prepared statement of Mrs. Rodgers follows:]

PREPARED STATEMENT OF HON. CATHY MCMORRIS RODGERS

Thank you, Chairman Rush. Let me also welcome the Commissioners today. Since our last hearing in 2019, we now have three new Commissioners, a departing Commissioner Chatterjee and Mr. Glick has been elevated to Chairman. This shifting leadership makes our oversight particularly useful and timely today.

How FERC its mission can have profound impacts on the price of energy, and our security. Also, the ability of utilities to provide affordable, and reliable energy and power to people.

We cannot forget this as we examine the Commission's activities and agenda today, and as we examine proposed energy and environmental policies here in Congress. What really matters is that we make sure policies work for people—to protect their way of life.

We must make sure our federal laws and policies enable—not undermine—access to affordable, reliable energy. This is necessary for a prosperous society, for the energy to power innovations, keep costs low, and support jobs. It is essential for assuring public health and safety.

Heart-wrenching examples when the power goes out or the fuels stop flowing have proved the point: in California, Texas, the East Coast, even in my district in Spokane. There's a role for clean energy policies but not as a substitute for affordable energy that keeps the lights on.

Across the nation, state and federal environmental and regulatory policies are undermining affordable, reliable energy. State renewable energy mandates and certain existing electricity market structures are driving out traditional baseload generation to the detriment of the public.

As official assessments indicate, we are witnessing an electricity reliability crisis unfold across large regions of the country. In May, the North American Electric Reliability Corporation's summer reliability assessment confirmed what California grid operators were also reporting that the state remained at risk of energy emergencies during normal summer demand, and high risk if weather events cause above-normal demand across the West.

Texas and Louisiana, the upper Midwest, and New England are all at risk if a major weather event drives up power demand, according to the report. What will happen if current unreliability trends continue?

What happens when more baseload generation and clean nuclear is shuttered? What happens when regions have no choice but to rely upon weather-dependent wind and solar transmitted from other regions? What happens if the "rush to green" and Green New Deal socialist agenda effectively nationalizes expensive California-style mandates on the rest of the nation?

We've discussed in many hearings how certain measures of the CLEAN Future Act would nationalize decarbonization goals, regardless of cost or reliance on China. Federal clean energy mandates will drive out fossil generation in regions dependent

upon it—raising costs on low- and middle income workers and undermining their economic opportunities.

Mandating questionable electricity “market” structures will take control and accountability away from states, whether states and communities like it or not. And none of this stops the radical left from depriving states and communities of reliable, affordable energy. It won’t relieve radical efforts to erase the benefits of firm, dispatchable energy. Even in Washington State, there continue to be extreme and misguided efforts to dismantle the four Lower Snake River dams that are important, clean, reliable energy sources.

FERC may not have any say in what Congress or the states do, but there is no question it must properly deal with the harsh consequences of policies that will make us dependent on China and take America back to the dark ages. Its regulatory oversight and decision-making will help shape the kind of energy systems we have in the future.

What matters today is will FERC focus on its core mission so the reliable, affordable delivery of energy and power remains the highest priority? Will the hard-working men and women of this country be central in its policies, or will they be subverted to environmental agendas that threaten to fail our most basic energy needs. I look forward to the discussion today.

Mr. RUSH. The gentlelady yields back.

The Chair would like to remind Members that, pursuant to committee rules, all Members’ written opening statements shall be made part of the record.

And we have now concluded the Members’ opening statements and will now move to recognizing of our witnesses for today.

I would like to welcome each one of our witnesses for today’s hearing, and they are:

The Honorable Richard Glick, who is the Chairman of FERC;

The Honorable Neil Chatterjee, who is a Commissioner of FERC;

The Honorable James Danly, who is also a Commissioner at FERC;

And another Commissioner at FERC is the Honorable Allison Clements.

Our last Commissioner of FERC is Commissioner Mark C. Christie.

We want to thank each and every one of you once again for joining with us today, and we look forward to your testimony.

At this time, the Chair will recognize each of you for 5 minutes to provide opening statements.

Before we begin, though, I would like to explain the lighting system. In front of our witnesses is a series of lights. You already know this, but I have to say it anyway.

The light will initially be green. The light will turn yellow when you have 1 minute remaining. Please begin to wrap up your testimony at that point. The light will turn red when your time expires, and if you would please, bring your statement to a conclusion.

I want to thank you.

Chairman Glick, it is my pleasure to recognize you for 5 minutes for an opening statement.

STATEMENTS OF RICHARD GLICK, CHAIRMAN, AND NEIL CHATTERJEE, JAMES P. DANLY, ALLISON CLEMENTS, AND MARK C. CHRISTIE, COMMISSIONERS, FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT OF RICHARD GLICK

Mr. GLICK. Thank you very much, Chairman Rush, Chairman Pallone, Ranking Member McMorris Rodgers, Ranking Member Upton, and members of the subcommittee. Thank you for inviting my colleagues and me to appear before you today to discuss the important work we are doing at the Federal Energy Regulatory Commission.

I am honored to appear before you for the first time since being designated as Chair by President Biden in January.

The Nation's energy landscape is in the midst of a dramatic transformation driven by rapid changes in economics, technological innovation, changing consumer preferences, and the exigency of climate change.

Utility-scaled solar and wind generation is now cost competitive with traditional sources of electricity. Electric storage is similarly experiencing a significant cost decline.

At the same time, residential, commercial, and industrial consumers are increasingly demanding that their energy comes from renewable or zero-emissions resources. Dozens of the biggest utilities in the country have established their own decarbonization goals, and a growing number of States have enacted measures that require all or most of their electricity to come from zero-emissions resources.

The Commission's job is not to pick winners and losers, but we do have a role in eliminating barriers to technology's participation in wholesale markets. For instance, over the last several years, FERC issued two landmark orders facilitating energy storage and aggregated distributor energy resources' participation in our organized wholesale markets.

Today I will focus my remarks on the five priority areas of our work.

One, building the transmission grid of the future;

Two, modernizing electricity market designs;

Three, updating FERC's natural gas certificate policy statement;

Fourth, safeguarding the reliability of the electric grid, including protecting against evolving cybersecurity threats;

And, five, facilitating a more inclusive decision-making process.

Renewable generation is often located far from population centers where most electricity is consumed. The rapid shift in the resource mix requires significant investments in new and existing transmission to access those remotely located resources.

Two weeks ago, the Commission unanimously approved an advanced notice of proposed rulemaking inviting the public to comment on potential reforms to improve current transmission planning and cost allocation and generator interconnection processes as the Nation transitions to a cleaner future.

The ultimate aim of this initiative is to meet the transition needs of the future at the lowest cost to consumers. Through the ANOPR,

FERC is taking a critical step toward our first major effort at transmission reform in a decade.

I hope to move forward as expeditiously as possible with this priority work.

While organized wholesale electricity markets continue to provide lower prices, greater efficiencies, and increased innovation, these markets are now some 20 years old and in certain regards may fail to reflect the changes of the modern electricity sector.

One key focus is to address the increasing tension between State public policies and administrative pricing rules. As States were adopting clean energy policies that shift the resource mix towards renewable and zero-emissions generation, the Commission expanded its minimum offer price for the Eastern Regional Transmission Organization capacity markets in a manner that put State-supported generation resources at a competitive disadvantage.

In my opinion, this approach contradicted the Federal Power Act's grant of authority over generation resource decisions for the States, not FERC.

In response to strong concerns from the States, the clean energy industry and consumer groups, the regional grid operators have initiated stakeholder discussions to reform the respective capacity market rule, and I anticipate these discussions will soon lead to proposals to modify the MOPRs.

Under the Natural Gas Act, they must determine whether a proposed interstate gas pipeline is both needed and in the public interest before issuing a project, a certificate of public convenience and necessity.

In 2018, then-Chairman McIntyre then initiated a notice of inquiry seeking input into potential reforms to modernize the Commission's 1999 certificate policy statement. While the Commission received numerous comments at the time, no action was taken.

Earlier this year, we issued another notice of inquiry seeking additional input, including options for determining whether a proposed pipeline project is needed, approaches for evaluating a proposed project's impact on climate change, and what considerations are required when a proposed project would be cited in an environmental justice community.

As we have witnessed in Texas this past winter, the prolonged loss of electric service is more than just an inconvenience. It can and did produce tragic consequences.

FERC and the North American Electric Liability Corporation are conducting a joint inquiry into the operations of the bulk electric system during winter storm Uri. When that inquiry is complete, I am determined that its results will not merely reflect another report that sits on a shelf.

We are working with the goal of preventing reoccurrence of these events. Whether it is prolonged record cold or heat waves, drought, and wildfires we are again witnessing in the West, climate change poses a distinct threat to grid reliability.

The Commission recently initiated a docket to examine the impact of extreme weather on grid reliability. It will continue to focus on actions that utilities and others take to address the growing threat of extreme weather.

We need to be equally vigilant when it comes to potential cyber attacks against the grid. At FERC we use a two-pronged approach to safeguard grid security, employing mandatory standards to set requirements for foundational practices while we work collaboratively with industry, States, and other Federal agencies to identify and promote best practices.

Given the high stakes, we devote constant attention to and continue to improve—explore improvements in cybersecurity.

And finally, I wanted to touch on one last thing. FERC's regulatory actions have a significant impact on the lives of millions of people. As a result, it is important that our decision-making process includes robust inputs from diverse perspectives.

That is why I am pleased the new Office of Public Participation is up and running. I want to commend my colleague Commissioner Clements for her leadership and for her work in establishing the office.

Toward that goal, I want to highlight FERC's efforts to better incorporate environmental justice and equity concerns into our decision making.

It is unlikely that FERC is hearing from members of historically marginalized communities with the same force and frequency as other stakeholders. Nevertheless, it is essential that environmental justice and equity get the attention in our decision-making processes that they deserve.

Thank you, again, for the opportunity to testify today, and I look forward to responding to your questions.

[The prepared statement of Mr. Glick follows:]

**Written Testimony of Richard Glick
Chairman
Federal Energy Regulatory Commission**

**Before the
Committee on Energy and Commerce
Subcommittee on Energy
United States House of Representatives**

**Hearing on
Oversight of the Federal Energy Regulatory Commission**

July 27, 2021

Chairman Pallone, Chairman Rush, Ranking Member McMorris Rodgers, Ranking Member Upton, and Members of the Subcommittee:

Thank you for inviting my colleagues and me to appear before you today to discuss the important work we are doing at the Federal Energy Regulatory Commission (FERC or Commission).¹ I am honored to appear before you for the first time since being designated by President Biden as Chair of the Commission in January.

¹FERC is an independent regulatory agency with responsibilities that include ensuring just and reasonable and not unduly discriminatory or preferential rates associated with the sale of electricity, the transmission of electricity in interstate commerce, and the interstate transportation by pipeline of natural gas and oil. The Commission also sites interstate natural gas pipelines and liquefied natural gas terminals, as well as licenses hydropower projects. In addition, the Commission has authority over mandatory reliability standards for the bulk electric system. FERC on May 28, 2021 submitted to Congress its 2022 fiscal year budget request. As authorized by the Federal Power Act and the Omnibus Budget Reconciliation Act of 1986, the Commission recovers its full cost of operations through annual charges and filing fees assessed on the industries it regulates. The revenue is deposited into the U.S. Treasury acting as an offset to FERC's budget appropriation. This results in a net appropriation of zero or "net zero budget impact".

ONGOING CHANGE IN THE ENERGY SECTOR

The nation's energy landscape is in the midst of a dramatic transformation, driven by rapid changes in economics, technological innovation, changing consumer preferences, and the exigency of climate change.

Utility-scale solar and wind generation is now cost-competitive with traditional sources of electricity. Electric storage is similarly experiencing significant cost declines. At the same time, residential, commercial, and industrial consumers are increasingly demanding that their energy comes from renewable or zero-emissions resources. Dozens of the biggest utilities in the country have established their own decarbonization goals, and a growing number of states have enacted measures that require all or most of their electricity to come from zero-emission resources.

The Commission's job is not to pick winners and losers. But we do have a role in eliminating barriers to a technology's participation in wholesale markets. For instance, over the last several years FERC issued two landmark orders facilitating energy storage and aggregated distributed energy resources' participation in organized wholesale electric markets.

FERC'S ROLE IN NAVIGATING SECTOR CHANGE

Today I will focus my remarks on five priority areas of our work: (1) building the transmission grid of the future; (2) modernizing electricity market design; (3) updating FERC's natural gas certificate Policy Statement; (4) safeguarding the reliability of the electric grid, including protecting against evolving cybersecurity threats; and (5) facilitating a more inclusive decision making process.

BUILDING TRANSMISSION FOR THE FUTURE

Renewable generation is often located far from population centers where most electricity is consumed. The rapid shift in the resource mix requires significant investments in new and existing transmission to access those remotely located resources.

Two weeks ago, the Commission unanimously approved an Advance Notice of Proposed Rulemaking (ANOPR) inviting the public to comment on potential reforms to improve current transmission planning and cost allocation and generator interconnection processes as the nation transitions to a cleaner energy future. The ultimate aim of this initiative is to meet the transmission needs of the future at the lowest cost to consumers. Through the ANOPR, FERC is taking a critical step toward our first major effort at transmission reform in a decade, and I hope to move forward as expeditiously as possible with this priority work.

MODERNIZE ELECTRICITY MARKET DESIGN

While organized wholesale electric markets continue to provide for lower prices, greater efficiencies, and increased innovation, these markets are now some 20 years old and in certain regards may fail to reflect the changes of the modern electricity sector.

One key focus is to address the increasing tension between state public policies and administrative pricing rules. As states were adopting clean energy policies that shift the resource mix toward renewable and zero-emissions generation, the Commission expanded its minimum offer price rules (MOPR) in the eastern Regional Transmission Organization capacity markets in a manner that put state-supported generation resources at a competitive disadvantage. In my opinion this approach contradicted the Federal Power Act's grant of authority over generation resources decisions to the states, not FERC.

In response to strong concerns from the states, the clean energy industry and consumer groups, the regional grid operators have initiated stakeholder discussions to reform their respective capacity market rules. I anticipate these discussions will soon lead to proposals to modify the MOPRs.

UPDATE FERC'S NATURAL GAS CERTIFICATE POLICY STATEMENT

Under the Natural Gas Act, FERC must determine whether a proposed interstate natural gas pipeline is both needed and in the public interest before issuing the project a "Certificate of Public Convenience and Necessity."

In 2018 then - Chairman McIntyre initiated a Notice of Inquiry seeking input into potential reforms to modernize the Commission's 1999 Certificate Policy Statement. While the Commission received numerous comments at the time, no action was taken.

Earlier this year, we issued another Notice of Inquiry seeking additional input including: (1) options for determining whether a proposed pipeline project is needed, (2) approaches for evaluating a proposed project's impact on climate change, and (3) what considerations are required when a proposed project would be sited in an environmental justice community.

SAFEGUARDING INFRASTRUCTURE FROM EMERGING RELIABILITY THREATS, INCLUDING CYBERSECURITY

As we have witnessed in Texas this past winter, the prolonged loss of electric service is more than just an inconvenience. It can and did produce tragic consequences.

FERC and the North American Electric Reliability Corporation are conducting a joint inquiry into the operations of the bulk electric system during Winter Storm Uri. When that inquiry is complete, I am determined that its results will not be

merely another report that sits on a shelf. We will work with NERC with the goal of preventing a reoccurrence of these events.

Whether it is prolonged record cold or the heatwaves, drought and wildfires we are again witnessing in the West, climate change poses a distinct threat to grid reliability. The Commission recently initiated a docket to examine the impact of extreme weather on grid reliability. We will continue to focus on actions that utilities and others can take to address the growing threat of extreme weather.

We need to be equally vigilant when it comes to potential cyber-attacks against the grid. At FERC, we use a two-pronged approach to safeguard grid security, employing mandatory standards to set requirements for foundational practices, while we work collaboratively with industry, states, and other federal agencies to identify and promote best practices. Given the high stakes, we devote constant attention to and continue to explore improvements in cybersecurity.

INCLUSIVE ENGAGEMENT INCLUDING WITH ENVIRONMENTAL JUSTICE COMMUNITIES

FERC's regulatory actions have a significant impact on the lives of millions of people. As a result, it is important that our decision-making processes include robust input from diverse perspectives.

That is why I am pleased the new Office of Public Participation is up and running. I want to commend my colleague -- Commissioner Clements -- for her leadership and hard work in helping to establish the Office.

Toward the goal of inclusivity, I want to highlight FERC's efforts to better incorporate environmental justice and equity concerns into our decision-making. It is unlikely that FERC is hearing from members of historically marginalized communities with the same force and frequency as other stakeholders and thus it is essential that environmental justice and equity get the attention in our decision-making processes that they deserve.

CONCLUSION

Thank you again for the opportunity to share some of the Commission's priorities. I look forward to responding to your questions.

Mr. RUSH. The gentleman yields back.

The Chair now recognize the Honorable Neil Chatterjee, Commissioner at FERC, for 5 minutes.

STATEMENT OF NEIL CHATTERJEE

Mr. CHATTERJEE. Chairman Rush and Pallone, Republican Leaders McMorris Rodgers and Upton, and members of the subcommittee, thank you for the opportunity to appear before you today. I appreciate the subcommittee's attention to the important work we do at FERC.

Before I turn to the substance of my testimony, I want to thank my family for their love, support, and many sacrifices over my 4-year tenure at the Commission. Without my wonderful and talented wife, Becca, I would not be here today.

I would also like to thank my amazing kids, Bo, Anderson, and Lane and, of course, our dog Oscar for cheering us all up during the toughest times of the pandemic.

I also want to thank my parents and my sister for their unyielding love and support.

My testimony today is divided into three sections. First, I will highlight some of the Commission's major accomplishments during my tenure, many of which were bipartisan and necessary to keep pace with the rapid change taking place in the energy sector.

Second, I will discuss ongoing efforts initiated during my chairmanship and why it is so important for the Commission to complete them.

Third, I will identify several areas I think the Commission should focus on in the immediate future to assure American consumers have access to efficient, safe, reliable, and secure energy at a reasonable cost.

Serving as the Chairman of FERC was the honor of my lifetime. I have been blessed to serve my country by working with the most kind and talented collection of people in the Federal Government.

The first major accomplishment I want to mention today is not a policy achievement but a testament to the Commission's stellar staff and is the most gratifying of my tenure.

The last 16 months have been challenging for all of us. Our efforts at FERC to be a beacon of stability during such an uncertain time very well may be the highlight of my career.

I was proud to see the results of our Federal employee viewpoint survey in which our staff assessed employee satisfaction at an all-time high, all while dealing with lockdowns, juggling work and family responsibilities, and worrying about the wellbeing of loved ones.

I could not be more proud of our ranking as the number-one midsize agency for performance during the pandemic, but we are not out of the woods yet.

As we begin to contemplate reconstitution, it is important that all of us—the Chairman, Commissioners, senior staff—get vaccinated. We have worked too hard to keep everyone safe, and I want to really encourage that.

My regulatory philosophy is that the Commission should never be a barrier to progress. Rather, we should be a catalyst, an en-

abler of competitive and transparent markets that support needed investments in technology.

The best examples of what I mean here are two landmark bipartisan reforms that we accomplished during my time at the Commission: Order 841, which removed barriers to the participation of electric storage resources, and Order 2222, which removed barriers to aggregated distributed energy resources, or DERs, in those markets.

I cannot overstate the importance of these foundational rules in paving the way for the grid of the future. When new technologies like these can compete, they thrive, and as a result, consumers win in the form of lower-cost, cleaner energy services and a more resilient and reliable grid.

I am also proud that the Commission was able to complete a multiyear effort to modernize its Public Utility Regulatory Policies Act of 1978, or PURPA, regulations when we issued Order 872 last year.

Prior to that issuance, the Commission had not meaningfully updated its original PURPA regulations that were codified in 1980.

Last year's order will ensure the Commission's rules and regulations can keep pace with the rapidly changing energy landscape.

I am also pleased with our work to move the ball forward on carbon pricing in electricity markets as an important tool to advance State environmental policies while ensuring wholesale markets remain efficient.

Transparent and predictable carbon pricing can enhance competition, facilitate financing, and reduce investor uncertainty. For these reasons I believe carbon pricing is a superior approach to reducing carbon emissions than heavy-handed, less transparent, and more costly approaches like State subsidies.

Turning to infrastructure issues, I am proud of the work we have done to process pipeline and liquefied natural gas facility applications in a timely manner. Connecting abundant American natural gas supplies to domestic and international markets enables low-cost natural gas to displace more carbon-intensive energy sources and lower global emissions.

While on the topic of infrastructure, I must note that we have carefully balanced a responsibility to process infrastructure applications with the potential impacts it can create for landowners and communities.

That is why under my leadership, the Commission made organizational and process changes to expedite reviewing requests by affected landowners and issued a rule prohibiting companies from beginning construction until orders on rehearing are completed.

We explored a variety of emerging issues during my chairmanship that I hope the Commission will act on in the coming months. These include proceedings exploring hybrid resources, offshore wind resources, adjustable line ratings, and transmission incentives.

I was also pleased with a NOPR that we issued last March that proposed to reimagine our transmission incentives policy. In my opinion, our existing incentive policy inappropriately focuses on risks and challenges in contrast with the statutory text that re-

quires the Commission to establish incentive-based rate treatments for the purpose of benefiting consumers.

Finally, I want to applaud Chairman Glick and my colleagues for their recent advanced NOPR on transmission planning, cost, and allocation and interconnections. Although I do not agree with all of the concepts discussed in the advanced NOPR, some of the proposed changes combined with the strength in transmission incentives policy could go a long way toward setting the stage for building the regional and interregional transmission projects we all hope to see.

I am also interested in how our wholesale energy market can continue to work as a resource mix, shift zero marginal cost resources like wind and solar.

Finally, although I am extremely optimistic about the future of energy storage, I am concerned that our current policies require energy source resources to make a false choice between participating in wholesale markets and providing transmission services, and I hope to see some clarity in this area.

And I want to close real quick. We were each allowed to bring one guest to this hearing today, and I chose to bring FERC Secretary Kimberly Bose, who is responsible for 4,300 orders during my time at the Commission. She is the unsung hero at the Commission, and it was an honor to have her here as my guest.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Chatterjee follows:]

**Testimony of Neil Chatterjee
Commissioner, Federal Energy Regulatory Commission
Before the Committee on Energy and Commerce
Subcommittee on Energy
United States House of Representatives
July 27, 2021**

Chairmen Pallone and Rush, Republican Leaders McMorris Rodgers and Upton, and Members of the Subcommittee:

Thank you for the opportunity to appear before you today. I appreciate the Subcommittee's attention to the important work we do at the Federal Energy Regulatory Commission (FERC).

Before I turn to the substance of my testimony, I want to thank my family for their love, support, and many sacrifices over my four-year tenure at the Commission. Without my wonderful and talented wife, Becca, I would not be here today. I would also like to thank my amazing kids, Bo, Anderson, and Lane, and of course our dog Oscar, for cheering us all up during the toughest times of the pandemic.

My testimony today is divided into three sections. First, I will highlight some of the Commission's major accomplishments during my tenure, many of which were bipartisan and necessary to keep pace with the rapid change taking place in the energy sector. Second, I will discuss ongoing efforts initiated during my Chairmanship and why it is so important for the Commission to complete them. Third, I will identify several areas I think the Commission should focus on in the immediate future to ensure American consumers have access to efficient, safe, reliable, and secure energy at a reasonable cost.

Major Accomplishments

Serving as Chairman of FERC was the honor of my lifetime. I have been blessed to serve my country by working with the most kind and talented collection of people in the federal government. The first major accomplishment I want to mention today is not a policy achievement but a testament to the Commission's stellar staff and is the most gratifying of my

tenure. The last 16 months have been incredibly challenging for all of us. Our efforts at FERC to be a beacon of stability during such an uncertain time very well may be the highlight of my career. I teared up after seeing the results of our Federal Employee Viewpoint Survey, in which our staff assessed employee satisfaction at an all-time high, all while dealing with lockdowns, juggling work and family responsibilities, and worrying about the wellbeing of loved ones. I could not be more proud of our ranking as the number one mid-sized agency for performance during the pandemic.

My regulatory philosophy is that the Commission should never be a barrier to progress. Rather, we should be a *catalyst* – an enabler of competitive and transparent markets that support needed investments and new technologies. We are in the midst of an extraordinary energy transition, as we witness the rise of cleaner energy and new technologies that will revolutionize how we generate, transmit, and consume energy. In order to unleash the power of that transition, I believe the Commission’s role is, in many respects, to eliminate market barriers and then simply get out of the way.

The best examples of what I mean here are two landmark, bipartisan reforms that we accomplished during my time at the Commission: Order No. 841, which removed barriers to the participation of electric storage resources in wholesale electricity markets; and Order No. 2222, which removed barriers to aggregated distributed energy resources, or DERs, in those markets. I cannot overstate the importance of these foundational rules in paving the way for the grid of the future. I believe they will transform our energy landscape by increasing competition and efficiencies in markets, while spurring innovation and capital investment in emerging technologies that have unique grid flexibility and reliability attributes. When new technologies like these can compete, they *thrive*, and, as a result, consumers win in the form of lower costs, cleaner energy services, and a more resilient and reliable grid.

I am also proud that the Commission was able to complete a multi-year effort to modernize its Public Utility Regulatory Policies Act of 1978 (PURPA) regulations when we issued Order No. 872 last year. Prior to that issuance, the Commission had not meaningfully updated its original PURPA regulations that were codified in 1980. Last year’s order will

ensure the Commission's rules and regulations can keep pace with the rapidly changing energy landscape. This order struck the right balance by continuing to encourage the development of qualifying facilities, while better protecting consumers and providing additional flexibility to state regulators to establish avoided cost rates using competitive market principles.

I am also pleased with our work to move the ball forward on carbon pricing in electricity markets, as an important tool to advance state environmental policies while ensuring wholesale markets remain efficient. Transparent and predictable carbon pricing can enhance competition, facilitate financing, and reduce investor uncertainty. For these reasons, I believe carbon pricing is a superior approach to reducing carbon emissions than heavy-handed, less transparent, and more costly approaches like state subsidies. Under my Chairmanship, we held a historic technical conference on carbon pricing and issued a bipartisan draft policy statement setting forth criteria that the Commission would consider should a Regional Transmission Organization (RTO) propose to incorporate a state-imposed carbon price into its tariff. I am glad we have since issued a final policy statement that largely affirmed the draft policy statement.

Turning to infrastructure issues, I am proud of the work we have done to process pipeline and liquefied natural gas (LNG) facility applications in a timely manner. Connecting abundant American natural gas supplies to domestic and international markets enables low-cost natural gas to displace more carbon intensive energy sources and lowers global emissions. Under my Chairmanship, we reached a bipartisan agreement that allowed us to break a years-long logjam and begin processing LNG facility applications. In my view, delays at FERC should *never* be the barrier to getting needed infrastructure built. We have an important statutory role to play in reviewing applications, and we carried out that responsibility with diligence and care in processing 14 LNG facility applications from early 2019 through late 2020. While on the topic of infrastructure, I must note that we have to carefully balance our responsibility to process infrastructure applications with the potential impacts it can create for landowners and communities. That is why, under my leadership, the Commission made organizational and process changes to expedite rehearing requests by affected landowners and issued a rule prohibiting companies from beginning construction until orders on rehearing are completed.

Ongoing Initiatives

We also explored a variety of emerging issues during my Chairmanship that I hope the Commission will act on in the coming months. These include proceedings exploring hybrid resources, offshore wind resources, adjustable line ratings, and transmission incentives. For hybrid and offshore wind resources, I was pleased we were able to hold technical conferences to examine existing barriers to these resources' participation and identify potential solutions to allow these technologies to interconnect and compete in wholesale markets. The Commission must continue these efforts to eliminate any barriers facing these emerging technologies. I likewise was proud of the multi-year effort that resulted in the adjustable line ratings Notice of Proposed Rulemaking (NOPR) we issued last November. It makes little sense, given the extreme weather we have experienced in recent months and years, to continue relying so heavily on overly simplistic static and seasonal line ratings. Therefore, to ensure the accuracy of line ratings, the NOPR proposed to require transmission providers to implement ambient-adjusted ratings. This is an example of a commonsense and significant reform that the Commission should complete soon.

I was also pleased with another NOPR that we issued last March that proposed to reimagine our transmission incentives policy. In my opinion, our existing incentives policy inappropriately focuses on risks and challenges, in contrast with the statutory text that requires the Commission to establish incentive-based rate treatments for the purpose of benefiting consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion. I strongly believe that the Commission should move forward to issue a final rule that provides incentives to transmission projects that provide the most net economic benefits to consumers, those that provide substantial reliability benefits, and pilot programs for new transmission technologies. Finally, the Commission should strengthen and codify the existing RTO Participation Incentive. I am concerned that eliminating that incentive for the vast majority of utilities that currently receive it, as the Commission proposed in its recent supplemental NOPR, is contrary to the statutory text, bad public policy, and very well could lead to utilities leaving RTOs. As I explained in my dissent to the supplemental NOPR, the RTO

Participation Incentive is “quite literally pennies on the dollar” when compared to the annual benefits to ratepayers generated by RTO membership.

Looking to the Future

I applaud Chairman Glick and my colleagues for their recent advance NOPR on transmission planning, cost allocation, and interconnection. Although I do not agree with all of the concepts discussed in the advance NOPR, some of the proposed changes, combined with a strengthened transmission incentives policy, could go a long way towards setting the stage for building the regional and inter-regional transmission projects we all hope to see.

I am also interested in how our wholesale energy markets can continue to work as the resource mix shifts to zero-marginal cost resources like wind and solar. These resources, in part due to their ability to receive federal tax credits, can submit near-zero, and sometimes negative, offers for energy, which has already led to declining energy prices. Moreover, to the extent these resources receive state subsidies, they likewise can submit near-zero offers for capacity. I am concerned that, as these trends continue, otherwise competitive resources that are essential to reliability may not be able to recover their costs and could be forced into premature retirement. With that in mind, I am glad the Chairman has announced two technical conferences to take a deep dive into energy and ancillary services markets, as this is a very important and timely conversation to have.

Finally, although I am extremely optimistic about the future of energy storage, I am concerned that our current policies require energy storage resources to make a false choice between participating in wholesale markets and providing transmission service. Rather than unnecessarily limiting the use of these valuable and flexible resources, the Commission should allow consumers to reap their full benefits by providing a clear framework for energy storage resources that provide transmission service to also participate in wholesale electricity markets.

Again, I appreciate the opportunity to appear before you today to discuss the important work of the Commission. I am happy to answer any questions.

Mr. RUSH. The gentleman yields back. The Chair now recognizes Commissioner James Danly for 5 minutes.
Commissioner Danly, you are recognized.

STATEMENT OF JAMES P. DANLY

Mr. DANLY. Chairman Rush, Ranking Member Upton, Chairman Pallone, and Ranking Member McMorris Rodgers, and members of the committee, I want to thank you for the opportunity for us to come today to speak to all of you about the important work we are doing here.

It comes as no surprise to anyone on the committee, FERC had some real challenges in discharging its duties under the Natural Gas Act and Federal Power Act. You are attempting to do that in the face of an electric system that is in the middle of a profound transition during a time where there is continued need for very challenging infrastructure permitting and also in the context of a bulk power system under constant threat.

FERC is actively engaged in all of these, and as a body we are deliberating on all of these fundamental matters, but I want to take no more than a minute, maybe two, to highlight the fact that, regardless of how we engage in these challenges, we have to keep front and center our legal imperatives, both from the statute staffed by Congress and the instructions that we have gotten from the courts.

The first law, the Federal Power Act, requires that rates be just and reasonable, and in the context of our RTOs and ISOs, that means that we have to ensure that the prices created by those market systems are competitive.

And the courts have explained to us consistently for years the competitive crisis requires that we mitigate or have market structures that are designed to mitigate the exercise of market power because, in the absence of such mitigation, those markets do not produce competitive prices, which means they are not just and reasonable.

We have to as a Commission ensure competition in our jurisdictional markets.

Similarly, the FP requires the transmission rates be just and reasonable, and just and reasonable rates, as we embark on this, which we voted out at the last open meeting—and correct me, it was unanimous, I and my colleagues, all three, that the subject of transmission planning requires better scrutiny.

But as we engage in those deliberations, it is absolutely critical that we keep in mind that all transmission projects, the costs are ultimately borne by the ratepayers, and the ratepayers should not and by judicial decree cannot be made to pay for any more than a roughly commensurate amount based on the benefits they received.

That is to say, the cost of the repair must be roughly commensurate to the benefits that they received.

As we move forward, we have to ensure that we do not enact policies that would encourage gold-plating of unnecessary transmissions build-out and that we keep cost principles front and center.

There is also the obligation to have a reliable electric system, and typically people think of that as being in the context of our oversight and approval of NERC, mandatory reliability standards, which is to say if the price signals produced by our jurisdictional markets do not properly create the correct incentives for the entry and retention of the correct quantity of generation with the right attributes, we are going to have reliability crises like we saw last summer in California.

I know I myself am well aware of the interplay between the resource adequacy and market prices.

And lastly, on the subject of natural gas superstructure, we oversee the implementation of the Natural Gas Act, the purpose of which is to ensure the orderly development of plentiful supplies of natural gas at reasonable prices.

The Commission is obligated to issue certificates of public convenience and necessity to pipeline applicants whose projects are needed in the public interest, and as we have recently and sadly witnessed, supply constraints of natural gas have very, very consequential effects, not just for gas consumers but for electric consumers too. When the gas supply fails, it often happens that the electric supply fails.

At the moment, the natural gas industry is facing tremendous regulatory uncertainty, and investment in this critical infrastructure is chilled as a result of that, and I believe it is imperative to discharge the Natural Gas Act that FERC establish clear policies by which we will review and adjudicate these pipeline applications so that we can attract the investment that is needed for this infrastructure.

Those are just a few points. I wanted to highlight the legal obligations that we have that we have to consider in all of our deliberations.

And I very much look forward to the questions from the committee.

Thank you.

[The prepared statement of Mr. Danly follows:]

Written Testimony of James P. Danly
Commissioner, Federal Energy Regulatory Commission
Before the Subcommittee on Energy
House Energy and Commerce Committee
July 27, 2021

Chairman Rush, Ranking Member Upton, Chairman Pallone, Ranking Member McMorris Rodgers, and Members of the Committee: Thank you for providing us the opportunity to appear before you today to discuss the critical work that we are doing at the Commission.

As the reliability crisis in California last summer and this winter's storm in Texas sadly demonstrated—reliable, affordable supplies of energy are vital for the health, well-being, and prosperity of the American people. Right now, the Commission faces the daunting tasks of regulating an electricity sector undergoing dramatic transformation, ensuring broad access to plentiful supplies of natural gas through our pipeline certificate proceedings, protecting the reliability of the bulk power system from ever-increasing threats, and overseeing our jurisdictional markets to ensure that they produce competitive prices. We have been aggressively addressing all of these issues—in recent months, the Commission has begun a number of ambitious projects, has initiated rulemakings, and held technical conferences on a variety of topics to develop records and become better informed.

But in meeting these challenges, the Commission must keep in mind that every action we take has to be consistent with the law as enacted by Congress and interpreted by the courts. Accordingly, I would like to take just a moment to focus on the Commission's statutory responsibilities in a few key areas. These legal obligations necessarily inform all of the Commission's deliberations as we work to ensure reliable electricity and plentiful supplies of natural gas at just and reasonable rates.

The Commission is required under the Federal Power Act to ensure that wholesale rates for electricity in interstate commerce are just and reasonable. This mandate requires particular vigilance in the context of the RTOs and ISOs where FERC is obligated to ensure that our jurisdictional markets are designed to yield competitive prices. In recent decades, the move from the traditional paradigm of cost-based rate making to competitive markets has produced dramatic cost savings. As our markets have developed over time, the courts have consistently held that market rates can only be deemed just and reasonable if FERC closely scrutinizes the markets for the exercise of buyer- and seller-side market power and its resultant price distortions. When FERC finds market power, it is further obligated to adopt measures to mitigate its effects, thereby ensuring that our markets are actually competitive.

The Commission is also obligated to ensure that transmission rates are just and reasonable. The Commission recently issued an Advanced Notice of Proposed Rulemaking asking stakeholders and the public a number of questions to gather information in order to assist us in determining whether and how we might improve our regulation of interstate transmission. The Commission's decision to issue this notice was unanimous. My colleagues and I all agree that the transmission planning process is in need of reform. As we review the comments in that

docket, however, the Commission must bear in mind that the costs of transmission projects are ultimately borne by the ratepayers. We are statutorily obligated to ensure that transmission rates are just and reasonable, which means we must be on guard against policies or planning processes that encourage unnecessary build-out, or so-called “gold-plating,” of the transmission system. FERC must also scrupulously adhere to the principles of cost causation as we decide how the costs of transmission projects are to be allocated among ratepayers. The law is clear: the costs borne by ratepayers must be roughly commensurate with the benefits the ratepayer receives from the transmission infrastructure. I worry that, given the current zeal for transmission buildout, FERC may lose sight of this basic principle. Too broad a socialization of transmission costs would burden ratepayers with higher utility bills as they are called upon to underwrite the development of transmission projects from which they receive neither economic nor reliability benefits.

The Commission is also obligated to ensure the reliability of the bulk electric system. While this duty is typically discharged when the Commission reviews and approves NERC’s mandatory reliability standards, FERC’s jurisdictional markets also play a critical role in ensuring reliability and resource adequacy. FERC’s RTOs and ISOs must provide the correct price signals to incentivize the entry and retention of the correct quantity of generating resources that have the necessary attributes to ensure system stability and reliability. Not all generating assets are the same. If the markets fail to send the correct price signals, they will not incentivize the correct quantity and type of generation. The result will be the adoption of yet more cost-based, out-of-market arrangements used to plug the holes in reliability created by market failures that do not provide the proper market incentives to construct and operate the necessary generation resources. Because these out-of-market contracts are non-competitive, they are expensive to ratepayers. And because these stopgap contracts are out-of-market, they themselves cause further price distortions in the competitive markets. This cycle, once begun, ultimately leads to one outcome: flawed price signals fail to provide resource adequacy leading to reliability crises like those seen in California last summer.

Finally, the Commission administers the Natural Gas Act, the purpose of which is to ensure the orderly development of plentiful supplies of natural gas at reasonable prices. The Commission must issue certificates of public convenience and necessity to applicants whose proposed pipelines are needed and in the public interest. As we witnessed in Texas in February, constraints in the supply of natural gas can have profound consequences not only for consumers of natural gas, but also for anyone who uses electricity. If the gas supply fails, the electricity supply fails. Pipelines are fundamental, critical infrastructure. At the moment, the pipeline industry is facing profound regulatory uncertainty as the result of recent Commission actions. Because of this uncertainty, investment in pipeline projects has come nearly to a standstill. In order to ensure that this critical infrastructure can be built when needed, the Commission must establish clear policies by which it will conduct its examination and adjudication of natural gas pipeline certificate applications.

In conclusion, I want to again thank the Committee for the opportunity to appear here today and I look forward to your questions.

Mr. RUSH. The gentleman has concluded his opening statement. You are making sense.

The Chair now recognizes the Honorable Allison Clements, who is a Commissioner at FERC.

Commissioner Clements, you are recognized for 5 minutes.

STATEMENT OF ALLISON CLEMENTS

Ms. CLEMENTS. Good morning. Thank you, Chairman Rush, Chairman Pallone, Leader Rogers, Ranking Member Upton, and members of the subcommittee. It is an honor to be here to testify with my colleagues this morning.

The Commission's core responsibility under the Federal Power Act is to ensure affordable, reliable electric services for the American public. For decades the Commission has met this objective by adapting its regulations to reflect changing circumstances, which have included technological advancement, shifting economic and market dynamics, and evolving Federal, State, and local energy policies.

While the Commission's adaptation to change is familiar, the current magnitude of the challenges driving the need for change is unprecedented.

I believe two major challenges must guide the planning of our Nation's electric grid. First, on a discretionary regular basis, extreme weather is challenging our electric system in extraordinary ways.

You are very familiar with the record heat, drought, and wildfire conditions we are experiencing and blanketing the West, as well as the unprecedented extreme cold weather most recently experienced in Texas and the central U.S. in February.

Second, the transmission system is not equipped to facilitate the rapidly changing resource mix. The declining costs of wind, solar, and hybrid generation are making these technologies increasing competitive and the preferred choice for States, communities and corporations.

Fortunately, recent experience has illuminated solutions capable of addressing these challenges consistent with the Commission's statutory obligations.

Initially, modernizing the U.S. energy system requires a cost-effective buildout of high-voltage transmission. Initial analyses of the February cold-weather event and previous polar vortex conditions have consistently demonstrated the reliability and resilience potential of high-voltage transmission investment.

In addition, all credible studies considering cost-effective decarbonization pathways include significant high-voltage transmission as a central component.

Further, establishment of well-designed regional transmission organizations is critical to cost-effectively serving customers, given these conditions we face.

While existing RTOs are by no means perfect, geographically large grid areas operated by independent entities can improve resilience and contribute to reliability while cost-effectively integrating increasing amounts of low-cost wind, solar, and hybrid generation.

The need for more effective regional integration is especially stark in the West. Earlier this year, a Utah-led study demonstrated that an RTO could bring up to \$2 billion in annual savings to the region by 2030.

So what is the Commission's role in facilitating these solutions? First, the Commission should improve regional and in-regional transmission planning processes. As you have heard from my colleagues, the Commission's recently issued advanced notice of proposed rulemaking examines how wholistic, forward-looking planning may save customers money as well as improve system reliability and resilience.

Second, consistent with the Federal Power Act's framework of cooperative federalism, the Commission should continue its work to enhance State-Federal coordination. The Joint Federal-State Transition Task Force the Commission recently approved is a great start toward improving engagement and its cooperation.

This cooperation is also essential in furthering Western market integration. To be successful, any Western RTO must be designed by Western States for Western States.

The Commission must respect these States' perspective and stand ready to provide guidance and expertise in the process.

Third, the Commission should continue its work to ensure public access by growing the Office of Public Participation. Reform cannot succeed unless the public has access and is heard in the Commission's decision-making processes.

We have recently taken this important step of establishing the Office of Public Participation, the mission of which is to help ensure meaningful access to Commission proceedings for those whose communities, property, and pocketbooks are implicated by the outcomes of our decisions.

It has been a great honor to begin service to the American public. Thank you, again, for the opportunity to testify, and I look forward to answering your questions.

[The prepared statement of Ms. Clements follows:¹]

¹Ms. Clements submitted additional information that has been retained in committee files and is attached to her statement at <https://docs.house.gov/meetings/IF/IF03/20210727/113963/HHRG-117-IF03-Wstate-ClementsA-20210727.pdf>.

Written Testimony of FERC Commissioner Allison Clements**Subcommittee on Energy****House Energy and Commerce Committee****July 27, 2021**

Chairman Rush, Ranking Member Upton, Chairman Pallone, Ranking Member McMorris Rodgers, and Members of the Subcommittee, thank you for the opportunity to testify this morning. The Federal Energy Regulatory Commission (the Commission) is entrusted with protecting customers by regulating significant aspects of the energy industry. My testimony today focuses on the challenges, solutions, and Commission's role in facilitating a robust, reliable, and resilient transmission grid while protecting customers.

The Commission's core responsibility under the Federal Power Act is to ensure reliable, affordable electric service for the American public. For several decades the Commission has met this objective by adapting its regulations to reflect changing circumstances, which include technological advancements, shifting economic and market dynamics, and evolving federal, state, and local energy regimes and policies. While the Commission's adaptation to change is familiar, the current magnitude of the challenges driving the need for change is unprecedented. I believe two major developments must guide the planning of our nation's electric grid: the increasing frequency of dangerous extreme weather and the rapidly changing resource mix.

The Challenges

First, on a distressingly regular basis, extreme weather is challenging our electric system in extraordinary ways.¹ Record excessive heat conditions are blanketing the West, driving record breaking temperatures. Together with historic drought, these prolonged heat conditions are stressing the transmission system, prompting preemptive system shutdowns and reducing the hydropower supplies that have long supported regional reliability. Wildfires driven by these conditions threaten the delivery of electricity for an increasing number of months each

¹ U.S. Gov't Accountability Office, GAO-21-423T, *Electricity and Grid Resilience: Climate Change is Here and Expected to Have Far-Reaching Effects and DOE and FERC Should Take Actions* (2021).

year.² Across the nation, previously rare weather events like this summer's intense heat domes across the West and Great Plains and February's Texas and Central U.S. cold weather event strain numerous elements of the energy system. Current operations, market, and planning rules and practices are not adequate to meet these challenges, which are likely to become more intense in the years ahead.

Second, the transmission system is not equipped to facilitate the rapidly changing resource mix. Declining costs of wind, solar, and hybrid generation are making these technologies increasingly competitive in the marketplace. States and cities are enacting increasingly ambitious decarbonization laws and mandates. Utilities and corporations are setting clean energy goals and expressing those preferences in the wholesale markets that the Commission regulates. The vast majority of new supply seeking to connect to the transmission grid is wind, solar, battery storage, or a combination of those technologies.

Current transmission planning practices do not adequately account for this changing grid mix. Instead, they generally plan grid upgrades in a piecemeal fashion that examines reliability, economic, and public policy benefits in siloes, based on analysis that is not sufficiently forward-looking. These insufficient practices have resulted in inadequate buildout of the high-voltage transmission system, leading to overloaded interconnection queues and costly project development delays. Nearly 750 gigawatts of generation are mired in interconnection queues across the country, including nearly 700 gigawatts of renewable generation.³

² Currently, 80 large active wildfires are burning across 13 states. See Peter Szekely, and Steve Gorman, *Western wildfire smoke causes cross-country air pollution*, Reuters, July 21, 2021, available at <https://www.reuters.com/world/us/smoke-us-west-wildfires-leaves-easterners-gasping-2021-07-20/>.

³ See Joseph Rand, *Queued Up: Characteristics of Power Plants Seeking Transmission Interconnection as of the End of 2020*, Lawrence Berkeley National Laboratory, May 2021, available at https://eta-publications.lbl.gov/sites/default/files/queued_up_may_2021.pdf. In the nation's two largest RTO regions, Midcontinent Independent System Operator (MISO) and PJM Interconnection (PJM), 80% and 79%, respectively, of the total capacity in the interconnection queue comes from solar and wind projects. See MISO, *Generator Interconnection Queue – Active Projects Map*, available at <https://giqueue.misoenergy.org/PublicGiQueueMap/index.html>; PJM, *New Services Queue*, available at <https://www.pjm.com/planning/services-requests/interconnection-queues.aspx>. The current MISO capacity mix is approximately 50%

The Solutions

The Commission's statutory obligation is to address these challenges in a manner that protects customers and ensures reliability. Fortunately, recent experience has illuminated solutions capable of addressing the extreme weather and changing resource mix challenges.

First, we must build cost-effective high voltage transmission across the country. Grid responses to extreme weather events have consistently demonstrated the reliability and resilience value of the limited high voltage transmission that currently exists, connecting diverse resources with load centers and linking grid regions with one another. For example, during several consecutive days throughout the February cold weather event in Texas and the Central U.S., thousands of megawatts of power flowed from the PJM region, where weather was milder, into the MISO and Southwest Power Pool (SPP) regions, which were experiencing extreme temperatures and winter storm conditions.⁴ Those flows allowed MISO and SPP to keep life-saving services energized, contrary to the largely disconnected Texas grid, which could not benefit from transfers from its neighbors and suffered catastrophic outages.⁵ SPP and MISO attribute their ability to maintain reliability during the 2021 winter to these transfers from PJM.⁶

coal, 26% natural gas, 15% nuclear, 8% wind, and <1% solar. *See* <https://api.misoenergy.org/MISORTWD/dashboard.html?fuelMix> (last visited July 25, 2021). The current PJM capacity mix is approximately 37% gas, 31% nuclear, 27% coal, and <5% a mix of other resources including renewables. *See* <https://www.pjm.com/markets-and-operations.aspx> (last visited July 25, 2021).

⁴ Technical Conference to Discuss Climate Change, Extreme Weather & Electrical System Reliability, Tr. 63:11-21, Docket No. AD21-13 (filed July 22, 2021).

⁵ Better transmission interconnection to neighboring systems could have greatly reduced the impact of the extreme weather event in Texas. Even before the February storm, ERCOT and the Public Utility Commission of Texas had testified to FERC about the need for new transmission lines to strengthen resilience through geographic diversity. *See Joint Comments of the Electric Reliability Council of Texas, Inc. and the Public Utility Commission of Texas*, Docket No. AD18-7-000. March 9, 2018 at 8.

⁶ Southwest Power Pool Market Monitoring Unit, Report on 2021 Winter Weather Event, July 14, 2021 at 43; Midcontinent Independent System Operator, The February Arctic Event: Event Details, Lessons Learned, and Implications for MISO's Reliability Imperative at 13; Renuka Chatterjee, Technical Conference to Discuss Climate Change, Extreme Weather, and Electric System Reliability, June 2, 2021 Transcript at 63.

Earlier polar vortex events, in 2014 and 2019, similarly illustrated the critical reliability value of high voltage transmission.⁷

A significant buildout of transmission is also the cost-optimal approach to capturing the benefits that low-cost clean energy resources present. A leading study from Princeton University, for example, estimates that a least-cost approach to reaching a national net zero greenhouse gas emissions target would require roughly 60 percent more high voltage transmission infrastructure than exists today by 2030, and a tripling of such infrastructure by 2050.⁸

Second, we must encourage Regional Transmission Organization (RTO) formation to create long-term system efficiency and resilience as well as to cost-effectively integrate the changing resource mix. In addition to demonstrating the need for high voltage transmission to connect neighboring regions, the February polar vortex in Texas and Central U.S., as well as past polar vortex conditions in PJM and ISO-NE, have demonstrated that large grid areas operated by independent RTOs can maximize and optimize the contributions of different electricity supply resources and transmission capability across broad geographic areas.

Further, RTOs maintain significant comparative advantages over non-RTO regions for purposes of integrating increasing amounts of low-cost wind, solar and hybrid generation. These advantages include optimized markets that foster competition of supply and demand resources, coordinated transmission planning, and standard and single transmission rates that ease procurement contracting.⁹

The need for more effective regional integration that provides resilience in the face of extreme weather and facilitates low-cost renewable energy integration is especially stark in the West. Earlier this year, a study funded by the Department of Energy and led by the Utah Office of Energy Development with other western state partners demonstrated that an RTO could bring

⁷ See *e.g.*, North American Electric Reliability Corporation, “2019 State of Reliability,” June 2019 at viii.

⁸ Eric Larson, et al., Net-Zero America: Potential Pathways, Infrastructure, and Impacts, interim report, Princeton University, Princeton, NJ, December 15, 2020.

⁹ Advanced Energy Buyers Group, Organized Wholesale Markets and Corporate Advanced Energy Procurement at 28 (2021).

up to \$2 billion of annual benefits to the region by 2030.¹⁰ Accounting for extreme weather resilience and low-cost renewables integration benefits, in a region where six states and several utilities have 100% clean laws or commitments, makes the case even more compelling.

While the West is incrementally making progress towards integration, such as through the formation of energy imbalance markets and the Northwest Power Pool's forthcoming resource adequacy initiative, I am concerned that the current efforts are moving too slowly and are not adequately coordinated. Western collaboration is needed to develop an end goal of system coordination to address the region's needs, so that these ongoing efforts can realize the broadest efficiencies possible.

Utility RTO participation increases reliability and saves customers money by, among other things, providing coordinated, optimized dispatch of the most economic resources in the region with low transaction costs, allowing utilities to share their reserves, and planning transmission in a more coordinated fashion that has the potential to avoid redundancy.¹¹ MISO estimated that in 2020 it provided between \$3.1 billion and \$3.9 billion in regional benefits.¹² PJM has estimated that its operations, markets and planning result in \$3.2 to \$4 billion in annual savings.¹³

The Commission's Role

Success in achieving a modern, reliable and resilient transmission system will require the collective acknowledgment by federal and state policymakers that a failure to act will endanger both customers and broader system reliability. The Commission has a significant role to play

¹⁰ Exploring Western Organized Market Configurations: A Western States' Study of Coordinated Market Options to Advance State Energy Policies, Stakeholder Meeting, June 17, 2021, available at https://legacy-assets.eenews.net/open_files/assets/2021/06/29/document_ew_02.pdf.

¹¹ Midwestern Independent System Operator, MISO Value Proposition: FERC Staff Update 12 (2021); PJM Interconnection, PJM Value Proposition 2 (2019).

¹² See Midwestern Independent System Operator, *MISO Value Proposition*, <https://www.misoenergy.org/about/miso-strategy-and-value-proposition/miso-value-proposition/>.

¹³ See PJM Interconnection, PJM Value Proposition, available at <https://www.pjm.com/-/media/about-pjm/pjm-value-proposition.ashx> (last accessed July 25, 2021).

towards the solutions described above. We have the opportunity and the responsibility to enact reforms that facilitate the cost-effective and reliable buildout of grid improvements and further the efficient and flexible operations of resources.

First, the Commission should reform regional and interregional transmission planning processes. Cost-effective transmission development is essential to ensure reliable and affordable electric service and is the path to realizing the solutions described above. The Commission’s recently issued Advance Notice of Proposed Rulemaking (ANOPR) examines how holistic, forward-looking planning, based on a more accurate assessment of future conditions, holds the potential to save customers money by providing access to less expensive resources and facilitating buildout of cost-effective interregional infrastructure for system reliability and resilience. The ANOPR explores several areas of potential improvement in regional and interregional system planning. It asks how we can leverage modern modeling techniques to craft more realistic future scenarios to guide planning. It asks how we can better assess the full suite of benefits of large-scale transmission to improve the benefit-cost analyses that inform decision-making. It asks how to integrate transmission planning and generator interconnection—processes that, while separate today, could offer tremendous customer savings and other benefits if co-optimized. Finally, it asks about enhanced oversight and transparency to ensure money is spent wisely. While the ANOPR is only a first step, it is critical on the path toward smarter transmission planning.

Second, the Commission should continue its work to improve state-federal coordination. Considering the Federal Power Act’s framework of cooperative federalism, the Commission cannot successfully implement its part of the solutions described above without respect for, and robust engagement and cooperation with, the states.

For example, states are responsible for the siting of transmission infrastructure, and play an important role in transmission planning. To ensure that our process for considering planning reforms incorporates states’ perspective, the Commission recently approved the creation of a joint federal-state task force with the National Association of Regulatory Utility Commissioners (NARUC). The task force endeavors to examine the full array of transmission planning challenges facing our country today. The Commission also recently took action to facilitate collaboration among states, by issuing a policy statement making clear that states and utilities are

not precluded from engaging in voluntary agreements to lead the planning and paying for new transmission facilities that support their own priorities.

State-federal cooperation is also essential in the context of furthering western market integration. It goes without saying that to be successful, any western RTO must be designed by western states for western states. The Commission must respect these states' priorities while standing ready to provide guidance and expertise in the process.

Third, the Commission should continue its work to ensure public access by growing the Office of Public Participation. Another mandatory precursor to achieving the solutions described above is ensuring that the public has access to, and is heard in, the Commission's decision-making processes. Improved public participation in Commission proceedings will provide more fulsome records that lead to stronger decision-making and more durable outcomes. The Commission has recently taken an important step towards this end via establishment of its Office of Public Participation (OPP). The office, which Congress directed the Commission to establish over forty years ago, is intended to (1) facilitate public participation in Commission proceedings, and (2) make compensation available to intervenors and other participants in significant Commission proceedings who would face financial hardship in the absence of that assistance.¹⁴ I believe that OPP will be remembered as one of this Commission's most important accomplishments. Fundamentally, OPP's mission is to help ensure meaningful access to Commission proceedings for those whose communities, property, and pocketbooks are directly affected by the outcomes of those proceedings, including energy customers, landowners, tribal members, and members of environmental justice communities. This Commission has decisions of great consequence ahead of it. The development of new infrastructure especially has implications for the public. Broadening participation in Commission proceedings will go a long way to ensuring our decisions are more informed, durable, and accessible to the public.

I was honored that Chairman Glick tasked me with leading the process of obtaining public input on OPP's role, structure, and operations. In a first for the Commission, we held six public listening sessions, including a Spanish-language session, to hear directly from stakeholders. We also held a full-day, Commissioner-led workshop featuring citizens affected by Commission

¹⁴ Federal Power Act Section 319, 16 U.S.C. § 825q-1.

decisions, as well as experts on relevant topics such as public participation, tribal consultation, and environmental justice. Finally, we invited written public comments over a months-long period. We received extensive input reflecting strong support for the office and providing a wealth of information and ideas for how to make OPP successful. The Commission drew on that input to design OPP and define its role. Continued stakeholder feedback will help guide the office's future development.

Earlier this summer, on June 24, the Commission issued a public report on OPP which describes the mission, functions and organizational structure of this new office. The report also includes a summary of the public input we received. Satisfying Congress's directive in late 2020,¹⁵ the Commission provided the report to Congress, including the members of this subcommittee. I have attached a copy of the report to my testimony. For the next several months, OPP will be led and staffed by experienced Commission personnel serving temporary details to the office. The Commission is currently recruiting a permanent Director for the office and aims to hire the Director by this October. We expect to steadily grow the office over the next four years, shaping it to reflect continued public feedback and the learning gained from our experience over time. OPP's initial focus will be on public education, outreach, and assistance navigating Commission procedures. Once the Director is on board, OPP will also advise on a rulemaking on intervenor funding. Despite its small size, the interim OPP is already making a difference, helping several individual callers to understand Commission proceedings and procedural rules, and preparing informational materials that will be posted on OPP's website.

It has been the greatest honor to begin service to the American people. Thank you again for the opportunity to testify today.

¹⁵ See Joint Explanatory Statement to the Consolidated Appropriations Act of 2021 at 117 (P.L. 116-260).

Mr. RUSH. The Commissioner yields back.

And now I want to recognize the last Commissioner, Commissioner Mark C. Christie, for 5 minutes for the purposes of an opening statement.

Commissioner, you are recognized.

STATEMENT OF MARK C. CHRISTIE

Mr. CHRISTIE. Well, thank you, Committee Chairman Pallone and Subcommittee Chairman Rush, Ranking Member McMorris Rodgers and Ranking Member Upton. It really is an honor for me to be here.

This is my first appearance as a FERC regulator, and so I cannot thank you enough for this opportunity.

I want to talk about my two priorities as a FERC regulator and what I hope will be FERC's priorities, and I am going to do so from the standpoint of someone who before I got to FERC, I sent 17 years as a State utility regulator, and so I have a perspective that comes from that experience.

My two top priorities and I would hope would be FERC's top two priorities are very similar to the priorities that State regulators have. Number one, reliability: Keep the lights on. Number two, protect consumers from excessive costs. And this is particularly important as we go through what everyone acknowledges is a changing general mix in efforts to reduce carbon emissions. So I bring priority to reliability and the cost issue.

On reliability, consumers in America expect their lights to be on 24 hours a day, 7 days a week, 365 days a year. Now, even the best run utilities do not meet that standard because that is perfection. Everybody is going to have a transformer blow or a tree fall on a line, but if those outages can be restored in a matter of minutes or hours, that is a very good system, and that is what we ought to be aiming for.

When the lights go out and the power goes out for days at a time, as we saw in Texas in February and California last summer, that is not only a threat to convenience. That is also a threat to public health and safety.

So reliability needs to be our job one at FERC, and we do it three ways. We, of course, regulate NERC, which sets mandatory standards. We regulate transmission planning, and we also regulate RTOs, and that is particularly important with regard to their capacity markets, which is where they get their resource adequacy.

Now, the issue of cost. The general division between FERC and State regulators is that FERC regulates wholesale rates and State regulators regulate retail rates. Of course, retail rates are what shows up in people's bills. That is what drives consumers' monthly bill.

The one thing I learned sometimes the hard way is, while FERC does wholesale rates, what FERC does often dramatically affects retail rates. And, again, that is going to affect the monthly bills that consumers pay.

So we need to be extremely sensitive, I think, at all times to what are going to be the effects of our actions at FERC on retail rates, because that is going to show up in customers' monthly bill.

And with regard to transmission, last week as I mentioned we started a process. We call it an ANOPR. We have a lot of acronyms in this business. And actually an ANOPR is essentially a process to look at the transmission system holistically and see what improvements need to be made to promote both reliability as well as we have to protect consumer cost at the same time.

And we need to build the transmission that is needed. I have sat on many, many transmission cases, approving many cases, many transmission projects. If they are needed, they need to be built.

I hope what we do not do is end up promoting transmission that is not necessarily needed or does not have cost commensurate to the consumer, to the benefit the consumer is going to receive.

If we are not careful, we could end up enabling literally trillions of dollars of transmission that is not necessarily going to have benefit commensurate to the consumer.

So, if it is needed, it needs to be built. There are a lot of improvements that need to be made in the transmission planning process, and so it is good we are embarking on that process, but we need to also be very, very sensitive to the cost to consumers throughout.

And with that, I thank you very much, and I look forward to any questions you may have.

And, again, it is an honor to be here for the first time as a FERC Commissioner. So I thank you for that.

[The prepared statement of Mr. Christie follows:]

OPENING STATEMENT of MARK C. CHRISTIE
Subcommittee on Energy
House Committee on Energy and Commerce
United States House of Representatives
Washington, DC
July 27, 2021

Chairman Pallone, Ranking Member McMorris Rodgers, Chairman Rush, Ranking Member Upton, members of the Subcommittee, it is an honor to be here for the first time as a member of the Federal Energy Regulatory Commission.

As this is my first appearance before you as a FERC Commissioner, let me note that two of my top priorities are reliability and protecting consumers from excessive costs. These priorities are especially important now as we go through a changing generation mix and efforts to reduce carbon emissions.

As to reliability, Americans expect their lights to be on 24 hours a day, 7 days a week, 365 days a year. For many, reliable power service is not just a matter of convenience, but literally a matter of life and death. So, reliability is Job One for FERC.

While promoting reliability, we also need to protect consumers from excessive costs. I came to FERC after 17 years as a state utility regulator. Broadly speaking, state regulators regulate retail rates for electric power while FERC regulates wholesale rates. One thing you really learn as a state regulator, however, is that while FERC does not set retail rates, what FERC does has a huge impact on retail rates, and retail rates ultimately drive the monthly power bills that consumers must pay.

So, as I said at my Senate confirmation hearing last fall and frequently since that time, one of my top priorities as a FERC commissioner is be continually sensitive to the impact of FERC's actions on the bills consumers will pay. In my view, the Federal Power Act is, first and foremost, a consumer protection statute; its historic purpose is to protect consumers from exercises of market power. That makes FERC, in essence, a consumer protection agency.

So, maintaining reliability while protecting consumers are my top two priorities.

Thank you again to the members of this Subcommittee for the honor of testifying today before you. I look forward to any questions you may have.

Mr. RUSH. I thank you. The gentleman yields back.

And we have now concluded the opening statements. We will now at the same time move to Member questions.

Each Member will have 5 minutes to ask questions of our witnesses, and I will begin by recognizing myself for 5 minutes.

Chairman Glick, President Biden is working to harness the full force of the Federal Government toward tackling climate change. This works diligently to advance Federal policies to fight climate change in a similar manner.

Under your leadership, how will FERC play a more active role in clearing the transition as well as climate change mitigation?

And how can Congress support FERC in encompassing this vital and important work?

Mr. GLICK. Thank you very much for the question, Chairman Rush.

So FERC is an independent agency. So we do not necessarily take our directions from the White House, but I think we react to what is going on in the market. As I mentioned earlier in my opening testimony, there are a lot of things going on right now definitely because of State policies, because of consumer preferences, because of utility decisions.

There is definitely a movement towards cleaner energy, zero-emissions energy. There are several roles, one of which is that under the Federal Power Act, we are supposed to prevent undue discrimination and preference. And so one of our roles, I think, is to eliminate barriers to newer technologies.

A lot of the rules, market rules that were created around the country, were created in large part many years ago when some of these newer technologies were not necessarily cost effective.

And so what we did and under Chairman Chatterjee's leadership with regard to energy storage, we also distributed energy resources, which is a good example of that where we got rid of barriers, and we are still looking at other barriers right now.

There might be barriers to hybrid projects, for instance, both solar and storage, for instance, in some of these projects that are coming online today. So that is one.

Secondly, we have significant authority over the transmission grid, and as I mentioned in my testimony, there is a significant amount of demand for newer transmission to access remotely located renewable resources, for instance, but also to improve the reliability of the grid.

So our goal is not necessarily just to promote transmission because it is going to help reduce emissions, but our goal is to build the right type of transmission, what is cost effective transmission under our authority of the Federal Power Act.

We know there is going to be demand for transmission anyway, significant demand for it, and so it is our job to make sure that it is built cost-effectively, efficiently, addresses reliability concerns, addresses consumer cost concerns, and so that is our particular role as it relates to the current transition to the clean energy future.

Mr. RUSH. Thank you, Mr. Chairman.

Commissioner Clements, do you agree, and is there something you would like to add to this?

Ms. CLEMENTS. Thank you, Chairman Rush, for the important question.

I think I could sum up Chairman Glick's good answer and a vote to say the Commission's job is to protect customers and ensure reliability as these changes happen, and that is going to be a lot of work.

If you just look at the interconnection queues around the country, there are 750 gigawatts of projects in the interconnection queues. Seven hundred of those gigawatts are wind, solar, or hybrid generation projects.

If you do not look even beyond the interconnection queue, that is where the market is driving us. That is where customer preferences and policies are driving us, and it is our job to protect customers by looking forward.

Mr. RUSH. Thank you, Commissioner Clements.

The June 24, 2021, FERC report states that the Office of Public Participation will ensure that, and I quote, "Tribal members, the environmental justice community, and other socially marginalized communities are fully and fairly considered in the Commission's proceedings."

I want to just ask you and also Chairman Glick to comment on the Office of Public Participation's important consideration of socially marginalized communities to date, and how would it continue to support it on these issues in the future?

Ms. CLEMENTS. Thank you, Chairman Rush.

The Office of Public Participation provides an access point. It provides an entree to a technical, complex agency for people who are implicated by our decision. It is a starting point, and it certainly will place an emphasis on disadvantaged communities, including designated environmental justice communities.

Mr. RUSH. That concludes the chairman's time, and the Chair will now recognize the ranking member, Mr. Upton, for 5 minutes.

Mr. UPTON. Well, thank you, Mr. Chairman.

I know that all of us are troubled by the recent cyber attacks, particularly those that are linked to Russia and China, on our critical infrastructure. And the ransomware attacks on the Colonial Pipeline in May was not a wake-up call. We have been sounding the alarm for years on this issue.

So the public has been learning about that China has been hacking our pipelines for over a decade, gaining access to the controls of several U.S. natural gas pipeline companies.

Chairman Glick and others, what authorities does FERC have to ensure that these gas pipelines, especially those connected to power plants, are secure?

And what more can we do to provide the tools in the toolbox to stop this?

Mr. GLICK. Well, Mr. Upton, first I want to commend you. I know that you have been a leader on this issue for a number of years now. It is a very important issue.

Commissioner Chatterjee and I actually wrote an op-ed in the Eastern Chronicle several years ago about this very point.

We have significant authority over the reliability of the bulk power system, along with NERC, to establish minimum reliability

standards, for instance, but the TSA, not FERC, has authority over the entire pipeline system in the United States.

And there have been some concerns. TSA for a number of years has relied on voluntary guidance as opposed to the mandatory standard approach that we use at FERC, and I do not think that that is sufficient, given the threat that you just outlined with regard to foreign adversaries in our pipeline system.

To TSA's credit, they did the other day or at least announced that they were going to impose mandatory standards on some pipelines. I have not had a chance to actually see the standards yet. We are going to have to take a look at that.

Mr. UPTON. Others? Former Chairman?

Mr. CHATTERJEE. Yes, sir. I think, you know, for me, this is a new reality that all of us have to deal with in the energy space. The example I use is that, if a missile had taken out the Colonial Pipeline, we would very clearly recognize that as an act of terrorism or war and know how to respond accordingly.

Our mindsets are not quite there yet for something like a cyber attack taking out critical energy infrastructure, but the reality is the economic and national security impact is the same as if it were a missile attack, and so I think it is incumbent upon all of us to remain vigilant, identify regulatory gaps, and work to stay ahead of this.

Standards are one way to go about it, but it is not the only way to go about it. There are other, simpler things that we ought to do. For instance, I had a CEO of a natural gas pipeline company tell me he was briefed by ODNI at a high level that his system was vulnerable, but no one in his company even had a high enough security clearance to gain access to the classified briefing necessary to know where to make an investment in their system.

These kinds of things are easily remedied, and we need to find ways to ensure that the private sector where these executives now find themselves on the front lines of 21st Century warfare—I do not think that is a hyperbolic statement. That is the reality of protecting critical infrastructure today, and we need to work together.

Mr. UPTON. Indeed, just a quick followup before we go to Commissioner Danly. So do you think that that is an inherent problem with many in the industry, that they do not have enough people at the classified level to be able to figure this thing out?

Mr. CHATTERJEE. There is no question that access to clearances has been an issue. It is something that has been frustrating to me throughout my tenure at the Commission. We have taken some steps in this area.

FERC has never previously had a seat at the Intelligence Committee table. We now have intelligence capabilities. We are building a SCIF at the agency to have classified information.

And we are now able to do one-day read-ins so people, necessary stakeholders, can get access to this critical information.

Mr. UPTON. OK. Commissioner Danly?

Mr. DANLY. Yes, it has been a problem for a long time, and over the last few years our Office of Energy Infrastructure Security has done a tremendous job in employing the Commission's convening authority to have discussions with as many people as possible [audio malfunction] directly related to our legal authority. So I

think it has been a beneficial program that OEIS has been conducting.

We also have interactions with CISA and the EISEC. These are, again, convening authority undertakings in which the industry has tossed up challenges that are being faced by everybody in common.

We do not have particularly profound legal powers to do things in this realm, and as an economic regulator in multiple numbers of bodies, I am not sure that something that is as fast paced and moving as cybersecurity really is perfectly well-suited to us as an agency.

But certainly it is something that needs to be dealt with by the government generally.

Mr. UPTON. Yes. I know my time has expired. So we can get comments maybe in writing from [inaudible]. That would be terrific.

My time has expired, Mr. Chairman, and I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the chairman of the full committee for 5 minutes for questioning the witnesses.

Mr. PALLONE. Thank you, Chairman Rush.

My question is kind of a followup to what Mr. Upton said. I know that, Chairman Glick, you and Commissioner Clements issued a statement after the Colonial Pipeline attack calling for mandatory cybersecurity standards for pipelines.

Let me ask you, Chairman Glick. Can you elaborate on why you think mandatory cybersecurity standards for pipelines are necessary and whether you believe the American public would also benefit from other types of pipeline reliability standards similar to those that govern the electric industry?

Mr. GLICK. Thank you, Mr. Chairman.

Yes, I do agree that I think we need to have mandatory reliability standards, cybersecurity- and not cybersecurity-related on OMV with regard to the natural gas pipeline system.

You know, again, mandatory standards are necessarily a minimum floor. They are not necessarily the end all and be all. We may need to do additional work beyond that. But, in fact, I think it has worked out very well in the electric sector in the sense that we have utilities, all other extensions above power systems or at least meeting minimum standards, and we saw a good example with Texas this past winter.

Because they did not have any mandatory standards, they just had guidance as to whether they should winterize or not. We saw what happened when utilities and other generators only have guidance they do not necessarily have to follow.

And so I think it is important from a cybersecurity perspective, but important from a reliability perspective because, again, we have authority over the bulk power system, but if a pipeline goes out or two pipelines go out, it can have significant adverse impacts on the bulk electric system, and I think there is just a mismatch between the mandatory standards that the electric industry follows and the voluntary guidance that the pipeline industry currently follows.

Mr. PALLONE. Thank you.

I wanted to mention something relative to my State. About a month ago, the New Jersey Board of Public Utilities approved the

Nation's largest combined offshore wind award to construct a total 2,658 megawatts of wind capacity, and I think this is going to create a lot of jobs and economic benefits to New Jersey.

But I recognize there are challenges to constructing the transmission infrastructure necessary to accommodate a large increase in offshore wind, and that FERC explored these issues during a technical conference last year.

So can I ask you again, Chairman Glick, can you help us understand what these transmission-related challenges are and what Congress can do to help ensure that this necessary infrastructure gets built in an efficient and cost-effective manner to achieve our clean-energy goals?

Mr. GLICK. Thank you, Mr. Chairman.

You know, as I understand it, there are about 30,000 megawatts of planned offshore wind facilities that are currently in the process through the government bidding system already, and so we did have a technical conference on this issue.

We also actually addressed this issue or we tried to address this issue in our advanced notice of proposed rulemaking that we proposed a couple of weeks ago asking a number of questions in this area.

But, in particular, I think the issue has to do with planning. We currently plan for transmission trying to figure out what generation plan is about to be built, but we do not do any long-term planning.

Again, we know there is going to be 30,000 megawatts at least of offshore wind off the Eastern United States, but we do not plan the grid for that. So that would be number-one area I think we need to focus on, is having a better improved planning system to make sure we know what is out there.

We know the offshore wind is going to get built. How do we build the transmission grid to access that energy and bring it onshore?

Mr. PALLONE. Yes. I mean, that is really important and, you know, a challenge because I know the State, you know, has very ambitious plans over the next 10 years, and I am very happy to hear that they are.

One more question. This deals with the Natural Gas Act. The current regulatory regime fails to adequately account for climate change, and you know, we drafted the Clean Future Act in the committee, which I mentioned, but FERC has the authority to address these climate issues without further legislative action as part of the three considerations of the 1999 certificate policy statement.

Can you commit to take a hard look at how the Commission can better protect landowners and State interests in this certification process, and also whether the Commission should revive this methodology for determining the need for a proposed project and whether it is in the public interest?

Mr. GLICK. So thank you very much, Mr. Chairman.

So first, with regard to greenhouse gas emissions associated with the pipeline, not only do we have the authority, actually the DC Circuit has told us on several occasions that we actually have to examine the impact of a proposed project on greenhouse gas emissions and climate change.

We have not done that historically. Actually we did. The Commission just recently, a couple of months ago, actually moved in that direction and, thanks to Commissioner Clements and Commissioner Chatterjee, we ended up building out an order that actually does that.

And I think we will be exploring those issues in our notice of inquiry, as you mentioned. But there is a whole variety of other issues that have arisen over the 20 years since the policy statement was first issued in 1999, and we asked a series of question in the notice of inquiry, and we intend to act on it hopefully relatively soon.

But very important issues such as you mentioned, landowner protection. Landowners right now do not have enough insight into the process that we currently use.

And, more importantly, you mentioned on the issue of need. The DC Circuit just held a couple of weeks ago that you cannot just rely on pressing agreements, contracts between affiliates, to determine whether a project is needed or not, which is required under the Natural Gas Act.

So one of the areas that we are looking into is how do we assess need beyond just pressing agreements between affiliated companies, and that is something I am very much committed to. The court told us we need to address it, and I am hoping that we can address this notice of increased proceeding and get it moving toward the new policy statement relatively soon.

Mr. PALLONE. Thank you.

Thank you, Mr. Chairman.

Mr. RUSH. The Chair yields back.

The Chair now recognizes Mr. Burgess for 5 minutes for questioning.

Mr. BURGESS. Thank you, Chairman Rush.

To Mr. Glick, let me stay with you for a minute along the lines of what Chairman Pallone was just asking.

How are you increasing visibility for the landowner, whether it be for a transmission line or for a pipeline?

What do you have underway so that people know what is over the horizon?

Mr. GLICK. Well, one area through our new Office of Public Participation, what we will be doing, we just established the office. It is reaching out to landowners and essentially providing them with an opportunity to understand how to intervene in our proceedings, how to participate. Obviously, they have very important interests that are affected by our proceedings, especially when there is eminent domain involved, and so one of the things we are doing is reaching out to them to encourage them and help them figure out a way to intervene in our proceedings.

Again, we are not going to take their side one way or another, but we are going to help them participate.

But secondly, we recently issued an order in which we said, OK, when the issue of certificate of public community accepts under the law the pipeline developer automatically gets the right of eminent domain after that, but that is even before the landowner or anybody else affected by the pipeline gets to litigate the issue.

Now, we said what we are going to do is we are going to hold onto the certificate statement and not issue until the landowner or anybody else has the right to pursue their resharing responsibilities under the Natural Gas Act at FERC, and then they can go to court and have their day in court because somebody takes it by eminent domain and starts building on it.

Mr. BURGESS. So I'm from Texas, and we have a situation there where the wind farms out in West Texas produce the energy and the people live 250 miles east of there, my district in Dallas, and they are the ones that need the energy.

So my district sits between the wind farms and the people who need the energy. So we have seen a lot of building. Most of these, my understanding, have been under State jurisdiction, under what I think is called the competitive renewable energy zone process, but I do know it has been particularly painful for a number of constituents when faced with those types of decisions, and it is always tough, and people feel like they have not had an opportunity to be heard.

But what I'm hearing you saying today is you're going to try to make an effort to improve on the visibility of that process?

Mr. GLICK. Both the visibility and also the ability to have your day in court, essentially, before your land is taken under eminent domain.

Mr. BURGESS. Well, let me ask you this. When you have to work with a number of other agencies when you site a facility or a project, do you have any success in holding those other agencies to a schedule, or are you at the mercy as any other litigant would be?

Mr. GLICK. So it depends on the process. So, for instance, we site natural gas, so interstate natural gas pipeline. We also site hydroelectric license through our licensing process, site hydroelectric facilities.

In interstate natural gas pipelines, we do accept schedules. We are the lead agency in that particular process. Other agencies have certainly input, but I think our process works, moves relatively quickly because we do establish deadlines, and for the most part other agencies follow that.

And the licensing process, the hydro licensing process is a different story. Other agencies have mandatory conditioning authority. These processes take forever, and sometimes the licensing process takes 10 years, even longer.

And we do not have really the ability to tell the Interior Department or Commerce Department, for instance, "You have to get your conditions in by such-and-such date," which is lengthening that particular process.

Mr. BURGESS. So have you any ideas on how the permitting process might be improved?

Mr. GLICK. Well, I know there are proposals out there, for instance, to help facilitate other resource agency participation or hydro process.

For instance, currently there is a question about whether our proceedings would involve an ex parte requirement or a limitation on other agencies participating in our proceeding.

I know there have been proposals that have been floated in the past, including in this particular Congress, that would allow other

agencies to participate in our proceedings without worrying about ex parte restrictions, and I think that would help move along the process more efficiently.

Mr. BURGESS. So is there anything you look to the legislative branch to produce for you that could improve the speed and transparency of permitting some of these energy projects?

Mr. GLICK. So I think, on the hydroelectric side, I do think if Congress could provide the authority or authorize other agencies to participate in our proceedings without worrying about ex parte communications, that would be helpful. We cannot do that without congressional action.

Mr. BURGESS. Thank you, Mr. Chairman. I yield back 9 seconds. Thank you.

Mr. RUSH. I thank the gentleman for yielding back 9 seconds.

The Chair will now recognize the gentleman from California, Mr. Peters, for 5 minutes.

Mr. PETERS. Thank you, Mr. Chairman.

Thanks for all of the Commissioners for your service and for being here today. I did want to say I appreciate the comment about the superiority of carbon pricing to State governments picking subsidies. I think the planet will be way better off the sooner we realize that, and I appreciate that.

So thanks for singing my song.

I want to talk about something else today, though. So I want to talk about interstate transmission, which is integral to solving several interrelated challenges I think we have heard about today, including resilience of our energy systems, maintaining our national security, reducing cost for consumers.

And, just in the past couple of months, we have seen power crises that have revealed the vulnerabilities in our existing systems in Texas and in California, and while each event is unique, the extreme weather that exacerbated both is only going to get more common due to climate change.

And we know this too well in the American West with heat waves and drought already stressing our communities.

I wanted to point out that a report from the American Council on Renewable Energy found that each additional gigawatt of transmission capacity connecting the Texas power grid with neighboring States could have saved nearly \$1 billion and kept the heat on for approximately 200,000 Texas homes during the winter Storm Uri in February of last year.

So I think it is very clear we have to act quickly and effectively to build out interstate transmission for purposes of dealing with climate, building a clean-energy economy, increasing our resiliency, and lowering consumer cost.

I introduced a bill to clarify FERC's backstop citing authority for more interstate transmission projects, the POWER ON Act, that would accelerate the buildout of clean energy, increase our reliability, lower the cost of electricity.

It has been endorsed by e-groups including Americans for Clean Energy Grid, the American Clean Power Association, and the American Council on Renewable Energy.

Chairman Glick, you may or may not want to comment on that particular approach, but I did want you to tell me what you think

are the major obstacles to the buildout of interstate high-voltage transmission.

Mr. GLICK. Thank you very much, Mr. Peters.

I think there are really three major impediments to the development of additional transmission to the grid. One of them is deciding the situation, as you mentioned. In some cases, some States have been more proactive than others in approving siting, and when you're building a transmission line crossing two or more States, sometimes that is difficult to coordinate among the various States.

Secondly, and as you noted, that role is primarily the role of the States and not the Federal Government. The other two impediments, though, are, I think, things we have authority over today, one of which is planning.

As I mentioned earlier, I think there is an issue with regard to our transmission planning process. We are not looking to the future. You know the generation that is going to get built. Commissioner Clements mentioned 93 percent while the generation in the interconnection queue currently are wind and solar.

And so we know it is going to get built. We know essentially where it is, but when we are planning for transmission, we are looking at what is the next-generation project that is going to be built as opposed to what as a whole is going to get built. And that has been a big impediment, and we are addressing that in our ANOPR process.

And third, cost allocation. Everyone wants transmission to be built, and no one wants to pay for it. I think everyone is clear about that, but our job is to allocate cost in a manner that transmission costs are roughly commensurate with benefits.

And the concern there is that in the past, when we looked at some of our cost allocation approaches, we have been looking at are you getting power on the line. If you are, you are a beneficiary. If you are not getting power on the line, you are not.

But the fact is, these transmission assets provide significant benefits elsewhere. So, for instance, it reduces congestion. Even if you are not getting power from that line, it is bringing in cheaper power elsewhere or increases reliability, enhances resilience.

I just want to quickly mention. You mentioned Texas.

Mr. PETERS. Yes, let me follow up to that because I only have a short time left.

You know, Commissioner Clements mentioned the importance of good planning process, which is great, but if we do not build stuff, it does not matter. It does not matter to the plan. It does not matter to the consumer. It does not matter to resiliency.

You said that first point was outside of your particular jurisdiction. What does Congress need to do to get you in a place or get us in a place where we see these lines built?

Mr. GLICK. So it is primarily out of our jurisdiction. We currently have backstop siting authority today. The transmission line is planned, and it is part of a grid corridor that the DOE designated.

The courts have ruled that backstop siting authority only applies in the case where a State doesn't act at all. If the State says no, that backstop is where it does not provide—

Mr. PETERS. That can be corrected by statute, can it not?

Mr. GLICK. Excuse me?

Mr. PETERS. That could be corrected by statute?

Mr. GLICK. Absolutely. I think your bill does that very thing.

Mr. PETERS. I just want to say I appreciate your work, and I intend to see that we can make sure that we provide the authority to you so that, when States and Tribes and everybody cannot get off the dime—there is a national interest in getting these projects built, and I think that is on us and you have made that clear today, and I look forward to addressing that problem with you.

Thank you, Mr. Chairman. I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Pennsylvania, Mr. Doyle, for 5 minutes.

The Chair now recognizes the gentleman from Ohio, Mr. Latta, for 5 minutes.

Mr. LATTA. I appreciate that.

And also thank you very much for today's hearing and for all of the Commissioners for either being with us in person or virtually today. We really appreciate that.

Chairman Glick, my first question is to you, and kind of, again, in the background of my district, well over 60,000 manufacturing jobs. We make everything there from glass to steel to a central foundry with General Motors. We make tires. We make furniture. We have the largest food processing plant in the world, which is located in my district.

One of the issues that I have been concerned about is the need to prepare the electric grid to withstand emergencies that threaten normal operations, particularly the threat of cyber attacks.

I know that some of the questions a little bit earlier had been dealing with pipelines, and we are very concerned with pipelines, but on the electric side, you know, the House recently passed legislation that I wrote with my good friend from California, Mr. McNerney, to address cyber attacks on the grid infrastructure, and I believe we need to continue to look for ways to improve the grid's resilience.

Will you provide your thoughts on grid resilience, how we can define it and what we can do to protect the electric grid against, you know, current and future cyber attacks?

Mr. GLICK. So, with regard to the definition of grid resilience, you know, my definition—the Commission had this issue pending before us for a couple of years, and we came out with an actual definition, but it is essentially, in my opinion, essentially being prepared for events that are not necessarily going to happen very frequently but could have terrific effects, and I think that is what we all need to be prepared for from a grid perspective.

With regard to cybersecurity, there is no doubt that that is the biggest threat in the electric grid today, is cybersecurity, and you open up the paper every day and there are all sorts of stories about whether it be ransomware or attacks from nation states or so on, and from our perspective, we attack that particular issue twofold.

One, with our NERC process, we actually establish mandatory minimum standard through what we call the six standard approach, which I think is very helpful in getting utilities to make the investments they need to make on cybersecurity.

But secondly, we work with other government agencies, we work with industries, we work with other think tanks and so on, and we essentially help develop a dialogue between industry and between government, between NERC, for instance, and try to encourage them to make additional investments but also be aware of the threats that are occurring.

Obviously, we know the threats evolve almost every day. We try to stay on it through that ongoing dialogue.

Mr. LATTA. Well, thank you.

Commissioner Christie, do you have any thoughts on that?

Mr. CHRISTIE. Well, I incorporate my reference to what Chairman Glick said and former Chairman Chatterjee on cybersecurity.

I know FERC has got a division which has got tremendous expertise on the question of cybersecurity, and I know they worked with TSA on TSA's regulations that they issued last week.

I said before that, while mandatory standards are fine, the attack on the Colonial Pipeline, if it was a state actor it was an act of war, and if it was a nonstate actor it was an act of terrorism, and so the response needs to be commensurate to that threat.

And mandatory standards are fine. Again, I think I said earlier, FERC is an economic regulator, and our authority is limited, and our expertise—which is outstanding in the cybersecurity area—it is still limited.

So I think when you look at what happened in Colonial Pipeline, the seriousness of that really demands a response much higher than an economic regulator such as FERC.

Mr. LATTA. Well, thank you very much.

Commissioner Chatterjee, when you were the Chairman, you prioritized grid resilience and reliability, and you opened a docket at FERC to review proposals to strengthen the grid.

In your view, why is it important for FERC to examine that grid resilience, and why did you oppose the move to close the docket?

Mr. CHATTERJEE. Yes, look. It is a real issue, and it is one that is or I think going to be a challenge that needs to be addressed in a clear-eyed way.

I bear some culpability for why the resilience docket moved the way it did. When I first came to the Commission, I publicly admitted I struggled at first to make the transition from partisan legislative aide to independent regulator. I had just come from spending a decade of my career working for Leader McConnell on behalf of coal communities in Kentucky.

And the manner in which I handled Secretary Perry, DOE, NOPR on grid resilience, I did not handle it well, and it added this element of politics to what is a real issue.

And so I am hopeful now, while I was frustrated the Commission closed the original resilience docket, I was encouraged that a new docket was opened, called something different, but essentially looking at the same issue.

And perhaps after I depart the Commission and this element of politics that I unfortunately injected into it is removed, the Commission and my colleagues can work together with the staff on what is a serious issue.

Mr. LATTA. All right. Thank you very much, Mr. Chairman. My time has expired, and I yield back.

Mr. RUSH. The gentleman yields back.

And the Chair is now recognizing the gentleman from New York, chairman of the Environmental Subcommittee, Mr. Tonko, for 5 minutes.

Mr. TONKO. Thank you, Chairman Rush, and thank you, Chairman Glick and Commissioners, for your testimony.

I agree this is a critical moment for FERC because our energy system is rapidly changing, and we need our Federal regulators to be nimble enough to keep up with these developments while ensuring we maintain reliable and affordable energy services.

Chairman Glick, I am very glad to see the Commission is examining trends in Commission policy head on. I know that will not be an easy task, but is essential to the success of a rapid and cost-effective energy transition.

Is it your sense that there are low-cost emission resources that could be competing in electricity markets but for a lack of adequate transmission infrastructure?

Mr. GLICK. I think there is no doubt that is the case. There are many projects that have been canceled, clean-energy projects that have been canceled because they are some distance from the grid, and not insufficient amounts were available to transport that to load centers.

Mr. TONKO. And the planning process has been a significant barrier for interregional transmission.

How does the advanced notice of proposed rulemaking consider the need for improved interregional planning?

Mr. GLICK. We definitely need improved interregional transmission planning process, and the ANOPR asks a number of questions about it, but in particular there's essentially a triple hurdle right now.

If you are building a transmission line between two regions that have to be approved by one region, then it has to be approved by another region, and it has to be approved by the regions jointly, and that is just too bureaucratic. It takes too much time. It is too costly.

And so we are trying to figure out a way to streamline the process, because it is very important. You do not go into regional transmission—as we mentioned earlier about Texas, if they were able to access power from other parts of the country, I am not sure that they would have been able to avoid all blackouts, but certainly the situation would be less dire.

Mr. TONKO. And why has cost allocation been such a barrier to transmission development?

Mr. GLICK. Well, because sometimes these projects can be very expensive, and if you subject a particular small set of customers to having to pay for the cost of a bigger transmission project, that sometimes fails under its own weight.

I will give you an example. We talked about the interconnection queue. Currently, with regard to projects, when you have a generation project in the interconnection queue, you have to pay for the network upgrade, essentially cooperative funding, and you require the generation to pay the full cost of building out the transmission grid to be able to access that new generation facility.

The problem is there are a lot of other folks who benefit from that particular new transmission investment as well, and they do not take that into account, and that actually delays the ability and sometimes it's too costly for new generation to be built because they have to pay the full amount.

Mr. TONKO. And in the past have some projects' benefits been considered on a very narrow basis, even if those projects supported achieving a State's policy requirements or reducing air pollution?

Mr. GLICK. Well, we require those type of projects in our regional planning process. The cost allocation methodology that each particular region comes up with on their own.

But in the past it has actually stunted the development of transmission because sometimes it is difficult for a region to agree on a particular transmission cost allocation approach when you take such a narrow view of the way we have allocated cost in the past.

Mr. TONKO. And what is the advanced notice of proposed rule-making considering for cost allocation?

Mr. GLICK. Again, we ask a number of questions with regard to cost allocation, but we ask in particular—and we are hoping to get a number of comments about this—that in particular, are there better ways to assess benefits.

Again, as Commission Danly mentioned, we have to allocate costs roughly commensurate with benefits as the courts have told us, but we ask for input as to what those benefits might be beyond just, again, receiving power on a particular line.

Mr. TONKO. And while transmission is critical, we would be remiss if there are also barriers to emerging technologies, such as storage and distributed energy generation resources.

Much of the Commission's work on these issues has been bipartisan, and credit Commissioner Chatterjee for his leadership on these orders.

Commissioner Glick or Commissioner Chatterjee, can you provide us an update on the implementation of Orders 841 and 2222?

Mr. GLICK. So with regard to 841, we are currently in the compliance process. So we have had a number published in the various RTOs around the country, and we are actually nearing the end of the compliance process there.

It is a little too soon to tell. We expect there is going to be substantial additional investments in storage, but I think we are waiting for the compliance process to conclude.

In Order 2222, regarding distributed energy resources, that compliance process is actually just beginning. So, again, a little too soon, but a lot of folks suggest there is going to be significant investments in those technologies.

Mr. TONKO. And how are RTOs beginning to respond to the orders?

And have they been successful in driving market design changes to enable these technologies to compete fully?

Mr. GLICK. A number of RTOs, especially with regard to storage, have submitted their compliance programs. Some of those programs, some of those processes are still ongoing with regard to proceedings before the Commission.

But I think the RTOs have tried to amend their market rules in a way that would facilitate those bigger projects consistent with what the Commission requires them to do.

Mr. TONKO. Well, I thank you very much, and with that, Mr. Chair, I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the ranking member of the full committee, Mrs. Rodgers, for 5 minutes.

Mrs. RODGERS. Thank you, Mr. Chairman.

It is good to see everybody.

Hydropower is an essential component of an all-of-the-above energy portfolio, and it is clean, it is renewable, it is reliable in the Pacific Northwest, where we have an abundant supply of hydropower.

We have reliable energy. We have some of the lowest electricity costs in the country, and there is a tremendous opportunity to expand hydropower in our region and across the country.

Hydro relicensing, though, or licensing itself, can last over a decade—over 10 years—and it costs tens of millions of dollars. And when you compare that to other forms of electric generation, it will be significantly less time for others.

So, Chairman Glick, as the lead agency, what is FERC doing to streamline the licensing process to bring more certainty and predictability to this process?

Mr. GLICK. Well, as you mentioned, hydropower provides an enormous number of benefits, including zero-emissions technology, low cost. It includes reliability. It also increases the ability to efficiently integrate weather-dependent renewable energy, such as solar and wind.

Our hydroelectric process, Congress has on several occasions made changes to try to improve it and certainly has accelerated the process somewhat. It is still a lengthy process because it requires the involvement of a bunch of different agencies, and we do not necessarily have control over what those particular resources agencies are doing in that particular part of the process.

I would say with regard and under your leadership, I know Congressman Scott was briefed a couple of years ago on nonhydropower or dams that are not currently or are nonhydropowered. I think we have had estimates from the Department of Energy that you get an additional 50 gigawatts of hydropower just if you develop power at nonpowered dams.

So, pursuant to the legislation, we have issued regulations that would essentially help facilitate a much more speedy process with the name of 2 years to license those particular projects.

Mrs. RODGERS. OK. Those were the smaller projects.

Mr. GLICK. Yes.

Mrs. RODGERS. The number of hydropower projects requiring Federal relicensing is expected to double in the coming decade. So what steps is FERC taking to improve and streamline the licensing process to prevent unnecessary delays?

Mr. GLICK. So I think over the years we have actually tried to improve the process, tried to bring in other agencies.

I mentioned earlier I think it would be helpful to have additional authority from Congress to enable the resource agencies to partici-

pate in our particular proceedings so they are not considered ex parte communications.

But we have had a number of improvements over the years, minor improvements, but I think the process is still way too long.

Mrs. RODGERS. Well, I think it is important to strengthen the licensing process and remove unnecessary licensing and market barriers, the next-generation hydropowered technology.

I would like to ask if you would commit to working with Congress to make improvements to the licensing process and barriers to advance hydropower deployment.

Mr. GLICK. Absolutely. We would definitely do that.

Mrs. RODGERS. Thank you.

Many current congressional and administration proposals to appear to involve one-size-fits-all clean electricity mandates to decarbonize the grid at a rapid pace. National mandates, I believe, are really going to harm regions with different energy mixes.

The American Southeast, for example, also has low electricity process in part because of the abundant fossil energy, coal, and gas as well as nuclear, and a good record on reliability.

Imposing national mandates may intensify reliability risk and raise energy burdens on people in areas across the country, including the Southwest.

So, to Mr. Christie and Mr. Danly, I was struck by your testimony about looking after ratepayer interest and the role of reliable, affordable energy.

So would you just state how you approach FERC's mission and the interest of ratepayers and State regulators in your regulation of markets and transmission and the challenges that you see?

Mr. CHRISTIE. I will let Mr. Danly go first. He outranks me.

Mrs. RODGERS. OK.

Mr. DANLY. Thank you.

So I appreciate the question.

We have to keep in mind that, regardless of what part FERC plays in what has been described today as the transition of the electric system, fundamentally what FERC's duties are are to be an economic regulator.

Section 205 of the Federal Power Act specifies that rates have to be just and reasonable, and it is with that fundamental purpose that all of our actions have to be taken.

If Federal mandates come down and Congress creates that particular program to be available, whether there through incentives for spending or particular methods by which FERC has to discharge its duties, we will of course act with alacrity to all of those congressional mandates.

But as the law stands today, we have to look out for ratepayer interest when we set wholesale rates.

Mrs. RODGERS. OK. Thank you.

I yield back, Mr. Chairman.

Mr. RUSH. The gentlelady yields back.

The Chair recognizes the gentleman from Pennsylvania, Mr. Doyle, for 5 minutes.

Mr. DOYLE. Thank you, Mr. Chairman.

And I want to thank you and the ranking member for holding the hearing today and thank our witnesses.

And, Commissioner Chatterjee, thank you for your service on the Commission, and we all wish you well.

As we continue to decarbonize the electric grid, I hope FERC will continue to be proactive and flexible in its approach to building out a grid with more distributed resources and in recognizing the benefits of innovative technologies.

I am also encouraged by FERC's efforts to finally establish an Office of Public Participation, as well as efforts to prepare for and combat cyber attacks on our energy infrastructure. This is of vital importance, and I am glad that FERC along with this committee is committed to ensuring the safety of our energy system.

Chairman Glick, FERC has done a great job keeping pace with technological advancement in the energy storage industry with Order 841 and Order 2222. However, sometimes market operators have asked for delays in compliance with both orders, and while I certainly do not want to impact system reliability by rushing changes, it is not clear to me whether the market operators are actually dedicating the needed resources to be compliant.

What do you plan to do if market operators fail to meet these compliance deadlines?

Do you think these delays are warranted?

Mr. GLICK. In some cases the RTOs have come to us and said that they need to make significant changes in their software, and then sometimes it takes some time to do that and we have in some cases granted extensions.

But to the extent that we do not believe the extension requests are warranted in terms of the time that is requested, we have actually denied some.

Mr. DOYLE. Thank you.

Long-duration energy storage like zinc air batteries manufactured in my district by Eos Energy Storage, are going to be part of the electric system in the future.

Even after Order 841, I am hearing concerns from industry members that wholesale power market design still does not value the reliability contributions of energy storage.

Can you tell me what FERC is doing to examine continuing regulatory barriers to storage?

Mr. GLICK. I agree with you. I think the market designs were established under a different set of resource mix, and in particular the effluent services markets do not necessarily value the benefits that flexible generation provides.

We know that we are going to have a significant amount of both intermittent solar and intermittent wind generation on the grid, but that means we are going to need additional flexible resources to deal with intermittency.

The problem is we do not necessarily value. We do not provide value. We do not compensate resources for that type of value.

So I think storage facilities are the perfect example, but we have to have a proceeding underway. We have a technical conference coming up in a couple of weeks on this very issue to examine potential changes to our employee services and energy markets to address the need to reward and incentivize flexibility.

Mr. DOYLE. Thank you.

Let me ask you. FERC recently received reports from PJM and other prior markets on how their rules address integrated storage and generation resources, also known as hybrid resources.

Do you think that updating the rules for hybrid resources is a priority?

Mr. GLICK. We have an ongoing proceeding to do just that, and when Commissioner Chatterjee was the Chair of the Commission, we had a technical conference on this very issue. It is a very important issue.

As I mentioned before, our role is to get rid of barriers to these newer technologies. That is one of our important roles, and I think Hybrid technology is one that we are looking at and the comments we are receiving in that docket right now and trying to figure out what to do next.

But I agree that we need to address some of the market disincentives to hybrid technology.

Mr. DOYLE. Glad to hear that.

Commissioner Clements, as I mentioned, I am pleased that FERC is finally creating an Office of Public Participation. What specifically does FERC intend to do to ensure that the public and especially affected landholders have the ability to share their thoughts and be involved in decision making?

Will you hold, you know, community-based meetings or provide a guide with clear explanation of relevant terms or employ field officers that liaison with landowners over specific pipeline issues?

What are some of the things that you are going to be doing in that process?

Ms. CLEMENTS. Thank you, Representative Doyle.

Hopefully, all of the above. I know members of this committee have done good work on public access, and certainly you have a perspective on landowner concerns.

By providing an access point at the Commission that provides education, mutual information about how to participate in proceedings, those landowners, community people who are implicated by either infrastructure decisions the Commission makes or by rate decisions the Commission makes, have the ability to understand how to get into the docket.

Once they are in the docket, then their voices are on the record, they are heard, and the Commission's decisions will then be more well informed and, therefore, more durable and less vulnerable to litigation.

Mr. DOYLE. Thank you very much.

Mr. Chairman, I yield back.

Mr. RUSH. The gentleman yields back.

And now the chairman recognizes the gentleman from West Virginia, Mr. McKinley, for 5 minutes.

Mr. MCKINLEY. Thank you, Mr. Chairman.

I want to change horses just a little bit on this. There was an article that came out today from E&E News talking about the decision that you all made back in March with the Northern Natural Gas, and in part it says it took an unprecedented step earlier this year in assessing the proposed natural gas pipeline affecting climate change for the first time ever.

And I read the 45-page report, and there were a couple of remarks that were made in there that I thought were interesting. I think, in part, it was Chatterjee, Commissioner, you said that "FERC is not an environmental regulator. We have neither the expertise nor the authority to weigh in on how to best curb emission."

And Commissioner Danly said, "whether project emissions will have a significant effect on climate change is not within our expertise of FERC. The regulation of air emissions, including greenhouse gas emissions, is assigned to the Clean Air Act, not the NGA, and that authority is relegated to the EPA, not FERC."

So I am curious. By taking these unprecedented actions, I am assuming by extensions you could deny a pipeline to be constructed.

And so my question with that would be—and maybe it is back to you, Chairman Glick: If that is true, that you could—what level of CO₂ emissions is going to be acceptable from a natural gas power plant?

Mr. GLICK. Thank you very much for the question, Mr. McKinley.

With regard to the Natural Gas Act, we are required to make two findings in order to—

Mr. MCKINLEY. Please.

Mr. GLICK. OK.

Mr. MCKINLEY. What is the level?

Because you can determine that it makes a significant increase in emissions. So, therefore, you are going to deny the pipeline. So I am trying to figure out, since you do not know. From everything I have read so far, you do not have a determination. You do not have metrics on that.

What is it that you think would be the appropriate level of CO₂ emissions out of a gas-fired power plant that would allow you to approve a pipeline?

Mr. GLICK. So the DC Circuit has twice told us that we actually have to assess these foreseeable greenhouse gas emissions. So we are trying to do that.

Obviously, we have disagreements among the Commissioners as to what level might be significant.

From my perspective, I do not want to prejudge the matter, because it is currently being litigated at FERC. And, again, we actually examine all sorts of environmental issues as opposed to a proposed pipeline that include other emission issues of NO_x and SO_x, for instance, and so we actually have the ability, and not only that, more importantly, we have what the courts have told us.

Mr. MCKINLEY. So you are saying the other two Commissioners misspoke by saying that you did not have the expertise?

Mr. GLICK. Yes, I disagree with that. We actually have the—

Mr. MCKINLEY. That is fine, that is fine. You want to split your panel.

So now my question would be, since it went through Virginia and other States that are trying to get involved in LNG exports, how will you judge that?

In a pipeline that is LNG to be exported to another nation, do you have the framework?

So what are the metrics you are going to use to measure whether or not that gas in an LNG pipeline to England, for example? Could

you disapprove that if you think they are going to burn our natural gas in England inappropriately?

Mr. GLICK. The question is, we do not have authority to look at downstream emissions with regard to LNG facilities. That is for the Department of Energy to judge.

Mr. MCKINLEY. OK. So that does not come in.

So the other part of this is, I guess, in closing quickly, I thought our whole mission here was to try to find ways of reducing CO₂ emissions so that we could teach China, India, Indonesia, and others how to clean up their environments, since we know that 23—or the 25 worst cities in emissions are coming from those Asian nations.

So by virtue of us stopping gas pipelines in America by using a very subjective determination that has not yet been—you are already disagreeing with two of your members.

So if that is it, what are we going to export?

How are we going to teach India, China?

Are we going to tell them they have to shut off their gas pipelines too?

I do not know whether this is a transferrable technology. This seems like more a bureaucratic issue.

Mr. GLICK. Well, again, that is the Department of Energy to decide whether it is in the public interest.

I would say, though, Mr. McKinley—and I agree that, when we actually consider the greenhouse gas with the project, we need to consider it on a net basis.

So, for instance, if that pipeline is actually helping to reduce emissions by shutting down an older coal plant, for instance, or something like that, we need to net that out and take that into account as well in terms of our analysis.

It is my belief the Commission is still coming up with its framework for figuring this all out.

Mr. MCKINLEY. Mr. Chairman, I yield back. I am sorry I went over time.

Mr. RUSH. [Inaudible.]

Mr. MCNERNEY. So I guess I will recognize myself since I was the next one in line?

Mr. RUSH. The Chair recognizes Mr. McNerney for 5 minutes.

Mr. MCNERNEY. Well, I thank the Chair.

I thank the Commissioners for your testimony and for your service in this critical industry.

Extreme weather events have gotten more common across the country, and grid operators have struggled to deliver reliable power to its customers. In the 2021 summit reliability assessment, NERC found that California is at the highest risk in energy emergencies in the country due to increased threats of wildfires, extreme heat, and drought.

Chairman Glick, how should existing NERC reliability standards be updated to effectively address the threat of climate change and extreme weather events?

Mr. GLICK. So I think that is the exact point. I think we need to address our reliability standards and modernize them to take into account what we know is going to be increasingly difficult weather.

I will give you one example. Last week—or two weeks ago—there was still an ongoing big fire in Oregon, but the results of that fire took out the California-Oregon site for a while. There were probably 4,000 megawatts of power from the Northwest into California which California is very reliant on during the summer in most cases.

And so we need to actually figure out what the weather situation is like. Some of our standards were based on weather from 20 years ago, 30 years ago predictions, and I think it is clear it is going to get a lot worse.

So I think we need to update the standards, and I know NERC is looking at that as well.

Mr. MCNERNEY. Thank you.

Commissioner Clements, what information gaps still exist in assessing the vulnerabilities of both power systems to extreme weather and in developing appropriate action plans prepared to respond to emerging conditions like those?

Ms. CLEMENTS. Thank you, Representative, for the question.

I think we are learning as we go, and we have learned a great deal, unfortunately, from the recent events in Texas and the central U.S., as well as in the experiences in the West both at the beginning of this summer and last summer.

And the two take-aways from my perspective, one is that you have to help your neighbors. Interregional transmission is a critical component of resilience in these emergency conditions.

It has been said, and it is worth saying again, that in the Texas event, you had the mid-Atlantic region, PJM, sharing power with the Midwestern region, MISO; MISO sharing power with the Central Plains region, STP; and then Texas unable to do the next in line because there was a lack of interregional connection.

The second lesson is that demand-side resources are a critical component of ensuring resilience. You know, American citizens are willing to scale back on their use of electricity, and that can be systematized if they are going to get paid for providing that service to ensure resilience.

Mr. MCNERNEY. Well, thank you.

As you mentioned, FERC has begun to remove some of the barriers to participation in the wholesale markets for newer technologies like energy storage and distributed energy systems.

What is FERC doing to encourage utilities to meet reliability challenges with forward-looking technology solutions?

And how is FERC ensuring its storage and distributed energy are being compensated for properly?

That is kind of a followup question on Mr. Doyle's question. Go ahead.

Ms. CLEMENTS. Sure. Representative, thank you. You implied the answer on one part, which is the former Chairman Chatterjee and now Chairman Glick have done a great job through these rules and opening wholesale markets to participation by these resources.

On the reliability front, certainly there is still work to do, but there is a tremendous potential, and these resources will contribute to system reliability to bring benefits across the system.

Mr. MCNERNEY. Well, thank you.

Chairman Glick, what future steps had FERC had planned to take action on grid resilience and reliability?

Mr. GLICK. So we had a two-day technical conference recently to address weather-related issues and impact on grid resiliency. We were actually about to release a number of questions in the docket.

The next step is to decide. We need to decide as a Commission whether to move forward with some sort of rulemaking or policy statement, but we will be making our way through the comments that are submitted in the docket.

Mr. MCNERNEY. Well, I hope to encourage FERC to build on that work.

I am concerned about the increase in cyber attacks, as I think everybody here is. And, Chairman Glick, what steps is FERC taking to protect the bulk power system from cyber attacks?

And how is FERC working with other Federal agencies to do that?

Mr. GLICK. So, in addition to the mandatory reliability standard authority that we share with NERC, we constantly are in constant communications with the Department of Energy, CISA, Homeland Security, and TSA and a whole variety of other agencies in terms of communicating with them and other agencies to various threats.

But, in particular, one area that I think I would like to see additional work on and I am hoping to push forward in terms of a rule-making process is on the issue of the supply chain. As we saw, whether it be software or other supply chain matters, the supply chain is not safe enough currently in terms of protected from cybersecurity threats.

We have a role that says utilities have to have a plan to address the supply chain. I think we need to go forward with that and implement specific standards on that particular topic.

Mr. MCNERNEY. Thank you.

Another thing we need to address really is the ability of utility companies to share information with the Federal Government on classified information.

I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Illinois, Mr. Kinzinger, for 5 minutes.

The Chair does not see Mr. Kinzinger on the screen. So the Chair recognizes Mr. Griffith for 5 minutes.

Mr. GRIFFITH. Thank you very much, Mr. Chairman. I appreciate it greatly.

This is going to be one of my favorite hearings of all time because probably close to 20 years ago Commissioner Christie and I were still hanging out on the sixth floor of the General Assembly building in the Virginia legislature. He was giving us wise counsel, and I was trying to act on it from time to time.

But it is good to see you here, Commissioner Christie, and thank you for your work 17 years on the Virginia State Commission, and we greatly appreciate that work.

One thing I do not really remember. I thought my recollection is you came from rural Virginia originally. Where was your hometown?

Mr. CHRISTIE. West Virginia, which is all rural.

Mr. GRIFFITH. OK. There you go. McKinley has stepped out for a minute.

Mr. CHRISTIE. I know. He cannot correct me.

Mr. GRIFFITH. Yes. So he cannot correct you, but we appreciate you being here today.

One of the things that I have been concerned about as we have been looking at all of the new plans and the short timeline that the administration has placed on getting us to a significant amount of renewable energy and, in fact, eliminating carbon from our energy pool to provide electricity has been the siting that has been mentioned earlier in the transmission, and evidence at previous hearings has been that we are going to need a lot of high-powered transmission lines to crisscross the country to take this power from the renewables to where the energy is actually needed.

And coming from rural Virginia or rural West Virginia, one of the concerns is, are we going to be bringing those power lines through our neighborhood, and what are the particulars going to be?

I am glad that we have heard some evidence today that there is going to be the ability for landowners to say some things, but we have heard that it could take greater than 30 years by the time you finish all of the regulations and the siting and the planning and so forth to get it done.

Then another witness came in and said, well, we can shortcut that by putting these transmission lines in existing rights-of-way.

So I ask you, is it actually practical to consider railroad right-of-ways for purposes of a high-voltage power line, highways, and last but not least, adding new additional power lines in existing power line easements?

Those were three ideas that were presented to the committee. I did not find that to be plausible, but I want to hear from the experts, and you have been doing this for a long time. Tell me.

Mr. CHRISTIE. Well, Congressman Griffith, let me address transmission construction this way. And I sat on literally scores, well over 100 transmission line cases in Virginia, and I take issue with the statement made earlier that the obstacle to building transmission lines are State regulators, that they need to get off the dime.

They are not on the dime. As a State regulator who sat on many cases, I can tell you what you look for in a State case is, first of all, you look to see whether the transmission line is needed. Consumers should not pay for lines that are not needed.

The State regulators are going to look at whether the line is needed. Then they are going to look at whether the line is at reasonable cost, because consumers should not pay more than the reasonable cost for the line.

And then you look at the route. And you asked about is it practical to put a transmission line through a railroad right-of-way or highway right-of-way, and the question is, of course, the facts of each case.

If you are talking about a 765 kV, that is probably not going to go down a railroad right-of-way or a highway right-of-way because a 765 kV is an extremely big transmission line.

And also if you are going to run it through greenfield development, you are going to use a lot of eminent domain, and it is going to be extremely expensive.

And I think State regulators are well suited to make those evaluations in individual cases. Whether you are in an RTO or you are not in an RTO, even if the RTO puts a proposed line into a what they call their regional transmission plan—at PJM it was called the RTAP—the State evaluators are still going to evaluate it.

We did it many times in Virginia. The largest single regional line in PJM—I think I am right—the largest single regional line in PJM is the trail line, which we approved in Virginia. We were not the obstacle to that. We approved it, and it got built.

The State regulators are going to evaluate these lines based upon are they needed. That is a critically important point, both State and Federal. Transmission lines should be built if they are needed. It is not just a question of the routing. It is a question of need because consumers should not pay for something that does not need—

Mr. GRIFFITH. My time is just about up. So let me just say this. I agree with you. It needs to be needed, and you also mentioned earlier in your testimony it depends on cost.

I mean, is it really social justice to run the price up on electricity, on a district like that I represent, which is one of the economically most challenged districts in the country, 422 with latest data out of 435 for take-home pay—is that really social justice, to suddenly route a whole lot of new lines through there or to make their price go up?

You have got 7 seconds.

Mr. GLICK. I am not going to comment on what is social justice. I think that is a different topic for this hearing, but I will say this. I just do not think, as a former State regulator and a current Federal regulator, consumers should only pay for any infrastructure that is needed to serve them with electricity. I think that is built into the utility regulation.

And I think that is what is fair. Consumers should only pay for what is needed.

Mr. GRIFFITH. All right. I appreciate it.

I yield back, Mr. Chairman. Thank you.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentlelady from Washington State, Ms. Schrier, for 5 minutes.

Ms. SCHRIER. Thank you, Mr. Chairman.

And thank you to our witnesses today.

My question is going to be kind of along the lines of what we have been talking about with transmission lines and balancing costs and environmental protection.

So, Commissioner Clements, last month my home State experienced the second-hottest June on record. That resulted in dangerous conditions and loss of life, and this season increasingly dangerous wildfires that are happening every year now have worsened because of climate change. And so that is why, of course, we are prioritizing and looking to accelerate the shift away from greenhouse-gas-generating sources of power to prevent the worst consequences of climate change.

And so this shift to renewables, as we have been discussing, will require a resilience grid, a redundant grid that can distribute energy from where it is produced to wherever the demand is high, and thus the need for these high-voltage transmission lines.

So, Commissioner Clements, as environmental concerns continue to grow, I am wondering how you are going to balance kind of traditional environmental protections, wetlands, fields, habitats, with speeding up the decision-making process so you can fulfill the role that you have in siting these new transmission lines, which will, in fact, protect our natural environment.

Ms. CLEMENTS. Thank you, Representative, for the question.

It requires investment, and you can talk about what types of resources are going to connect to the system on the other end of the line. A lot of the lines that provide service to our customers across the country today were built in the 1960s, 1970s, 1980s, and are old. And so the question is what kind of investment are we going to make, because customers ultimately will pay for that investment.

And to your question, Representative, paying from a forward-looking perspective lines that will bring resilience in the face of these unfortunate conditions you have just described, as well as the double benefit of providing interconnection for these low-cost resources on the other end of the line are really valuable.

Of course, States have primary siting authority over transmission development, and one thing that Chairman Glick has done already is to establish a task force with the States that really the Commission has approved to help address some of these tough issues.

States should have their perspective heard. There is also a natural interest in assuring that some of these bigger lines get built in a cost-effective way so that customers across States have the ability to benefit.

Ms. SCHRIER. Thank you. I appreciate that.

You know, I wanted to shift on the topic of States and their role in all of this to Commissioner Christie, because you spoke about a couple things. Reliability and affordability are your key priorities, and this using really judicious placement of transmission lines, you know, only when they are needed, and when they are needed to address this.

I was wondering if you could tell us about FERC's strategy to keep energy transmission costs affordable while these changes are made and then talking about how to balance, you know, cost and get customer support.

If you could, talk about whether there is a general consensus about which transmission lines are needed and where.

Mr. GLICK. Thank you.

Again, if you look at a transmission line case—and let's get it down to an individual case level—the first question in the case is going to be, is this line needed? Is it needed to fix a reliability problem? Is it needed to relieve a congestion problem? What is the need that justifies this transmission line?

The next thing you get to is you get to the cost. Is it at reasonable cost?

So the planners play a huge role in this, and of course, in the United States, you are either in an RTO or you are in a non-RTO. In an RTO, they have transmission planners and they have criteria that they use to determine what lines are going to be recommended.

And I know, speaking from experience in PJM, the two criteria are going to be reliability or relieve congestion, and those are going to be the two primary criteria.

I think from FERC's viewpoint, our job is to look at the criteria that the RTOs use and make sure that those criteria actually serve consumers, because I think at the end of the day, that is what this is about. It is about serving consumers and providing them with the power that they need and doing it at a cost which is not more than necessary.

In a non-RTO—I'm sorry. I am out of time.

Ms. SCHRIER. Sorry. The crux of this, just in the last few seconds here, is sort of, there is reliability now with the sources that we have now, and then there is reliability in the future when we have all reliance on renewables or traveled interstate into regions and more demand for electricity and looking forward.

Any last comment on that?

Mr. GLICK. Yes, the generation mix is changing, and so transmission planning needs to take that into account. I mean, it does not change the criteria. It just changes the facts of the generation mix, and the planners have to take that into account.

You still get back to whether an individual transmission line is needed, and that is ultimately going to be a discussion which is going to come down to a State regulator making a decision whether to issue a CPCN or not. And that is where the authority is, and I think State regulators play a great role in that.

Ms. SCHRIER. Thank you.

I apologize for going over time. I yield back.

Mr. RUSH. The gentlelady yields.

The Chair now recognizes the gentleman from Ohio, Mr. Johnson, for 5 minutes.

Mr. JOHNSON. Well, thank you, Mr. Chairman.

And thank you to the Commissioners for being here with us today.

Today we are hearing about the Commission performing its work to protect America's public interest, especially the siting and permitting of pipeline and liquefied natural gas facilities.

Commissioner Glick, you mentioned in your testimony that FERC's statutory duty under the Natural Gas Act is to determine whether a project is, in fact, in the American people's best interest.

However, with the Biden administration's greenlighting of Nord Stream 2, the disdain for America's domestic pipeline infrastructure, and support for radical rush decarbonization, the President and his allies are actually serving a very different public interest, the public interest of Vladimir Putin's Russia.

This is why FERC doing its job and doing its job right is so important, and hopefully the oversight that we are conducting today will make that clear.

Just a real introductory question, Commissioner Glick. Do you support expanding U.S. LNG exports?

Mr. GLICK. It is really a matter for the Department of Energy to determine. I——

Mr. JOHNSON. I did not ask you—I know whose job it is to approve it, but under your own testimony, you have to look out for America's best interest under the Natural Gas Act.

So do you support U.S. LNG export expansion?

Mr. GLICK. On a case-by-case basis, I think they——

Mr. JOHNSON. OK. Great.

Mr. GLICK [continuing]. Serve the public interest.

Mr. JOHNSON. I will take that as a yes. Thank you.

Well, I certainly support expanding the exports. In fact, I urge our committee to take up my legislation, the Unlocking our Domestic LNG Potential Act, which would cut Washington red tape and ease the process for American producers to export more LNG around the world, especially to Europe.

This not only supports jobs here at home but also projects American economic and energy power abroad, something that the Biden administration has failed to grasp, ceding ground to Putin's quest to expand his influence throughout Europe instead.

Speaking of Putin's influence and Russian natural gas, according to a report from DOE's Natural Energy Technology Lab, the lifecycle emissions of Russian gas is 41 percent higher than American LNG exports that are delivered to Europe.

So, Commissioner Glick, back to you again. You said that the Commission may consider climate change in proposed projects, and the Biden administration claims that reducing carbon emissions is a top priority.

Will you weigh the climate benefits when reviewing U.S. LNG export projects?

Mr. GLICK. We do not have the authority to do that. That is the Department of Energy.

Mr. JOHNSON. You do not when you are looking at what is in America's best interest?

Mr. GLICK. When we review LNG projects, when we site an LNG project, we only can look at direct emissions. You cannot look at the mission's impact downstream. The courts have told us that is for the Department of Energy, not for——

Mr. JOHNSON. But you said that the Commission may consider climate change and propose projects. So how can you do it?

Do you just do it when you feel like doing it, or do you not do it all the time?

Mr. GLICK. No, we have authority over natural gas interstate pipelines, and an LNG facility——

Mr. JOHNSON. Will you consider climate? Will you consider climate benefits when reviewing those LNG export projects?

Mr. GLICK. We cannot. The courts do not allow us to consider benefits overseas. If you want to say benefits in domestic——

Mr. JOHNSON. No, but the exporting starts here in America, and that has to be produced here in America. So the exporting starts here.

So I think I am hearing you say yes.

Mr. GLICK. I understand your question, Mr. Johnson. We just do not have authority to consider that. That is——

Mr. JOHNSON. Well, sure, you do. You just do not want to answer that.

Let me ask you this. Will you weigh the energy security and domestic economic benefits when reviewing LNG export projects?

Mr. GLICK. Yes, we have the authority to look at domestic—

Mr. JOHNSON. Correct. Commissioners Chatterjee, Danly, and Christie, can you give us some quick thoughts on the importance of U.S. LNG exports?

Commissioner Chatterjee, let's start with you.

Mr. CHATTERJEE. Yes. Thank you, Mr. Johnson.

This is something that we took very seriously during my time leading the agency. There was a glut of applications. I was worried that we might not be able to get through them.

So, working with staff and my colleagues, we removed some duplicative regulations, and actually over the course of the past 4 years have approved 14 LNG export facilities that would fulfill what you have said: economic benefits to the U.S., positive geopolitical implications as a counterweight to Russia, and positive environmental benefits, reducing global carbon emissions.

Mr. JOHNSON. Right. Commissioner Danly.

Mr. DANLY. I think it is not an overstatement to say that America's LNG terminals are geostrategic assets, and that they are among the most important pieces of infrastructure that the United States is permitted.

And the benefits that it offers large-scale LNG export to the wellbeing of people overseas can hardly be overstated.

Mr. JOHNSON. OK. And Christie.

Mr. RUSH. Your time has expired.

Mr. JOHNSON. Time is up. Thank you, Mr. Chairman.

Mr. RUSH. The Chair now recognizes the gentlelady from Colorado, Ms. DeGette, for 5 minutes.

The gentlelady from Colorado, you have 5 minutes.

The Chair now recognizes the gentleman from North Carolina, Mr. Butterfield, for 5 minutes.

Mr. BUTTERFIELD. Thank you very much, Mr. Chairman. It is good to see you and to see all of our colleagues today.

Let me say thank you to our witnesses for your testimony. Thank you for the incredible work that each of you does on the Commission.

Chairman Glick, earlier this Congress I introduced H.R. 3979, the Protecting Natural Gas Consumers from Overcharges Act, and I introduced this along with my good friend and colleague, Billy Long.

This bill would amend Section 5 of the Natural Gas Act to give FERC refund authority in cases where natural gas transmission pipelines are charging their customers unfair rates.

Under Section 206 of the Federal Power Act, FERC can examine the rates charged by an electric transmission entity and order refunds if they were found to be unjust and unreasonable.

Unfortunately, the Natural Gas Act does not offer such protection for natural gas consumers, despite the fact that in 2019 the 10 most profitable pipelines received \$1.1 billion in overcharges from their customers.

And so our bill will create parity for electrical transmission and natural gas customers by giving you, by giving FERC, the authority to order pipelines to refund overcharges. Under the bill, consumers will be protected from unfair charges regardless of whether they utilize electrical or natural gas utility.

Several days ago, on July 13th, I sent the Chairman, you, a letter. I also sent a copy to the other Commissioners regarding the bill, and my staff has informed me today that you authored and have provided a response, and thank you so very much.

And so, Mr. Chairman, I would like to submit the response letter from the Commissioner for the record, if I might.

Thank you.

Having reviewed our legislation, Mr. Chairman, do you agree that Congress should amend the NGA so FERC can grant refunds in these cases?

Mr. GLICK. Thank you, Mr. Butterfield.

I do agree. We have the responsibility to protect consumers, whether it be consumers on the electric side or consumers of interstate natural gas pipelines, and not having that refund authority inhibits us from being able to fully protect consumers.

So I would support us having the same refund authority we do on the electric side.

Mr. BUTTERFIELD. Well, let me take you a step further. Do you think it is fair that natural gas consumers are not protected while electric users are?

It seems to be unfair.

Mr. GLICK. No, I think it is not fair currently.

Mr. BUTTERFIELD. All right. Here is my final question: How do unfair overcharges impact natural gas consumers like [inaudible] Mr. Johnson and others who have talked—and Mr. Griffith—people who rely on natural gas for cooking and heating, do their charges ultimately lead to higher rates?

Mr. GLICK. They do. They ultimately get passed on. We have the authority to review whether pipeline rates are just and reasonable, and there are cases where we found the pipelines have been charging excessively, excessive amounts beyond just and reasonable rates.

And meanwhile we have not been able to do anything about it. So the pipeline company charges essentially the shippers of natural gas for those excess amounts, and those shippers end up passing those rates on to consumers.

Mr. BUTTERFIELD. Thank you, Chairman Glick.

I am going to yield back in just a moment.

Were your answers to Mr. Johnson a moment ago complete or did you need some time to expand on a previous answer?

Mr. GLICK. Thank you, Mr. Butterfield.

Generally they were complete. I just wanted to make the point that we do have the authority and the responsibility to look at greenhouse gas emissions from a domestic perspective on LNG projects with regard to when the project is built and when the project is operating.

But it is the Department of Energy, as the courts have told us many times, not FERC, that can only look at greenhouse gas emis-

sions overseas in terms of the downstream impacts of a particular LNG facility.

Mr. BUTTERFIELD. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. RUSH. The gentleman yields back.

The Chair, for the record, noticed that the gentleman asked for unanimous consent to enter into the record a letter, and I did not hear any objections. So the letter is entered into the record, without objection.

[The information appears at the conclusion of the hearing.]

Mr. RUSH. The Chair will now recognize Mr. Bucshon for 5 minutes.

Mr. BUCSHON. Thank you, Mr. Chairman.

I want to thank the Commissioners for being here today at this crucial time as we see the transitioning type of energy that we are developing here in our country.

Look, I am a strong supporter of an all-of-the-above energy approach. We need to ensure that policy decisions allow customers to have options when it comes to electricity to keep costs down and domestic options abundant.

There are a couple of things, though, in the context of this hearing I want to point out. For example, in California, wildfires and the CO₂ generated from wildfires—and essentially, we are not addressing any of our forest management issues and blaming it all on climate change ironically for environmental reasons, but here is some data from the San Francisco Chronicle.

In 2018, wildfires in California generates 111.7 million metric tons of CO₂ compared with 169.2 million metric tons for the transportation industry.

And that amount generated by wildfires is 25 percent more than the State's annual emissions from fossil fuel. Yet we are not doing anything to address it. We are just blaming it on climate change.

I am not saying there is not a component of that.

Interestingly, that is only about 15 to 20 percent of the CO₂ emissions coming from Amazon wildfires in the Amazon forest, which of course we have no control over.

And then let's consider the fact the Earth is moving at about 57,000 miles per hour around the sun, rotating at 1,000 miles per hour, and our solar system whirls around the center of our galaxy at 490,000 miles per hour.

So the point I want to make is let's put all of this in context and quit talking about political talking points here and look at the facts.

Again, I support an all-of-the-above approach to energy in our country, and the geopolitics as outlined by Mr. Johnson is critical unless we want to cut off our nose to spite our face. We are allowing Vladimir Putin to control the world's natural gas industry, seriously?

Eastern Europe are literally begging us for energy. I have been there. I know. They are begging us for energy because, until they get it from us and our allies, they are dependent on the Russians.

Why do you think the Russians are in Ukraine? For their health?

So I just wanted to get that out there. In 2018, this committee passed a package of hydropower permitting bills which included my

bill, H.R. 2872, the Promoting Hydropower Development at Existing Nonpowered Dams Act, and it was signed into law by the President.

The focus of the bill was to create a two-year licensing process to electrify existing nonpowered dams, of which there is a lot more than you would think.

Chairman Glick, do you support the expansion of hydropower?

Mr. GLICK. I do. The Department of Energy recently estimated that there can be an extra 50 gigawatts of additional hydropower capacity, and I think that is going to be a very important component of our generation mix going forward.

Mr. BUCSHON. I would agree. I think we have to utilize all. As I said, I believe in the all-of-the-above approach.

My district in Indiana has every coal mine in the State. My dad was a coal miner, but I support all of these things.

How is the 2-year expedited licensing process for existing non-powered dams working out?

Mr. GLICK. We have implemented the regulations, and we have had a few applications since then. They are still making their way through the process.

But I would say that the goal of 2 years is a laudable goal and something I think we strive for every day. We certainly had a pilot program even before the legislation passed to keep it at 2 years.

Mr. BUCSHON. It is tight. I understand.

Mr. GLICK. I think one of the requirements under the rulemaking is basically these companies have to come with us with basically a completed application process, and so we are working with them right now to try to expedite that.

Mr. BUCSHON. I understand.

And what additional steps can we take to streamline the process for these nonpowered dams, if anything?

Mr. GLICK. Well, I think we have to let the existing process kind of work out. It is a little bit too soon to really tell if additional changes need to be made. I think we have to wait a couple years and see how the project works when we are through.

Mr. BUCSHON. OK. Because, as was outlined by another Member, believe it or not, some in the environmental community want to remove all the dams and not use hydropower, which seems kind of the opposite of what you would expect people to be promoting.

Lastly, if you comment on the ban on imports of solar panels from China and Xinjiang forced labor camps and how that might affect the U.S. solar industry?

Mr. GLICK. I can get you an answer for the record. I am not necessarily an expert at our particular trade policy, although I am obviously aware of the situation.

Mr. BUCSHON. OK. Thanks.

I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentlelady from California, Ms. Matsui, for 5 minutes.

Ms. MATSUI. Thank you very much, Mr. Chairman, for convening this hearing.

And, Commissioners, it is a pleasure to have you with us today.

FERC is a crucial agency to fulfill our country's goals to provide clean, affordable, and reliable energy while building stronger and more resilient communities in light of the ever-growing threat of a climate crisis.

Now, due to intensified extreme weather events in California, we have experienced electricity crises in which electricity demand exceeds the price, and the result is growing blackouts with customers.

We remain concerned about resource adequacy and market planning, especially in the extreme weather that tests the system and frequent calls for energy conservation, which has caused conservation fatigue in many consumers.

Chairman Glick, what are the key take-aways from the March 2021 technical conference on resource adequacy?

Mr. GLICK. Thank you very much, Ms. Matsui.

I agree with you 100 percent that this is obviously an urgent issue, and we did have a technical conference because this is not just a California issue. It is an issue throughout the entire West, and we see it in the Pacific Northwest, we see it in the desert Southwest, for instance.

And the key take-away for me is that the region needs to cooperate. The region needs to work together. No State is an island.

We have seen over many years, California in the winter was able to bring in its power from the Northwest, and then the power came, and the Northwest got their power in the winter from the Southwest and from California.

And I think what we learned from that particular technical conference is that every particular State, every particular subregion of the West, is looking at it from their own perspective, and I think we need greater cooperation, potentially the development of some sort of regional market, whether it be an RTO or something like that, to facilitate planning across the region and hopefully facilitate more resilient resourced adequacy.

Ms. MATSUI. I see. Well, thank you for that.

And earlier this year, President Biden announced his plan to achieve a 100 percent [audio malfunction] by 2035 and then [audio malfunction].

One thing is clear: We will not be able to achieve these energy goals without seeing our transition system.

Commissioner Clements, what role should FERC play in addressing transmission planning reforms that have often hindered the development of large-scale transition projects needed to achieve local, State, and Federal clean-energy goals?

Ms. CLEMENTS. Thank you, Representative Matsui. I think the Commission has taken a really important first step. There has been over time a series of Commission orders that have encouraged transmission development to meet the needs of our country at that time.

We are again at that moment, and the advanced notice of proposed rulemaking asks a significant number of questions about how to ensure both regional planning processes and interregional planning processes that serve the resources that the markets and policies are driving, as well as customer resilience and reliability needs.

Ms. MATSUI. Well, how does the Commission plan to act swiftly to achieve these necessary goals while also responding to comments from the public?

Ms. CLEMENTS. Appreciating the urgency of the need, regulatory processes, as we know, move slowly. I think we are well set up by asking this broad set of questions to take action across all of the issues that have been described on the transmission front, planning, permitting, and paying for transmission.

Ms. MATSUI. OK. Throughout my time in Congress, I have spearheaded initiatives such as the Clean and Efficient Cars Act and enacted legislation to reauthorize the Diesel Emissions Reduction Act. These efforts will help expedite the transitions to light-, medium-, and heavy-duty electric vehicles and lower carbon emissions and air pollution from the transportation sector.

Chairman Glick, how will transportation electrification affect the transition system, and what actions should Congress take to help ensure that FERC can help match the increasing electrification demand so our transmission system will meet the challenges of this transition?

And you have 30 seconds.

Mr. GLICK. I will talk real quick.

Electrification actually has significant benefits, but significant impacts on the grid as well. So, for instance, we are going to need additional transmission, additional clean generation, clearly, but also I want to point out that also we can take advantage of electric vehicles, for instance. They can participate in the distributed energy resource market and discharge their batteries when power is most needed. Discharging power gives a lot of additional power on the grid.

And so I think that it is not just a challenge in terms of the grid, in terms of investments we have to make, but to provide any improvement in resilience and reliability.

Ms. MATSUI. OK. Well, thank you very much for that.

And, Mr. Chairman, I yield back.

Mr. RUSH. The gentlelady yields back.

The Chair now recognizes the gentleman from Michigan, Mr. Walberg, for 5 minutes.

Mr. WALBERG. Thank you, Mr. Chairman.

And I thank the panel for being here. It is good to meet the new Members coming on. It is good to have the opportunity to congratulate you, Chairman Glick, and it is good to have the opportunity to thank you, Commissioner Chatterjee. I have got to get used to saying it that way. I thank you for your dedicated years of service on this issue.

I would particularly like to highlight your work on PURPA modernization. There were not many people I could talk to about PURPA that understood it like you at the time. It is something that I have long championed and really from the aspect that PURPA did what we wanted it to do. It expanded renewables. It got the big guys and gals into doing things that they should have been, and in the end I think it brought about a great opportunity to see reliability and affordability enhanced for the consumer.

Order No. 872 mirrored many provisions in my bill, the PURPA Modernization Act, by giving States greater flexibility to incor-

porate current market prices, in calculating avoided cost rates, preventing qualified facilities from gaming the one-mile rule, and lowering the net threshold for nondiscriminatory access to power markets for small power producers.

These are all complex issues, but I have no doubt the work you and Commissioner Danly specifically did to make these changes will help increase competition and bring down electricity costs for ratepayers across the country.

And so, Commissioner Chatterjee, as you prepare to leave FERC, what more do you think the Commission and Congress can do to ensure PURPA continues to keep pace with the rapidly changing landscape of energy?

Mr. CHATTERJEE. I think the most important thing the Commission needs to do is keep Order 872 in place. I do agree that the actions we took to modernize PURPA, to bring it into alignment with the realities of the 21st century marketplace, was the right thing to do.

When PURPA was originally conceived, it was a totally different energy landscape to what we see today, and it was a much-needed response, Congress instructing us to go back and periodically revisit our regulations to see where they can be modernized and updated, and I am proud of the action that we took.

But, as you noted, I am departing the Commission. There will be a new iteration of the Commission going forward, and it is not impossible that a different iteration of the Commission could reverse some of the progress we made with Order 872.

And so I am hopeful that you all are using your oversight authority here in the House, as well as your colleagues in the Senate who will be questioning my potential successor, will make sure that the good work we did in Order 872 is maintained going forward and does not get reversed and lead to regulatory uncertainty.

Mr. WALBERG. And another reason to pass my legislation, too, and make it law if we can.

Thank you.

Chairman Glick, in your dissent to the PURPA modernization rule—we might as well get it out in the open here—you said you were concerned that FERC was overstepping its jurisdiction, but with all due respect, Mr. Chairman, I am concerned that the Commission may be vastly overstepping its jurisdiction by viewing all decisions through an environmental lens instead of putting reliability and affordability for the consumer first.

As you know, FERC is not an environmental regulator—come out today—and it is not a safety regulator. FERC does not have the statutory authority, the budgetary resources or the expertise to take on those important missions which are appropriately held by the States, the EPA, and PHMSA.

When it comes to pipelines, FERC has two primary statutory obligations: one, I think you would agree, to determine whether the project is required by the public convenience and necessity; and two, to take a hard look at the direct, indirect, and cumulative efforts of the proposed project.

And so, Chairman Glick, do you believe FERC has the statutory authority—not the ability, but the statutory authority—to deny a

permit for a pipeline project solely because of climate change concerns?

Mr. GLICK. I think we have the authority to determine whether the project is in the public interest, as you mentioned, and the courts have told us that we have to examine greenhouse gas emissions, and the DC Circuit has said we could, in fact, restrict or decide not to issue a certificate based on a particular project's impact on the environment.

So I think from my perspective, we are just following what the courts have told us to do.

Mr. WALBERG. But solely for environmental concerns?

Mr. GLICK. If the environmental concerns—and, yes, the courts have said on numerous occasions that, if the environmental concerns were significant enough to outweigh the adverse benefits and you cannot mitigate those environmental concerns, then you could technically reject it specifically.

We have not done so to date, but we could.

Mr. WALBERG. I would be awful cautious about that, whether the court case would go that far and give that type of latitude for you to do that.

I mean, that is our concern, and I guess we will have a chance to talk about it further as we look at the time at some other place, but I would really caution that. So—

Mr. GLICK. Can I just respond quickly? I know your time is up.

So FERC has the ability to actually, you know, take a look at the environmental impacts of those projects. We often, and in almost all cases, try to mitigate those particular impacts, and that is true for greenhouse gas emissions as well.

To the extent we find those emissions are significant, we could, in fact, require the pipeline developer to mitigate the impacts. That is what we do for wetlands and NOx emissions and all sorts of other environmental impacts with regard to proposed pipeline projects.

So just because you were to find a particular project with some significant level of emissions does not mean you have to deny the project.

Mr. WALBERG. Thank you. I yield back.

Mr. RUSH. The gentleman's time has expired.

The Chair now recognizes the gentlelady from Florida, Ms. Castor, for 5 minutes.

Ms. CASTOR. Well, thank you, Chairman Rush.

And thank you to the Commissioners. Thank you for your public service.

FERC has jurisdiction over two critical strategies to help us avoid the escalating costs and the catastrophic harms of the climate crisis. One is upgrading and expanding the electric grid. Two is removing the roadblocks to clean energy in wholesale power markets.

Both of these strategies create jobs, reuse carbon solution, clean up the air that we breathe, and will improve the public health. And so many people now are awake to the fact that a clean electricity sector is the linchpin to meeting our clean-energy goals across the entire economy.

Chairman Glick, I am encouraged by your leadership and focus on improving transmission siting and the interconnection cost allocation. I have been working on legislation in this area.

One, my transmission siting assistance initiative was included as Section 218 in the Clean Future Act, and it would provide technical assistance to States and local communities to help them plan and site the interstate transmission lines.

And then, two, in June I introduced the Efficient Grid Interconnection Act, H.R. 4027, to help families power their homes with affordable and abundant clean energy and tackle the problem of those traffic jams on our transmission lines in the electric grid. And thanks to FERC, you all provided some technical assistance there.

So, Chairman Glick, a recent Department of Energy report found that nearly five times the Nation's existing wind and solar capacity is stuck in this traffic jam on the electric grid, these interconnection queues. The average wait time is 3½ years.

Can you please explain to everyday Americans how busting up these traffic jams, clearing out the interconnection queues will help promote competition and lower cost, and then improve the public health as well?

Mr. GLICK. Thank you, Ms. Castor.

You know, as I mentioned before, 93 percent of all the electric generation in the queue, in the interconnection queue right now, is wind and solar, and we know that based on various State policies, based on consumer interest, based on utility programs, there is a lot of extra demand for those particular resources.

The problem is those resources are most often located in relatively remote areas. We have great resources in the United States. They are just located away from where, you know, a lot of folks consume energy.

And so one of the problems is that then you get in the interconnection queue. You have to go through a whole variety of engineering studies, but it takes forever to get through that queue process because there are so many things that go on, so many competing interests, and it has developed over time. It has just taken forever.

FERC has on a couple of occasions implemented regulations designed to expedite the process, but we have a long way to go. We still need to speed up the process greatly, but I think once we resolve the cost responsibility for those particular transmission upgrades that are made that facilitate these particular interconnection facilities, I think that will help.

I think that will do the most of any particular measure we could take to expedite the process.

Ms. CASTOR. And, Commissioner Clements, do you agree?

Ms. CLEMENTS. I do. I think my hypothesis, which is supported by lots of experts around the country, is that this failure of the regional transmission planning process to look forward to plan for the needs of this really emerging interconnection queue is forcing that process to happen in the interconnection queue.

So we are trying to do regional and interregional planning through this line which was never designed to do anything except for connect one resource to the grid.

And I think to Chairman Glick's point, the biggest issue, or one of the biggest issues, is the participant funding model, which basically now requires, as an analogy, if you buy a new house on the street and you are the last person to buy a house, you have to pave the road for that whole street. You have to pay to pave the road for that whole street.

That is how the current process works for paying for interconnection, and that is something that we need to look at.

Ms. CASTOR. I think you are absolutely right.

And then you also highlighted how important it is for these high-voltage transmission lines to help us power the future and mitigate all of the escalating cost and just catastrophic climbs.

There is no way to sit here and not understand and watch what is happening across this country and across the globe right now and understand the need for drastic action, but we have to do things according to science and fact basis.

But clearly, this is America. We have the tools to build these high-voltage transmission lines. What else do you think the Congress needs to do?

Ms. CLEMENTS. That is absolutely right. I think the challenge is big in terms of the need for interregional and regional transition development, regardless of the resource mix that is on the other end of the line, although it all happens to be wind and solar right now.

We need resilience. We need reliability, and it runs counter to the American spirit to give up before we have even begun to fight on these issues.

I think we have this NOPR out that is out for public comment and look forward to really processing those inputs so that we can get going on these questions.

Ms. CASTOR. And, Mr. Chairman, we have so many smart innovators out there. I know you are probably hungry for some of these solutions according to NOPR.

Mr. GLICK. Absolutely. I would say there is one particular—

Mr. RUSH. The gentlelady's time has expired.

Ms. CASTOR. Thank you very much.

Mr. RUSH. The Chair will now recognize the gentleman from South Carolina, Mr. Duncan, for 5 minutes.

Mr. DUNCAN. Thank you, Mr. Chairman.

And thanks, everyone, for being here. I know you guys are getting tired, and you just have a few more to endure. So thanks for that.

The Federal Energy Regulatory Commission's stated mission is to assist customers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means.

To fulfill this mission, FERC identifies the following primary goals. I am going to skip down to number three: to use resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes that strengthen public trust.

So I am going to bring up a situation that a county in my district has been dealing with for quite some time. Glenwood County has been going back and forth with FERC on the type and construction

of an emergency fuse plug at Lake Greenwood Dam. The location of the fuse plug was approved previously by FERC, but the Atlanta Regional FERC Office later determined that if the fuse plug were to be activated—which has not occurred in the entire existence of the lake, and the lake was built in 1935 to 1940, including devastating flooding of 2015—there would be severe damage to the surrounding area.

Thus, Lake Greenwood Dam remediation has moved at a glacial pace, and it has been going on for—listen for this—over 15 years. I think it is emblematic that—of a larger bureaucratic problem with FERC that you guys need to know about.

Not only has Greenwood County spent a lot of time dealing with this, they have also spent a lot of money. FERC mandated that they empanel a board of consultants. This was after they had their own engineers involved. That board of consultants cost Greenwood County \$135,000.

Further, there is no assurance on FERC's end that they will accept what the board of consultants' proposal is. This means that Greenwood could be paying hundreds of thousands of dollars, taxpayer dollars, and ultimately have their proposal rejected.

There has got to be a better way to do this, guys.

Chairman Glick, you noted in your testimony the importance of environmental justice in the context of decision making. Look at this situation. FERC has made a small rural county in South Carolina go back and forth for 15 years at the total cost to the county of \$2 million and countless hours and personnel.

So I recognize you probably cannot speak of the specifics of this situation on the spot, and I will ask you to get back to me, but do you think it is reasonable for an emergency fuse plug project on a lake that has been around that long, survived the 2015 floods, to take more than 15 years to be designed?

And also, do you believe it is appropriate for Greenwood County to have been forced by FERC to spend over \$2 million and yet not have achieved full design and approval of the project?

Mr. GLICK. Thank you, Mr. Duncan.

As you say, I cannot comment on the specific project, although certainly I can get back to you with some more specifics. I will say this: Fifteen years and the cost that you outlined are definitely not appropriate, in my opinion.

We have a responsibility to protect the public interest. We have a lot of different responsibilities under the Federal Power and Natural Gas Act, for instance, but one of the things we need to do a much better job on, in my opinion, is we need to be more efficient. We need to move things along more quickly. We need to make sure that various parties that participate in our proceedings do not have to incur millions of dollars of legal bills, to the extent we have some control over it sometimes. These are very complicated issues.

But you have my word that I will work with you and try to expedite the process.

Mr. DUNCAN. Yes. It is a fuse plug for a dam. Thanks for your commitment to work with my staff and Greenwood County.

I was hoping not to bring that up because sometimes you bring a project like that up with the Federal Government, and it actually hurts a project more, but you know, heck, 15 years and \$2 million,

I do not think you can hurt this county much more. It is time to get that deal done.

I am going to shift gears real quick and talk about the provision in the Clean Future Act that establishes a Federal right to clean energy. This would allow large corporate energy purchasers to use their buying power to directly procure one source of generation, mainly intermittent renewables, at preferential rates.

This would shift cost of maintaining a 24/7 reliability to the remaining customers, average residential customers. So you are shifting the cost, giving preferential treatment to corporations. I do not see how that is environmental justice or energy justice.

But I am going to ask Mr. Christie: What are your thoughts on this, and how does this affect consumer protections built into State laws and rules to minimize inequitable cost shifting and promote reliability?

Mr. CHRISTIE. Well, Congressman, I am not actually familiar with that particular provision of that legislation. Our statute is that rates have to be just and reasonable and not preferential or discriminatory.

So on the surface it would sound discriminatory, but again, I do not know that provision, and so I would have to look at that. If that law passes, we would have to implement it, but right now our statute is nonpreferential and nondiscriminatory.

Mr. DUNCAN. Thank you for that.

I am out of time, guys. It will be over soon.

Mr. Chairman, I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Vermont, Mr. Welch, for 5 minutes.

Mr. WELCH. Thank you very much, Mr. Chairman.

I want to follow up on something that my colleague, Mr. Doyle, asked, and that is about distributed energy. And I think he asked the question about what kind of benefits can our electricity grids derive.

But I would like to focus on, and I will start with you, Chairman Glick. What would you do and the Commission do to ensure that our market operators, such as IFO New England, are able to meet their compliance dates for the order?

Are there things that FERC can be doing to better engage with these market operators to address the challenges that they are facing?

You got the order done, but it is not implemented. Chairman Glick?

Mr. GLICK. Well, yes, as you've mentioned, so we have several points in the process. The first point is the issue of the rulemaking, which we did the final rule.

The next stage is compliance, which, again, various RTOs have submitted their compliance proposal to us. Sometimes we accept them. Sometimes we reject them. Sometimes we ask them to modify their proposals.

So we will ensure that all the RTOs, including, I assume, New England, complies with the requirements, the spirit and the requirements, of the particular rule, in this particular case, the DER rule, and to the extent they do not, we will continue to—we have

received, I assume, in New England. We have regulatory authority over all the various RTOs around the country, and we want to make sure that they do comply.

Mr. WELCH. Commissioner Chatterjee, do you want to add anything to that?

Mr. CHATTERJEE. Yes. I want to echo what the Chairman said and just make the point that, while the FERC Order 2222 was, I think, certainly historic in nature, the difference between it being a positive step forward and a truly landmark rulemaking that will change the energy landscape will be played out in the compliance and implementation process.

And I think it is really incumbent—you have a lot of new entrants to the energy space who are not as familiar with dealing with FERC and dealing with the RTOs and the ISOs. They need to be brought into the fold and participate in the stakeholder processes because I think it is so important that the compliance filings that come to the Commission be strong so that this rulemaking can truly have the historic impact that it has the potential to have.

Mr. WELCH. Thank you very much.

You know, I know FERC is also considering the best way to incorporate innovative technologies such as demand response into competitive markets without violating State agencies' requirements.

And, obviously, demand response, such as energy efficiency, behind-the-meter technology, smart building innovation, that is going to continue to grow in importance, and it is all very local. So it has got a significant economic benefit. And throughout my time in Congress, I have worked with others for the deployment of smart meters, energy efficiency technology, and so on.

Chairman Glick, how will FERC plan so that we can ensure that new technologies are absolutely able to participate in energy markets, because there has got to be a market for that activity to make it widely deployed, while simultaneously protecting the ability of States to maintain authority over resources that operate on the distribution side?

Mr. GLICK. So I appreciate the question, Mr. Welch, and in fact, on demand response I agree with you. Demand response has provided a significant number of benefits in terms especially on reliability and resilience. All you have to do is look at last summer in California. Demand response is really the unsung hero in keeping the lights on for most of the time.

With regard to technologies, there is certainly a growing division between State regulation and Federal regulation, because a lot of the technologies that we are talking about now are primarily subject to State oversight and not participating or seeking to participate in the wholesale markets.

So we have been trying to work with the States on these various issues, and in fact, I will give you an example with regard to demand, distributed energy resources.

We have made it very clear that we are not going to deal with the interconnection of those particular facilities to the grid. That is subject to State regulation.

And we also made it clear that States have the ability to oversee the rules that are set out with regard to a distributed energy re-

source that participates both in the retail market and the household market, which is subject to our jurisdiction.

So we are trying to reach out to the States as much as we can, continuing to dialogue with them.

Obviously, there is some tension on some of the issues, but we have tried to eliminate all oversight just to the participation of those resources in the wholesale market and leave some of the issues, behind-the-meter issues, to the States.

Mr. WELCH. Thank you very much.

Mr. Chairman, I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Alabama, Mr. Palmer, for 5 minutes. Mr. Palmer, you are recognized.

Mr. PALMER. Thank you, Mr. Chairman.

I thank the witnesses for their participation and their patience and sticking here with us.

I want to ask you, Mr. Glick, about inflation. Are you concerned about inflation?

Mr. GLICK. I think everyone is, yes.

Mr. PALMER. If you are concerned about inflation, then you also have to be concerned about this administration's energy policy. Energy is perhaps the most inflationary part of our economy. It is an inflationary commodity in the consumer price index because it impacts everything.

So are you concerned about that?

Mr. GLICK. I am absolutely concerned about high energy prices, yes.

Mr. PALMER. Well, this mass exit from the use of natural gas and fossil fuels that my colleagues advocate toward a complete renewable power grid is going to necessarily increase energy costs across the board.

I do not know how many engineers you have at FERC. We looked at the top 100 salaries, and 60 of them were economists, and I am fine with economists. I used to joke God made economists to make actuaries look interesting, but you do need some engineers to look at these because it is going to have a huge impact on families.

And I am particularly concerned about the lower-income families. I have brought this point up many times in this committee and on the Select Committee on the Climate Crisis about Pembroke Township in Illinois: 2,100 people, 80-plus percent are African American. They do not have a natural gas pipeline. There are activists such as the Reverend Jesse Jackson trying to get a pipeline in there.

Yet I cannot find colleagues on the other side of the aisle willing to support that. Does it make sense to continue to deprive people of energy justice, if you want to use the word "justice," in pursuit of renewables?

Mr. GLICK. Thanks, Mr. Palmer.

First of all, if I understand, only 4 percent of our employees are actually economists. I do not know the statistic you looked at, but we can get back to you on that.

Mr. PALMER. Well, you have a lot more employees than the 100, but that is just the top 100 salaries.

Mr. GLICK. Yes. All I know is, I am not in one of the top 100 salaries.

With regard to our job, our job, again, is to protect the public interest. That is our responsibility, to ensure that energy rates, whether it be through pipeline rates or wholesale electric rates, are just and reasonable.

And that is the goal. That is the goal which we regulate.

Mr. PALMER. Well, I do not want to get off on that too far, because we established the fact that inflation is a problem and energy is a big part of the inflationary equation.

But I also want to point out something else about the fact that there was a report that came out a few years ago that we were within 5 percent of the Chinese in manufacturing cost, and it was really because of the fracking revolution. Natural gas prices had dropped precipitously. But we also have higher productivity.

There is an issue here that I think we do not really take into consideration, and it is of great concern to me.

Moving to 100 percent renewables, I think we need to look at this in the context of national security, because anyone who knows anything about China knows they have zero intent of moving away from fossil fuels, whether it is coal, oil, or natural gas.

And it is putting us in this pursuit of net zero, and even John Kerry admits that if the United States achieved its net-zero goal, and we have had leading scientists that met that if we went to absolute zero, it will not stop climate change, and it particularly will not impact it because China is not going to participate.

Shouldn't that be part of your consideration when we are looking at these changes?

Mr. Chairman, you are not muted. Suspending my time, Mr. Chairman, I think you are not muted.

Reclaiming my time—

Mr. RUSH [continuing]. Unmuted. Go ahead.

Mr. GLICK. So, Mr. Palmer, I do not think I am expert enough to comment on the China comment, but I will say this. If you look at over the last 10 years, hopefully electricity prices have gone down pretty significantly. In large part, you mentioned gas. Natural gas is certainly a big part of that, but also the competitiveness of the zero-emissions, zero-marginal-cost technologies, such as wind and solar, have brought down costs as well.

Mr. PALMER. But that is only because we have heavily subsidized those, and ultimately the taxpayer pays for that. It may not show up on your utility bill, but they are paying for it.

Mr. GLICK. Well, a lot of technologies have been subsidized. So has fracking, as you mentioned as well. But after the development of those technologies that are subsidized, the subsidies do go away, and then those technologies are cost competitive.

So I do believe that we can move forward in a clean-energy future and do so in a way that is consistent with lower-cost energy.

Mr. PALMER. I hear the tapping. That means my time has expired. I yield back, Mr. Chairman.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Texas, Mr. Veasey, for 5 minutes.

Mr. VEASEY. Mr. Chairman, thank you very much.

And thank you, Chairman Glick, and all of the FERC Commissioners for joining us today.

FERC obviously plays a key role in organizing energy markets and has a very important job in ensuring competitive and reliable energy for Americans.

Obviously, everybody remembers the recent events in my home State of Texas, where we had an unprecedented weather occurrence that happened there a few months after a devastating storm, which left over 700 Texans dead. I think a lot of people forget that. People were obviously wondering why they were asked to conserve energy here recently when we had some issues with the grid at the very beginning of our blistering summer heat.

There are obviously a lot of benefits to ERCOT being independent, and obviously, there is a completely other side to that issue as well.

But I wrote a letter to FERC in February and letting them know that I support and join the inquiry about FERC and NERC to investigate the operations of the bulk power system during the storm, and I think there is a need to have a real conversation about the benefits and challenges of greater interconnections between ERCOT and the rest of the country.

There is certainly a certain number of legal and technical challenges, some infrastructure hurdles that will need to be overcome before we do that, but there was a recent report by the American Council on Renewable Energy, and they found that each additional gigawatt of transmission capacity connected with Texas power grid with neighboring States in the Southeast could save nearly \$1 billion and kept the heat on for approximately 200,000 Texans during that storm that we just had.

The report also found that additional transmission ties would have generated significant cost savings for consumers and reduced outages during extreme weather events by canceling out local fluctuations in the supply and demand of electricity in providing alternative sources of power in an emergency.

And my question today is for Commissioner Clements.

In your testimony, you mentioned the overload interconnection queues and costly project delays caused by a lack of transmission and state the need to build out cost-effective high-voltage transmission across the country.

You went on to contrast experiences in ERCOT with those of neighboring regional transmission organizations, such as Southwest Power Pool and the Midcontinent Independent System Operator, both of which were able to import power from their neighbors.

Commissioner Clements, can you expand on how greater transmission in Texas might have saved us from all freezing?

Ms. CLEMENTS. Sure. Thank you for the question, Representative, and I appreciate the tragic circumstances that citizens in your State, including some of my family members, experienced.

The Commission has the liability jurisdiction over the whole country. So one road to ensuring safety is by our reliability authority.

When it comes to high-voltage transmission, as I mentioned earlier, the mid-Atlantic region in these cold weather events in February was able to share with the Midwest region, which was able to share with the Great Plains. It is because of the lack of inter-

connection to Texas that there was not a power sharing that could have helped the outages that took place.

I think FERC will succeed in its regulatory goals of protecting customers and reliability if it finds a balance with respect to regional differences to allow Texans to be Texans, to allow the West to be the West, but finds that piece of interconnection and integration and facilitates that in a cost-effective way that is built in the national interest, but also in individual space interest and cannot be accomplished simply within the State boundaries.

Mr. VEASEY. Yes. No, absolutely. It makes a lot of sense.

Also, I guess the flip side to that that people don't talk about a lot and obviously because we were in the cold, we need to address the fact that we did not have power, but most people know that in Texas we actually produce more wind than anyone else in the country, that we produce more wind than the European Union does percentage-wise.

Do you think that there are benefits, such as the ability to export power during times of surplus, when wind power might otherwise be curtailed?

Ms. CLEMENTS. Absolutely. That is a proven benefit of regional grid interconnection across the country.

Mr. VEASEY. Yes. Thank you very much.

Mr. Chairman, I yield back. Thank you.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentlelady from Arizona, Ms. Lesko, for 5 minutes.

Ms. LESKO. Thank you, Mr. Chairman.

Mr. Chairman, I ask unanimous consent to submit to the record the Wall Street Journal editorial dated July 11th, 2021, titled "The California Power Jam," and the statement of the Arizona Corporation Commission Chairwoman Lea Márquez Peterson, dated June 30th, 2021, in response to FERC's June 25th order allowing CAISO, which is the California Independent System Operators, to prioritize electric utilities in California at the expense of utilities in Arizona and other States.

Mr. RUSH. I would ask the gentlelady if she would defer until the conclusion of the hearing so that the staff could have a chance to look at the documents that you requested.

Ms. LESKO. Yes. Thank you, Mr. Chair.

I am going to read a portion of the Arizona Utility Regulator Chairwoman's statement.

She says, "As a result of short-sighted energy policies, poor long-term planning, and extensive rolling blackouts in 2020, CAISO petitioned FERC to make changes to its tariff related to transmission priority through California. ...

"For years, Arizonans have relied upon clean and reliable energy purchased from hydropowered dams in Oregon flowing through power lines in California to cool our homes during the hot summer months. Despite overwhelming opposition from other States in the West, FERC sided with California and granted the change which will allow California to stop energy from flowing to Arizona, which could mean power shortages for Arizonans."

Commissioner Glick, how is the Commission's order consistent with its well-established and longstanding requirements that trans-

mission providers treat third parties in a manner comparable to how they treat themselves?

And does the Commission believe that California load is more important than load outside the State, meaning Arizona?

Mr. GLICK. Thank you very much for the question, Ms. Lesko.

Actually, last week I actually met with the chair of the Arizona Utility Commission, and although this is an ongoing proceeding, we did not talk about this particular proceeding, but she expressed some concerns about what is going on in California, and we agreed that we were going to continue our discussion.

Congress in the 2005 Energy Policy Act essentially laid out that we are supposed to enable or allow utilities to serve native load customers first, and pursuant to that, in our Order 890, we actually gave the authority or authorized the authority for utilities to essentially benefit native load customers or brothers, and that's the statutory authority pursuant to which we acted in approving the California order.

Now, that order is coming on a rehearing, but that was the reasoning that the Commission used in our particular order.

Ms. LESKO. Thank you, Chairman Glick.

And, Commissioner Christie, explain to me your rationale for discriminating against non-California States that are paying in advance for a service and being denied that product per contractual obligations.

Mr. CHRISTIE. If you are referring to that case——

Ms. LESKO. I am.

Mr. CHRISTIE. OK. Well, that is still pending in front of us, but I will say it was the law in effect that applied to that case, and the facts of that case led to the results.

I think it illustrates a bigger issue, I would say, Congresswoman Lesko. States in the West before they make a decision to enter an RTO had better look at it long and hard, at the pros and cons of what they are getting into.

I have been in States that have been in an RTO for the last 17 years. There are advantages, and there are disadvantages. In the Western States before joining an RTO or forming an RTO, States should thoroughly evaluate the advantages and disadvantages.

And also, on resource adequacy for Arizona or any other States, FERC cannot order a single State to build a generating unit and FERC cannot order a single State to shut down a generating unit. Those resource adequacy decisions are largely at the State level, and I believe they should stay there.

But it goes to the questions that States have to look at when they decide about their own generation and whether to join an RTO.

Ms. LESKO. Thank you, sir.

I just want to say to all of the Commissioners, I urge FERC to grant the request for rehearing and reverse your order.

And with that, I yield back.

Mr. RUSH. The gentlelady yields back.

The Chair now recognizes the gentleman from Oregon, Mr. Schrader, for 5 minutes.

Mr. SCHRADER. Thank you very much, Mr. Chairman.

And I thank the panel for coming. We are trying to serve many masters here, as I am sure you have heard from others from in and out of different hearings. So I apologize for not being here for the entirety.

I will walk a little bit on Rep. Lesko's comments. I come from Oregon. We are a northern neighbor to California and obviously have some of the similar concerns. I guess I am going to frame things just slightly different.

FERC recently announced it would review the rules for its transmission planning and cost allocation. I think that is a great idea.

However, as you know, in the Pacific Northwest with the public utilities that we have or, excuse me, with the government-owned utilities, i.e., EPA, that we consider ourselves not necessarily subject to FERC and wanted some confirmation that we would not be forced into participating into some of the existing organized markets that Mr. Christie and others referred to with the process that you are undergoing.

I guess I would ask the Honorable Ms. Clements if that is, indeed, your intent.

Ms. CLEMENTS. Sir, I think the reciprocity principles that are available to nonjurisdictional entities often is compelling in the sense that there are benefits to be gained by using interregional coordination and cooperation, but certainly to the extent that those entities are not interested in participating, we follow our jurisdiction rules relative to their participation.

Mr. SCHRADER. So we would not be forced by FERC to do that.

Ms. CLEMENTS. Correct.

Mr. SCHRADER. Very good, very good.

Whereas the CAISO decisions that are going on at this point in time concerned a little bit about the same thing, about discrimination in favor of CAISO, should Oregon in particular try and get engaged in the marketplace there, that that sort of effort could be discrimination against other governmental-owned power sources or utilities and wanted to make sure that they would not be or CAISO would not have undue leverage, if you will, to undermine the marketplace in my State.

Ms. CLEMENTS. Yes, Representative. The question of how to get through this summer, that the issues that were being discussed, that case that we are covering, now the issue is what do we do. These changes are coming at us quickly. The length of forest fire season is getting longer. You know, the hydro reserves are going lower each summer.

And so the question is how do we do regional planning in a way that respects the rights of States and stakeholders across the West but is coordinated in such a fashion that we are equipped as a region, that you all are equipped as a region to effectively move forward.

Mr. SCHRADER. That is a good answer. You could run for my office with that answer. That was very good. No disrespect.

We are just very sensitive when we did deregulation back in the day and Exxon was going to be a wonderful thing for my great State. It did not work out so well. So, like Arizona and many other States in the region that are not California, with all due respect to that great State, very concerned about how that would play out.

The last question alludes to a hearing. Siting transmission lines is difficult, and 52 percent of my State is owned by the Federal Government. So I am just curious if there is any initiative or any particular criteria or process by which you are going to smooth a way for siting of transmission lines across Federal lands in my great State and the rest of the country.

Ms. Clements again. I am sorry.

Ms. CLEMENTS. Absolutely. The advanced notice of proposed rule-making about transition with them and the interconnection with those asks a broad set of questions around how to best take out regional pooling processes forward in a way that does respect the State's jurisdiction over resource adequacy and policy preferences as well as the need for increased coordination in the interest of protecting customers and reliability.

Mr. SCHRADER. So it is still open to quite a bit of input at this point in time?

Ms. CLEMENTS. That is right. You look forward to reviewing the record and I look forward to working with my colleagues toward taking action from that record.

Mr. SCHRADER. Very good. With that, I yield back, Mr. Chairman.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentleman from Indiana, Mr. Pence, for 5 minutes.

Mr. PENCE. Thank you, Chairman Rush and Ranking Member Upton, for holding this hearing.

And thank you to the Commissioners for being here today.

This committee is keenly aware of the ongoing energy transition as U.S. companies seek to develop new sources of generation to meet energy needs. The goals of your Commission and this committee is to ensure that any potential transition does not negatively affect the liability or affordability.

As a proponent of the all-of-the-above and all-of-the-below energy strategy, I am encouraged by the developments in battery storage, advanced nuclear, and alternative liquid fuels.

However, I am concerned that some of my colleagues and potential FERC actions might move too quickly and outpace the current state of technologies. Discussions about putting a tax on carbon could artificially price out fossil fuels, which could provide affordable home energy prices and reliable baseload electricity.

For Hoosiers, that results in increased prices to heat our homes and cook our meals unless we switch to the electrical option.

Earlier this year, I had the opportunity to sit down with the Midcontinent Independent System Operator, or MISO, who oversees great reliability across the Midwest, including almost all of Indiana. They estimate that by 2030 a potential energy mix in the region that does not impact reliability could be 30 percent renewables and 55 percent fossil fuel.

This is far from the emission reduction goals supported by the administration, and my colleagues and I have said many times I am concerned we are setting ourselves up to accidentally fail.

Pricing out natural gas with regulations and carbon taxes will have even further-reaching consequences across the Indiana economy.

Consider a Southeastern Indiana Natural Gas located in Milan, Indiana, a local distribution company that provides natural gas to residential agriculture and commercial customers. Since Indiana is geographically isolated for natural gas production, interstate pipelines connect with Southeastern to provide a valuable economic driver to the surrounding community.

Hoosier manufacturing and agriculture industries benefit from access to interstate pipelines from neighboring gas-producing States like Ohio and Pennsylvania.

Several States and regional transmission organizations have already introduced different variations of carbon-pricing regulation in electricity markets.

In a recent FERC policy statement, the Commission outlined considerations for entities that choose to enter into carbon-priced regimes. The regulatory burden on fossil fuels could raise prices for a company like Southeastern until they have no choice but to pass those costs on to their customers, both commercial and residential.

Meanwhile, pipelines remain the safest and most reliable, environmentally friendly way to move fuel. I personally shipped through pipelines, rail, and trucking companies in my previous life. Nothing is safer than pipelines.

I urge my colleagues to consider the broad implications before rapidly foregoing a 125-year-old industry of energy delivery and consumption.

Chairman Glick, has your Commission built pro forma impacts on the affordability for consumers as the environmental regulatory environment makes a transition away from current baseload generation from fossil fuels?

Have you looked at what the different impacts may be?

Mr. GLICK. No. We basically consider those issues on a case-by-case basis when the matter comes before us as to whether a particular wholesale rate is just and reasonable or not.

I just want to point out we are technology neutral. So we do not choose one technology or another, nor do we actually establish carbon pricing. Those are for the States and for others.

We did a policy statement that was facilitating carbon pricing, but certainly I do not believe we have the legal authority to impose carbon pricing on our own.

Mr. PENCE. Well, I hope we do not get there, too.

So I thank you, and I yield back.

Mr. RUSH. The gentleman yields back.

The Chair now recognizes the gentlelady from New Hampshire, Ms. Kuster, for 5 minutes.

Ms. Kuster, you are recognized for 5 minutes.

The chairman now recognizes the gentlelady from California, Ms. Barragán, for 5 minutes.

Ms. Barragán, you are recognized for 5 minutes.

The Chair now recognizes Ms. Blunt Rochester for 5 minutes. Ms. Blunt Rochester, you are recognized for 5 minutes.

Ms. BLUNT ROCHESTER. Thank you, Mr. Chairman and Ranking Member Upton for calling this important hearing.

I also want to thank Chairman Glick and all of the Commissioners for their testimony today.

Earlier this year, the Biden administration issued Executive Order 14008, which requires agencies to prioritize environmental justice and address the adverse safety and health effects of actions on low-wealth communities and communities of color.

Chairman Glick, what is FERC's current process for identifying and assessing the effects of its actions on low-wealth communities and communities of color?

And what additional actions can the Commission take, particularly in the siting of natural gas pipelines and compressive stations, to better protect these communities?

Mr. GLICK. Thank you very much, Ms. Blunt Rochester.

When I first came to the Commission and we were dealing with these gas pipeline siting cases, I started reading some of the environmental impact statements that we prepare in advance of our vote, and it became clear to me that we were not spending a significant amount of time on environmental justice.

Each environmental impact statement has a section on it, but I think in my opinion we were giving it mostly lip service, and it became clear to me that this is an important issue. A lot of these facilities, whether it be compression stations or pipelines or LNG facilities, are essentially sited in areas where there are environmental justice communities.

So upon becoming Chair in January, I appointed Montana Cole, who is our new senior counsel for environmental justice and equity, and in particular, her responsibilities will be to work from a cross-cutting basis across the agency to make sure not only are decisions with regard to pipelines taking into account impacts on the environmental justice communities, but all of our decisions, because it is very important to have an impact.

All of our decisions have an impact on these communities, and it is very clear from what we have been discussing today that many of these issues, while they are important to folks, a lot of people do not have necessarily the resources to follow through on a day-by-day basis. We are a very complicated agency in some respects.

So we are going to reach out through the Office of Public Participation to these communities but also make sure that in our decision-making process we take these concerns into account up front.

Ms. BLUNT ROCHESTER. Great. Thank you.

And weather-related power outages cost Americans billions of dollars every year. We know that interregional transmission can increase the reliability of our power grid and help prevent outages that are both costly and deadly.

My colleague Representative Peters mentioned the study from the American Council on Renewable Energy that highlighted the benefits and cost savings of connecting the Texas power grid to Southeastern United States.

These benefits from transmission exist across the country, including in my State of Delaware. Given the reliability benefits of interregional transmission, can you discuss whether FERC should direct the North American Electric Reliability Corporation to adopt a reliability standard or standards requiring greater interregional transfer capacity?

Mr. GLICK. Well, thank you for that question.

We are just towards the end of a joint inquiry with NERC looking at the causes of what occurred last winter with regard to Winter Storm Uri and especially the impact on Texas, and I am going to await the recommendations, but I expect the recommendations will include there be some sort of look at or consideration of inter-regional transmission.

Now, there are jurisdictional issues in terms of connecting the Texas grid to the rest of the country, but I believe, at least with regard to NERC and FERC, we very much at least consider those issues as they impact on the reliability of the electric grid, most importantly, the bulk power system.

Ms. BLUNT ROCHESTER. Thank you.

And, Commissioner Clements, pipelines have historically been built in low-wealth communities and communities of color with limited resources. Often individuals, landowners, and members of these communities are unaware of how to advocate for themselves or intervene in FERC proceedings, and the Chairman mentioned this as well.

As you know, Congress first directed FERC to establish an Office of Participation in 1978, and more than 40 years passed before the Office of Public Participation was established.

During this time, FERC proceedings were inaccessible to many members of these communities, and in addition to individuals with disabilities.

I want to first applaud the Commission for finally taking the step to establish the Office of Public Participation. However, we all know it is not enough to just establish an office. It is essential that stakeholders have the tools and the ability to actually have that funding to meaningfully participate.

Can you—just as a followup, what tools do you think are necessary to help the public meaningfully participate, and do you agree that intervenor funding is critical for realizing that success?

Ms. CLEMENTS. Thank you for the question.

I see we are low on time, and I would be happy to follow up, but I appreciate your recognition of the issue, and I also recognize the importance of potential intervenor funding.

The statute requires the Commission to proceed with a rule-making process to consider whether and how that would take place, and I am looking forward to ensuring that that takes place.

Ms. BLUNT ROCHESTER. Thank you so much, Mr. Chairman, for the extra time and we will follow up in writing, and I yield back.

Mr. RUSH. The gentlelady yields back.

The Chair announces that there is a vote occurring on the floor, and the chairman desires now that the committee will be in recess pending the calling of the Chair, the time undetermined right now.

So the Chair will call the committee to recess for an indefinite amount of time, until the vote on the floor concludes and there are Members who are present either on the phone or in the committee room.

The committee now stands in recess.

[Recess.]

Mr. RUSH. The subcommittee will now reconvene.

And I want to thank Members for returning to this hearing.

And the Chair now recognizes the gentlelady from New Hampshire, Ms. Kuster, for 5 minutes.

Ms. KUSTER. Thank you so much, Mr. Chairman. I appreciate you reconvening and giving us the opportunity.

In Reno, Nevada, airlines and airports are beginning to face jet fuel shortages. With air travel down last year during the height of the pandemic, demand for jet fuel plummeted, reducing the share of this fuel in America's pipelines.

Now that travel is increasing, airlines are short on fuel, impacting passenger flights and critical cargo.

Chairman Glick, do you anticipate more widespread jet fuel shortages?

Are current shortages impacting the delivery of medicine?

And do you commit to working with [audio malfunction] to address this problem in a timely manner?

Mr. GLICK. Thank you for the question, Ms. Kuster.

This is a matter of definite concern to us. So the way it works for regulated oil pipelines as well as essential gas pipelines. With regard to oil pipelines, if there is more demand than there is supply in capacity on a particular pipeline, the supply is prorated out to competing users of the pipeline, depending on their historic use.

And, as you know, because of the pandemic, the jet fuel use was way down last year, and so we got into a situation with regard to the Reno airport, as you mentioned, where we got a call on Friday about this in the sense that the demand for jet fuel was far greater than the supply based on the prorated share that the airlines were able to get.

So there are various options. We are looking at this. There was a filing made yesterday. It is an ongoing proceeding, so I am not allowed to talk about it, but essentially there is a request for the Commission to use its emergency authority to reallocate some of the capacity on the line, and we are taking a look at that.

But there are other options that the airlines are looking to as well, including working on trucking in fuel from other parts, for instance, in the Bay Area there is plenty of supply, trying to get the fuel into Reno, Nevada, for instance, there is a lot of interest there, but the problem is there is not enough trucking capacity there, including truck drivers.

So we are working with industry. We had a good meeting the other day with the airline industry, but it is a matter that is of concern in Reno now, but it could spread to other airports. So we are monitoring this very closely and trying to work with the airline industry and other interested stakeholders to try to figure out a solution going forward.

Ms. KUSTER. Great. Well, thank you for that. I appreciate it.

I am going to turn my attention to hydropower. Hydropower makes up more than [inaudible] percent of electric generation nationwide and is the United States' [inaudible] source of renewable energy.

My bipartisan bill, the 21st Century Dams Act, lays out a bold plan to retrofit, rehabilitate and remove dams to not only increase clean energy production through retrofitting dams for hydropower production but improve dam safety by rehabilitating dams, and

when dam owners and communities agree it is the best path forward, actually removing dams to return river ecosystems to their natural state.

This bill will help us reduce carbon emission, create a more resilient energy system, support more than 450,000 American jobs, and improve the health of our Nation's rivers.

Chairman Glick, can investments in hydropower aid our Nation's national efforts to move toward a distributed clean energy grid?

Mr. GLICK. Well, I think hydropower has a very important role to play as you move toward the clean energy future. Obviously, it is a zero-emission technology. It also plays an important role in integrating intermittent resources, helping integrate intermittent resources most cost-effectively and efficiently.

And I think I understand your bill has several components to it. I would say with regard to powering or repowering, repowering nonpower dams, I think there is significant potential. The Department of Energy identified substantial additional capacity that could be added by adding hydropower to a nonpowered dam, and it is something we are taking a look at. We actually have a program underway after the legislation was passed in 2018.

I would also say that there are times when the licensee or the owner or the operator of a particular hydro facility finds it is more expensive to continue operating it, especially with regard to certain environmental conditions, and so they have come to the Commission seeking the permission to actually dismantle or eliminate the dam in order to improve environmental conditions in the area.

And so we actually have a process for that too, and we work with each individual licensee on a case-by-case basis.

Ms. KUSTER. Great. Thank you.

And we will look forward to working with you on that.

So switching gears just a bit, I only have a few seconds left. I want to discuss the minimum offer price rule. MOPR [audio malfunction] the cost of clean energy resources.

I just wanted to jump ahead here. You have [audio malfunction] and called the grid operators to reform or eliminate the rule.

Could you comment briefly? My time is up, but I would love to hear your thoughts.

Mr. GLICK. Thank you, Ms. Kuster, and I will speak very quickly about it.

Yes, I have been very opposed to the minimum offer price rule as it has been established in the Eastern RTO capacity market, in large part because I think it is contrary to what the Federal Power Act tells us, which is the States and not FERC have the authority over resource decision making, and MOPRs can essentially cause State-supported resources to be at a competitive disadvantage.

So I understand that various RTOs, New England, PJM, and New York, are actually looking at modifications for their program, and hopefully they will be filing them soon and we will be considering them as expeditiously as possible.

Ms. KUSTER. Thank you so much for your comments.

And with that, Mr. Chairman, I yield back.

Mr. RUSH. The gentlelady yields back.

The Chair now recognizes the gentleman from Pennsylvania, Mr. Joyce, for 5 minutes.

Mr. Joyce, you are recognized for 5 minutes.

The Chair now recognizes—Mr. Joyce?

The Chair recognizes Mr. Long.

Mr. Armstrong.

The Chair now recognizes the gentlelady from Texas, Mrs. Fletcher for 5 minutes.

Mrs. FLETCHER. Well, thank you so much, Mr. Chairman, and thank you for giving me the opportunity to participate in today's hearing.

And thank you to all of our witnesses. I appreciated hearing your thoughts and insights tonight, for staying in this hearing, and I wanted to follow up with you on a few things.

I do represent the 7th Congressional District in Houston and certainly am very keenly following a lot of the developments and things happening and appreciate the chance to ask you a few questions.

So I will get right to it, and I will start with Chairman Glick. It is important for my constituents and for people across the country to know that the Commission's ratemaking policies properly compensate and incentivize emissions reduction investments in our natural gas infrastructure, such as replacing older machinery with newer, low- or zero-emissions technology and selling carbon capture equipment. That is certainly a topic at home. Upgrading pipelines to blend in hydrogen and renewable natural gas.

These are all things that we are doing to address the impacts of climate change, and one of our goals is, of course, to bring down emissions as quickly as possible.

So we really should not require natural gas infrastructure companies to go through a multiyear FERC proceeding that reevaluates all aspects of their rate simply to recover basic modernization and emissions investment.

Does FERC have or is FERC considering an efficient mechanism for encouraging natural gas pipeline emissions reduction investment?

And I will start with you, Chairman Glick, and if anybody else wants to weigh in, I would appreciate that.

Mr. GLICK. Thank you, Congresswoman.

I think, with regard to our particular authority with regard to the natural gas pipelines and rate making, we have the authority to approve any prudently included investment that the company makes. We have to take that on a case-by-case basis.

So clearly, if a pipeline company came in and said they had emissions reduction equipment and to the extent it is a prudent investment, we would allow recovery of that.

Mrs. FLETCHER. OK. And do you agree with me that it is important to continue investing in our country's natural gas infrastructure to achieve America's energy and climate goals?

Mr. GLICK. I think there are certain cases where absolutely there would be an additional pipeline investment. I will give you an example. New England is a great example where they need additional natural gas pipeline infrastructure or capacity. They are going to meet certain demands during the week, for instance.

I would say with regards to going back to your previous question. When we review or when we examine a certificate in a particular proposed pipeline, if there are actions that the company takes to

reduce emissions, for instance, or make their pipeline more efficient, we certainly encourage that because we essentially could require mitigation of any adverse environmental impacts.

So there are ways companies can make these investments that would promote development, promote their ability to get a certificate and move forward with the pipeline project.

Mrs. FLETCHER. OK. Well, thank you for that.

And I think in answering my last question you also touched on the role that you think natural gas infrastructure can play in our energy future, and certainly right now it has and will continue in the future to help ensure reliability as more renewables are employed on the power grid as well.

With the time I have left, I want you to touch on one very specific item, because I think that the investment in infrastructure is really important.

And we all know that building infrastructure projects have taken longer and longer in recent years. How much delay do you expect for recent Order 871 to add to pipeline development timeline, considering that most of these projects already take many years to design, permit, and build?

Mr. GLICK. I do not think Order 871 will provide much delay at all, especially with what that order requires. When you have got a certificate, if there are parties that have expressed and filed for a hearing about a particular decision, we require that basically up until the party filing for the hearing would have the ability to have their request decided by the Commission before the company can move forward and utilize them in some name.

But in that particular order we would put a 90-day time limit. So whatever happens first, either the Commission issues a rehearing order, which typically happens a lot sooner than 90 days, or if 90 days expires, then the pipeline can be moved forward and go to court and seek eminent domain authority.

Mrs. FLETCHER. Well, thank you for clarifying that. I think there is a lack of clarity about what folks need to do in response to Order 871. So appreciate your insight that it should not cause delay, and we will continue that conversation.

But as I am running out of time, I will thank you, Mr. Chairman, for allowing me to participate, and I will yield back.

Mr. RUSH. The gentlelady yields back.

The Chair now recognizes the gentleman from Pennsylvania, Mr. Joyce, for 5 minutes.

Mr. JOYCE. First I want to thank you, Chairman Rush, for allowing me to waive onto this subcommittee hearing and thank all of the Commissioners for appearing here with us today.

In the past decade, American energy needs have continued to grow. Manufacturing in the United States uses over 30 percent of the Nation's power. Electric car sales are climbing, with a 17 percent growth from 2016 to 2020, and with them, their increasing drain on our grid.

Likewise, every American continues to depend on our grid to heat and cool their homes and enjoy the standards of living that we are accustomed to in this country.

It is essential that our energy grid remains as reliable and dependable as possible. Regulatory agencies like FERC play a key role in this effort.

As I discussed with Commissioner Wright of the NRC last week, maintaining a stable regulatory environment—a consistent strike zone, so to speak—is critical so business can invest with confidence on how to better serve America’s energy needs.

My first question is for you, Chairman Glick. As the lead agency, what is FERC doing to streamline pipeline permitting and to bring more certainty and predictability into this process?

Mr. GLICK. Thank you for the question, Mr. Joyce.

I have spent about 10 to 15 years in the private sector on several occasions, all with energy companies. The one thing I have learned and the most important thing that the government can do is provide regulatory certainty.

It is hard to make investment decisions, especially when you are talking about billion-dollar investment decisions, if you do not know where the government is going in terms of regulation, whether that be FERC or Congress or the NRC or any other agency.

And so it is vitally important that we provide that level of certainty.

I think with regard to the pipeline situation, I would say what we are trying to do is reduce the amount of litigation that occurs afterwards. We have seen now on a couple of occasions, whether it be the NBP pipeline, the Atlantic Coast Pipeline or more recently the Fire Pipeline in Illinois and Missouri, where the courts have essentially found that the agency decisions that were made several years ago were not sufficient, that we did not essentially cross our T’s and dot our I’s and do the analysis that is required.

All of those cases got sent back. In one case, the pipeline was terminated because it was too expensive and too time consuming to redo, and there was another one that has been pending for several additional years because of the court decision, and there is a third one that is now pending before the Commission again.

All it does is add billions of dollars of litigation. It adds billions of dollars of additional administrative expense and takes several additional years.

But we are trying to provide certainty up front so that, when pipeline companies come to the Commission, we do the right thing and they do not have to come back a second time.

Mr. JOYCE. Chairman Glick, will you commit to working with Congress to make these aforementioned improvements?

Mr. GLICK. Absolutely.

Mr. JOYCE. Chairman Glick, how do you view natural gas power plants?

Are they essential to back up weather-dependent renewables?

Mr. GLICK. So, as you noted, we are going to be experiencing significant increase in generation or intermittent generation, whether it be wind or solar in particular, and because of that, we are going to need more flexible resources to deal with that intermittency, and it looks like the resources could be natural gas plants. It could be storage. It could be hydro in some cases.

But I think we are going to need all of those technologies in order to be able to deal with the variability that is going to increase on the grid.

Mr. JOYCE. Commissioner Chatterjee, coming from Pennsylvania where there is an abundant supply of natural gas under the feet and under the homes of my constituents, would you comment on the role of natural gas as a backup energy source to renewables?

Mr. CHATTERJEE. Yes. Natural gas is currently at the backbone of our energy transition. We are in the midst of this transition, and it has been remarkable for consumers, for the economy, and for the environment, but we could not have made this transition to this accelerated deployment of renewables without the flexible backup that is natural gas.

So natural gas and the natural gas revolution have fundamentally changed the energy dynamic in this country, and it has been an amazing development, and it is scary to think where we would be without natural gas.

Mr. JOYCE. I agree. I think that the natural gas industry has supplied so much to our grid and will continue to do so.

Commissioner Danly, could antipipeline policies have a negative impact on grid reliability?

Mr. DANLY. Thank you for your question.

Of course it can. We saw sadly in recent history what happens to the reliability of the electric system when natural gas supplies are cut short. During the storm in Texas this winter, in part, the failure of the grid to maintain system reliability, stability was due to the failure of natural gas to get to natural gas generators.

Mr. JOYCE. My time has closed. Thank you, Chairman Rush, for allowing me to waive onto this important hearing, and I yield back.

Ms. BARRAGÁN. Mr. Chairman, I think you are on mute.

Mr. RUSH. I was on mute.

And the Chair now recognizes a regular member of the full committee and subcommittee, Ms. Barragán from California. Ms. Barragán, you are recognized for 5 minutes.

Ms. BARRAGÁN. Thank you, Mr. Chairman, for calling this important oversight hearing on the Federal Energy Regulatory Commission.

As the Biden administration and Congress work to hold polluters accountable and invest in environmental justice and economically disadvantaged communities, it is critical the Commission avoid doing harm by permitting more fossil fuel infrastructure in these communities.

Chairman Glick, I appreciate your push to reform the Commission's certificate policy, the approval process, to ensure you are giving serious consideration of climate and environmental justice impacts before approving gas pipeline projects.

How should the Commission factor climate impacts into the overall evaluation of a project?

And what is the threshold in which a project's climate impact is too great to move forward?

Mr. GLICK. Thank you for the question, Congresswoman.

Our statutory requirement is that we find a proposed pipeline both as needed and that's in the public interest before we permit the project to move forward.

And with regard to the public interest examination, essentially what we do is we consider the benefits of the project against its adverse impacts.

And the courts have told us on several occasions now that among the potential adverse impacts that we need to consider is the potential greenhouse gas emissions associated with the proposed natural gas pipeline and, in particular, the impact of those emissions on climate change.

So in fact, we do measure or we will weigh the impact of those greenhouse gas emissions when doing our certificate analysis.

I cannot tell you at this point exactly what level of emissions is too much, but as I said in answer to a previous question, it is not just the emissions level. It is actually whether you can mitigate those emissions.

There are a whole bunch of other potential adverse impacts, whether it be to species, to wetlands, to air emissions, to a whole bunch of other impacts associated with the pipeline. The Commission, when we consider a certificate proposal, tries to mitigate, and we very well could try to mitigate or require the pipeline developer to mitigate their greenhouse gas emissions before we make a final decision on a pipeline.

We have to judge these issues on a case-by-case basis.

Ms. BARRAGÁN. So are you taking a look at any cumulative impacts, like what else is going on, or are you looking only at a specific project and that specific project?

Mr. GLICK. So under our NIPA analysis we do consider cumulative impacts, which is required or had been required under the CEQ regulations, and we will continue to consider cumulative impacts. That, you know, includes greenhouse gas emissions impacts.

I would say that the Commission up until recently actually had denied a request to consider the impact of greenhouse gas emissions on proposed pipelines. This is relatively new for the Commission. We are still working out the process, but we definitely will consider cumulative emissions or cumulative impacts associated with proposed pipeline projects in the same area.

Ms. BARRAGÁN. OK. Is there anything else you could tell us about what you will do to ensure that the Commission's certificate policy on environmental justice reviews will be meaningful impacts to decision making so that it is not just another box to check?

Mr. GLICK. No, and I very much appreciate that. The reason I got interested in the subject, actually I read an environmental impact statement associated with an LNG facility in Southeast Texas, and there was a section in there on environmental justice.

And basically the environmental impact statement said, "Well, there are only Hispanic people in this neighborhood. There are not any other folks, Caucasians or others, in this particular neighborhood, so therefore there is no environmental impact." There is no impact on environmental justice communities, which I found just outrageous.

And so I started reading up on the subject, and I realized in our particular process how we consider proposed natural gas pipelines and LNG facilities, we really do not have a thorough process.

So what I have done at the Commission is I recently hired Montana Cole, who is our new senior counsel for environmental jus-

tice and equity, and she is actually putting together a team throughout the Commission to address these issues and make sure that, not only with regard to pipelines but every other decision we make, we take into account the potential impact on environmental justice communities before we, in fact, make the final decision.

Ms. BARRAGÁN. Well, thank you.

I do know that the communities that are often on the front line in these communities are communities of color, low-income, disadvantaged communities, Native American communities.

In my final question, when do you anticipate the Commission will establish an updated certificate policy that takes climate change, environmental justice, and landowner rights into account?

Mr. GLICK. Thank you for the question again.

We are in the process of wading through the comments that we have received on the notice of inquiry, which has been vast. I am actually reformulating, revising our policy statement.

It might help if we do it sooner rather than later, in large part because the courts are telling us some of the ways and methodologies that would be used to determine need, for instance, which is not some of the other issues we consider. Is it consistent with a loss?

And I think there is an urgency that we see to move forward. I cannot give you a specific timeline because I need to work with my colleagues, but hopefully much sooner rather than later.

Ms. BARRAGÁN. All right. Thank you. I am looking forward to that.

With that, Mr. Chairman, I yield back.

I believe you are on mute, Mr. Chairman.

Mr. RUSH. And that concludes the witness questions.

And I certainly would like to thank our witnesses for your patience, for your endurance, and for your participation in today's hearing.

And I at this time remind Members that, pursuant to committee rules, they have 10 business days to submit additional questions for the record to be answered by the witnesses who have appeared.

I ask each witness to respond promptly to any such question that you may receive.

And before we adjourn, I request unanimous consent to enter the following documents into the record: a July 26, 2021, letter from Chairman Glick at FERC to Representative Butterfield on H.R. 3979, and secondly, a news release from the Arizona Corporation Commission entitled "Chairwoman Márquez Peterson Alarmed by Federal Ruling Allowing California to Block Energy to Arizona."

With no objection, the documents are entered into the record.

[The information appears at the conclusion of the hearing.]

Mr. RUSH. And without any more witnesses, without any more comments, the subcommittee now stands adjourned.

[Whereupon, at 3:44 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]



FEDERAL ENERGY REGULATORY COMMISSION
Office of the Chairman

July 26, 2021

The Honorable G.K. Butterfield
U.S. House of Representatives
2080 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Butterfield,

Thank you for your July 13, 2021 letter noting the introduction of your bill – H.R. 3979, the “Protecting Natural Gas Consumers from Overcharges Act”—which amends section 5 of the Natural Gas Act (NGA) to give the Commission refund authority for gas rate proceedings.

As you note, under current law, the Commission’s ability to protect natural gas customers against unjust and unreasonable rates is compromised by its inability to set a refund date. In fact, I believe that current law provides a perverse incentive for protracted litigation and creates an asymmetry of leverage between pipelines seeking a rate increase under Section 4 of the NGA and complainants or the Commission under Section 5.

I support your efforts to amend the NGA to provide the Commission with refund authority similar to that provided under section 206 of the Federal Power Act. Thank you for your inquiry and for your ongoing interest in this matter which is vital to ensuring equitable treatment for consumers impacted by the Commission’s decision-making processes. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dick Glick".

Richard Glick
Chairman



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(<https://www.facebook.com/pages/Arizona-Corporation-Commission/236191902948>)

(<https://twitter.com/corpcommaz/>)

(<https://www.youtube.com/channel/UCwwos7UAAuZV>)

(<https://www.instagram.com/arizonacorporationcommi>)

(https://www.linkedin.com/company/arizona-corporation-commission?trk=company_logo)

News Release

español ()

Chairwoman Márquez Peterson Alarmed by Federal Ruling Allowing California to Block Energy to Arizona

PHOENIX - Arizona Corporation Commission ("ACC") Chairwoman Lea Márquez Peterson expressed alarm over a recent decision issued by the Federal Energy Regulatory Commission ("FERC") that allows the California Independent System Operator ("CAISO") to unfairly block energy flowing through the state and prioritize electric utilities in California over those in other states such as Arizona.

"This decision is problematic for many Western states, including Arizona," said Chairwoman Márquez Peterson. "Our electric utilities did the right thing and planned ahead, securing pre-negotiated contracts with utilities in the Pacific Northwest to ensure that critical hydropower would be available to Arizonans when it would be needed the most which would be delivered across transmission line through the state of California."

Background: As a result of short-sighted energy policies, poor long-term planning, and extensive rolling blackouts in 2020, CAISO petitioned FERC to make changes to its tariff related to transmission priority through California. As an "independent" entity, CAISO is supposed to ensure an "open" and "fair" wholesale market and access to electric transmission relying on California's infrastructure. The ACC, along with public utility commissions and electric utilities in other states such as Nevada, New Mexico, and Oregon filed protests with FERC in opposition to the proposed tariff changes. FERC agreed with CAISO's responses to these protests, ultimately holding that the tariff was not discriminatory, was consistent with open access principles, and effectively balanced competing interests.

How the Tariff Works: When utilities in California don't have enough power to meet demand this summer, the approved tariff changes will effectively allow CAISO to cancel contracts and block energy at the border, which will allow CAISO to repurchase for itself power ultimately destined for Arizona. This may leave Arizona's utilities scrambling to make up for power that they had already paid for and were expecting to rely on to protect the health and safety of customers during the hottest times of the month.

Why it matters: "For years, Arizonans have relied upon clean and reliable energy purchased from hydropower dams in Oregon, flowing through power lines in California, to cool our homes during the hot summer months. Despite overwhelming opposition from other states in the West, FERC sided with California and granted the change which will allow California to stop energy from flowing to Arizona, which could mean power shortages for Arizonans. Other states in the West may also suffer because of FERC's decision."

During rotating blackouts, small areas across the utilities' territory would experience short power outages of 1-2 hours. While most households and businesses would continue to be served, affected areas would be rotated until the need for forced outages has ended.

"Our energy is threatened and could be held hostage this summer," said Márquez Peterson. "As Arizonans we need to be prepared for the possibility that we may suffer from power shortages as a result. Arizonans may die or suffer heat-related illnesses as a result. FERC's decision helps California at the expense of our own public health and safety."

"While the ACC determines its next steps, the best thing we can do at this point is practice energy conservation and have a plan for ourselves and our loved ones, especially vulnerable members of our families and households. An outage of even an hour can create unsafe temperatures in our homes in Arizona's summer heat."

"Having a back-up plan such as going to a family member or friend's home in an unaffected area or visiting an unaffected shopping center or movie theater during a blackout may help keep your family safe and cool this summer."

"While I sympathize with those in California who experienced rolling blackouts last year, I stand firm with Arizonans first and believe that California's manipulation of the market is unfair and unjust to Arizonans and other states in the West."

"We need strong regulators who are willing to stand up for Arizona's interests in the West. As a commissioner, I must question how potentially expanding our participation in the regional market will benefit Arizonans, if the energy market will not be governed fairly and independently."

For a copy of FERC's order see: 175 FERC ¶ 61,245; Docket No. ER21-1790-000 (<http://www.caiso.com/Documents/Jun25-2021-OrderAcceptingTariffRevisionsSubjecttoFurtherCompliance-SummerReadiness-ER21-1790.pdf>)

Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Corporations Division
1300 W. Washington Street
Phoenix, AZ 85007

Tucson Office (Walk-ins only)
400 W. Congress Street
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[Privacy Policy \(/privacy-policy\)](#)
[Contact \(/contact\)](#)

FRANK PALLONE, JR., NEW JERSEY
CHAIRMAN

CATHY McMORRIS RODGERS, WASHINGTON
RANKING MEMBER

ONE HUNDRED SEVENTEENTH CONGRESS
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COMMITTEE ON ENERGY AND COMMERCE
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Majority (202) 225-2927
Minority (202) 225-3641

September 27, 2021

The Honorable Neil Chatterjee
Commissioner
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Dear Commissioner Chatterjee:

Thank you for appearing before the Subcommittee on Energy on Tuesday, July 27, at the hearing entitled "The Changing Energy Landscape: Oversight of FERC." I appreciate the time and effort you gave as a witness before the Committee on Energy and Commerce.

Pursuant to Rule 3 of the Committee on Energy and Commerce, members are permitted to submit additional questions to the witnesses for their responses, which will be included in the hearing record. Attached are questions directed to you from certain members of the Committee. In preparing your answers to these questions, please address your responses to the member who has submitted the questions in the space provided.

To facilitate the printing of the hearing record, please submit your responses to these questions no later than the close of business on Tuesday, October, 12 2021. As previously noted, this transmittal letter and your responses, as well as the responses from the other witnesses appearing at the hearing, will all be included in the hearing record. Your written responses should be transmitted by e-mail in the Word document provided to Lino Peña-Martinez, Policy Analyst, at Lino.Pena-Martinez@mail.house.gov. To help in maintaining the proper format for hearing records, please use the document provided to complete your responses.

The Honorable Neil Chatterjee
Page 2

Thank you for your prompt attention to this request. If you need additional information or have other questions, please contact Lino Peña-Martinez with the Committee staff at (202) 225-2927.

Sincerely,

A handwritten signature in blue ink that reads "Frank Pallone, Jr." in a cursive style.

Frank Pallone, Jr.
Chairman

Attachment

cc: The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce

The Honorable Bobby L. Rush
Chairman
Subcommittee on Energy

The Honorable Fred Upton
Ranking Member
Subcommittee on Energy

The Honorable Neil Chatterjee
Page 3

Attachment—Additional Questions for the Record

**Subcommittee on Energy
Hearing on
“The Changing Energy Landscape: Oversight of FERC”
Tuesday, July 27, 2021**

The Honorable Neil Chatterjee, Commissioner, Federal Energy Regulatory Commission

The Honorable Robert Latta (R-OH)

1. When you were Chairman, you prioritized grid resilience and reliability, and you opened a docket at FERC to review proposals to strengthen the grid.

- a. In your view, why is it important for FERC to examine grid resilience?

RESPONSE: “No Response”

- b. What are the greatest threats to grid resilience?

RESPONSE: “No Response”

2. More generally, what criteria does the commission use to determine resilience?

RESPONSE: “No Response”

3. What role can NERC (North American Electric Reliability Corporation) play in devising certain criteria or standards for utilities to rely on to help in efforts to harden the grid against external threats?

RESPONSE: “No Response”

4. Finally, on a different topic, I believe that nuclear energy is the best and most reliable source of clean baseload power, and that it cannot be left out of any discussions or strategies to address carbon emissions.

RESPONSE: “No Response”

- a. What is FERC doing to ensure the viability of nuclear energy in the United States?

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RESPONSE: "No Response"

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Attachment—Additional Questions for the Record

**Subcommittee on Energy
Hearing on
“The Changing Energy Landscape: Oversight of FERC”
Tuesday, July 27, 2021**

The Honorable Allison Clements, Commissioner, Federal Energy Regulatory Commission

The Honorable Frank Pallone Jr. (D-NJ)

1. In addition to expanding our transmission system, it is important to encourage the deployment of grid enhancing technologies and non-transmission alternatives, both of which have the potential to reduce costs by enhancing the use of the existing transmission system and deferring the construction of new transmission infrastructure.

What can FERC do to ensure that these new technologies are considered in transmission planning processes, and how can Congress help support FERC in these efforts?

RESPONSE: Chairman Pallone, I agree with you that it is important to encourage the deployment of grid-enhancing technologies and non-transmission solutions. The Commission has a significant role to play in facilitating these technologies to save customers money and ensure a more reliable and resilient grid.

In the transmission planning context, the Commission can encourage deployment of cost-effective grid-enhancing technologies and non-wires solutions in a number of ways. For example, Order No. 1000 requires comparable consideration of transmission and non-transmission alternatives in the regional transmission planning process. But we must do more, especially with regard to grid-enhancing technologies, whose potential is far greater than current deployment. A challenge is that utilities do not generally have adequate incentives to deploy grid-enhancing technologies. Utilities earn returns on capital invested to provide service. Where grid-enhancing technologies facilitate more efficient use of the transmission system, that may reduce the need for capital infrastructure, thereby lowering utility returns.

In my view, the Commission should evaluate a range of tools to counteract this incentive, as a combination of approaches may be necessary to spur an appropriate level of deployment. The Commission is currently exploring approaches in several dockets:

- In July 2021 the Commission issued an Advance Notice of Proposed Rulemaking (ANOPR) on transmission planning, cost allocation, and generator interconnection. The ANOPR solicits feedback on whether consideration of grid-enhancing technologies would improve the scenario analysis on which forward-looking transmission planning should be based. It also solicits feedback on whether consideration of grid-enhancing technologies should be required to facilitate more cost-effective interconnection of new generation.

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- In November 2020 the Commission issued a Noticed of Proposed Rulemaking on managing transmission line ratings. In it the Commission contemplates steps to improve the accuracy and transparency of transmission line ratings to ensure the transmission system is utilized efficiently and leads to just and reasonable rates for service.
- Commission staff recently held a workshop to examine shared savings incentive approaches that may foster deployment of grid-enhancing transmission technologies. We are currently soliciting comments on this topic, due January 14, 2022.

Further, the Commission can investigate whether additional actions may more fully leverage these resources in achieving a reliable and resilient system. The Commission has an open docket, AD21-13, examining climate change, extreme weather, and electric system reliability. We are currently processing feedback received in that docket and it is my hope that it will lead to concrete steps to better utilize grid-enhancing technologies and distributed energy resources to safeguard the electric system from extreme weather threats.

Finally, my understanding is that there is proposed legislative language being contemplated that would promote the use of grid-enhancing technologies. My staff is available to provide technical assistance on this legislation.

I am committed to making the reduction of barriers to grid-enhancing technologies and non-transmission solutions a priority throughout my tenure on the Commission.

The Honorable Lisa Blunt Rochester (D-DE)

1. Commissioner Clements, pipelines have historically been built in low-wealth communities and communities of color with limited resources. Often individuals, landowners and members of these communities were unaware of how to advocate for themselves or intervene in FERC proceedings.

As you know, Congress first directed FERC to establish an Office of Participation in 1978. More than 40 years passed before the Office of Public Participation was established. During this time FERC proceedings were inaccessible to many members of low-wealth communities and communities of color, as well as members of the disability community.

I want to first applaud the Commission for finally taking steps to establish the Office of Public Participation—however, it is not enough to just establish the Office, it is also essential that the stakeholders have the tools and intervenor funding to meaningfully participate in FERC proceedings.

I understand that you led the public outreach to establish the Office Public Participation. What tools do you think are necessary to help the public meaningfully participate in FERC proceedings? And as a follow-up, do you agree that intervenor funding is critical for realizing the success of this program?

RESPONSE: I was honored to lead the public input process that informed initial establishment of the Commission's Office of Public Participation (OPP). Through the six listening sessions,

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full-day technical conference featuring 29 expert and stakeholder panelists, and written comments submitted during a two-month comment period, we learned a great deal from a diverse set of stakeholders about how OPP can facilitate meaningful participation in Commission proceedings. Perspectives on how to achieve this goal were varied, but all underscored the need for access and assistance as a precursor to participation. To that end, the OPP is currently assisting stakeholders with procedural questions and examining ways to improve outreach, including to environmental justice communities affected by Commission-jurisdictional infrastructure projects.

I agree with you that while the Commission has taken the first step in establishing the office, we must do more to bring the voices of landowners, impacted communities, and individuals to our decision-making process. One important additional step was Chairman Glick's appointment of Elin Katz, former Connecticut Consumer Counsel and President of the National Association of State Utility Consumer Advocates, as OPP's director. I am eager for another additional step, initiation of a rulemaking process to consider whether and how intervenor funding may support or prove critical to providing improved access and assistance.

2. Commissioner Clements, I was pleased to hear that Montana Cole would be serving as Senior Counsel for Environmental Justice and Equity to help better incorporate environmental justice into FERC's decision-making process. How will Ms. Cole's role help ensure that the Office of Public Participation is addressing the specific challenges that low-wealth communities, communities of color, and Tribal Nations face?

RESPONSE: I applaud Chairman Glick's decision to create the position of Senior Counsel for Environmental Justice and Equity and to hire Montana Cole for that role. While I cannot speak for him or her, I understand her role to include providing guidance across the Commission on integrating equity and environmental justice considerations into its decision-making. Ms. Cole has already provided valuable guidance to the individuals currently staffing the OPP, and she will continue to coordinate closely with that office. Her guidance, input from Tribal Nations, and from other stakeholders, including low-wealth communities and communities of color, must inform the role that OPP takes and the assistance it provides.

3. Communities of color and economically disadvantaged communities are more likely to live near polluting power plants, spend a greater percentage of their incomes on energy and heating expenses, and during the February weather event in Texas predominantly black communities were more than four times as likely as predominantly white communities to suffer a blackout. As we move towards a clean energy economy it is critical that all communities have access to clean, affordable, and reliable energy.

Commissioner Clements, does the Federal Energy Regulatory Commission have a responsibility to ensure that all communities have access to clean, affordable, and reliable energy, and if so, what actions can the Commission take to achieve that goal?

RESPONSE: Yes. The Commission is obligated to regulate in the public interest under the Federal Power Act and the Natural Gas Act, a responsibility that I take seriously. Establishment of the OPP and the Chairman's increased focus on environmental justice and equity are

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important initial steps to ensure environmental justice community and consumer voices are heard.

The Honorable Tom O'Halleran (D-AZ)

1. You stated in your testimony that efforts towards market integration in the west “are moving too slowly and are not adequately coordinated.” However, there are concerns in Arizona that national mandates for RTO participation would increase costs to consumers. Is FERC considering mandating RTO participation?

RESPONSE: Regional transmission organizations (RTO) have saved customers around the United States billions of dollars over the last several decades. Well-designed and governed RTOs have the potential to continue doing so while maintaining reliability and resilience going forward. I believe several factors in the West, such as increasing incidence of extreme weather and droughts and the changing resource mix, necessitate increased system coordination, which can best be achieved via an RTO. A Department of Energy-funded, Utah-led Western study suggests a Western region-wide RTO can save Westerners \$2 billion annually. As the Commission’s Federal Power Act obligations include assurance of affordable and reliable energy, it is hard to ignore these circumstances.

However, I have also made clear that I believe regional market formation should be designed by the stakeholders in that region – here, designed by Westerners for Westerners. The region’s progress to improve coordination is already bearing fruit via establishment of energy imbalance markets. By continuing to improve coordination across various efforts in the West, states have the opportunity to design a regional market to best suit their needs and priorities.

2. What carrots and sticks are you considering to encourage RTO participation?

RESPONSE: I believe that the potential cost savings and reliability and resilience benefits that would flow from a regional market are incentive enough to move states and all other stakeholders towards action. I continue to engage with Western stakeholders about these savings and benefits and to address their concerns about potential changes that may accompany market formation. Recent efforts by 7 of the 11 states in the Western Interconnection, as well as an announcement by several utilities, constitute encouraging progress.

The Federal Power Act, however, does obligate the Commission with its own responsibilities. Absent voluntary coordination by Western utilities and stakeholders to take action sufficient to ensure just and reasonable rates, avoid undue discrimination and maintain sufficient system reliability, the Commission may need to act to require changes to the status quo.

3. Would you recommend Congress pass legislation to mandate RTO participation?

RESPONSE: I defer to the judgment of Congress as to whether legislation mandating RTO participation would be appropriate, given the unique regulatory history and structure of each region, as well as the justified desire to respect state decision-making. What is clear, however, is that integrating the regions that do not currently participate in organized markets via just and

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reasonable and nondiscriminatory market constructs would offer significant cost savings for consumers, as well as substantial reliability and resilience benefits. RTO constructs likely offer the greatest cost and reliability benefits. Western states and stakeholders continue to make progress towards system integration and we should continue to let them lead in efforts to develop just and reasonable and non-discriminatory market constructs. Of course if the reliability and resilience needs of the region continue to be challenging and if the current approach risks system reliability and affordability, the Commission has a duty under the Federal Power Act vis-a-vis Commission-jurisdictional utilities to consider changes to the status quo.

4. What are your recommendations on how states can integrate their energy markets without becoming dominated by larger states in their region?

RESPONSE: I would encourage states to be active participants in regionalization conversations, even if they are not yet ready to further integrate their systems. By doing so, they will ensure that their state's interests are well represented in the development of any regional solutions. In contrast, states and stakeholders who sit on the sidelines may have limited ability to change any markets or programs that they may want to join after they are stood up. Fortunately, 7 of 11 states in the West have already taken some action to consider increased regionalization or RTO development, and my understanding is that the other 4 states are at the table in stakeholder discussions. States have the opportunity to adopt best practices from other regions, including governance models that provide for robust representation for states in regional decision-making processes and respect for state authority over resource mix choices.

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Attachment—Additional Questions for the Record

**Subcommittee on Energy
Hearing on
“The Changing Energy Landscape: Oversight of FERC”
Tuesday, July 27, 2021**

The Honorable Mark C. Christie, Commissioner, Federal Energy Regulatory Commission

The Honorable Cathy McMorris Rodgers [R-WA]

1. During the hearing I asked you and Commissioner Danly how you approach FERC’s mission and the interests of ratepayers and state regulators in your regulations of markets and transmission, but you did not have time to answer. Would you please respond?

RESPONSE:

I have stated repeatedly that I believe FERC should have two overriding priorities in the electricity area: first, ensuring a reliable power supply, and second, working to ensure that the costs to consumers of that reliable power are as low as necessary, consistent with law. As a former state regulator, I deeply respect the role that state regulators play. I will always be respectful of the views of the states, subject, of course, to any pre-emption that may be required by federal law and with the understanding that with 50 states, the views and policies of individual states often differ, a particularly salient issue in multi-state RTOs/ISOs.

2. I understand that state regulators take care to ensure that we have clean, safe, reliable, and affordable power. During a recent hearing on transmission, former FERC Commissioner Tony Clark discussed the value of a bottom up approach to siting regional transmission, which starts with state regulators and the needs and interests of communities.
 - a. What are your thoughts about a bottom up, versus top-down approach to siting transmission?

RESPONSE:

I believe state officials are much better prepared than federal ones to make decisions on siting and permitting of power lines and generating facilities, each of which has some uniquely local characteristics and impacts. State officials understand far better than federal officials the specific challenges and needs of their own communities, including the effect of costs on consumers and the economic needs of communities. I would strongly advise against pre-empting the states’ siting authority and replacing it with federal siting authority. I do not think

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such pre-emption would facilitate the construction of needed transmission lines; on the contrary, it would likely make it even more difficult.

The Honorable Robert Latta [R-OH]

1. In your view, why is it important for FERC to examine grid resilience?

RESPONSE:

Reliability of the power grid is among FERC's highest priorities. Americans expect their power to be on 24/7/365 and it is FERC's job to do what it can, consistent with its statutory authority, to work towards that ideal standard of reliability. Resilience is part of reliability.

2. What are the greatest threats to grid resilience?

RESPONSE:

Resource adequacy (generation) is essential to resilience. Transportation adequacy (transmission) is also essential. Insufficiency of either one threatens grid resilience. FERC also needs to be well aware of the threats that cyber-attacks pose to the grid.

3. More generally, what criteria does the commission use to determine resilience?

RESPONSE:

The Commission's role is largely twofold: first, regulate the RTOs/ISOs to ensure they are doing their jobs, one of which is the planning necessary to maintain reliability and resilience; second, ensure that the reliability standards promulgated by the North American Electric Reliability Corporation (NERC) are adequate and promote a reliable and resilient grid.

4. What role can NERC (North American Electric Reliability Corporation) play in devising certain criteria or standards for utilities to rely on to help in efforts to harden the grid against external threats?

RESPONSE:

As I indicated in my response to Q. 3 above, NERC's role is to promulgate standards that promote a reliable and resilient grid.

5. Finally, on a different topic, I believe that nuclear energy is the best and most reliable source of clean baseload power, and that it cannot be left out of any discussions or strategies to address carbon emissions.

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- a. What is FERC doing to ensure the viability of nuclear energy in the United States?

RESPONSE:

Under the Federal Power Act, FERC is required to be non-discriminatory and non-preferential towards various power resources; in other words, FERC cannot favor one resource over another and must be fuel-source neutral. In general, FERC should regulate RTO/ISO markets to ensure just and reasonable rates, which may include maintaining access to the market for baseload nuclear energy.

The Honorable Michael Burgess [R-TX]

FERC Rulemaking – Uncertainty and Emissions

1. During the last six months, FERC announced significant changes to its natural gas pipeline policies that could have significant impacts on our country's energy infrastructure and our energy security. Are you concerned that second-guessing the final decisions of FERC could increase uncertainty in energy markets?

RESPONSE:

Yes, I am very concerned about the possibility of creating uncertainty in energy and capital markets. Infrastructure projects are very capital-intensive. Project developers should be able to rely on the finality of Commission orders. If they cannot, then they won't be able to raise capital and needed infrastructure won't be built.

2. Does the Natural Gas Act give FERC explicit authority to regulate the emissions related to pipelines?

RESPONSE:

There is no such explicit authority granted in the Natural Gas Act.

Landowner Protections/Eminent Domain

3. Many Texans, especially those who reside in the district I represent, are very concerned about how the use of eminent domain will be used to build infrastructure projects. Will you commit to improving the transparency of the use of eminent domain for projects under FERC's jurisdiction for landowners?

RESPONSE:

Private property rights are a cornerstone of American civic, legal, and economic life. I believe that eminent domain – which provides that property can be taken in exchange for just compensation, but only when needed for public use – should be exercised only when it meets applicable constitutional and statutory standards. I would also note that while FERC's certificates usually grant the applicant the authority to exercise eminent domain if necessary to

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complete the project, the actual administration and implementation of eminent domain, including, for example, the determination of “just compensation” under the Fifth Amendment, is administered by the courts, not FERC.

4. Do you plan to use the newly formed Office of Public Participation to promote transparency for these projects and bring in all stakeholders, including landowners, energy consumers, and energy producers?

RESPONSE:

The purposes of the new Office of Public Participation (“OPP”) are outlined in the authorizing statute, Federal Power Act § 319, 16 U.S.C. § 825q-1. Its primary purpose is informational—to be a source of information for members of the public, groups and communities who wish to know more about how FERC proceedings take place. OPP’s job will be to inform persons, groups, and communities how they can make their views known to FERC, including ways to participate in formal and informal proceedings. OPP, by statute, is not an advocacy office. OPP’s activities and outreach should not be selective, but universal, including reaching out to all the groups you mention and the communities in which they live, and should include in its outreach persons, communities and groups who may be either supportive or opposed to a certificate for a proposed project. The statutory purpose of OPP is not to take sides, but to provide information to all who may be interested in a FERC proceeding.

5. How can Congress facilitate these efforts to ensure landowners are best represented when considering the development of new infrastructure?

RESPONSE:

Congress can pass legislation that governs cases brought under the Natural Gas Act and Congress can direct whatever changes in procedures it desires in NGA cases. Certificate cases brought under the NGA should be conducted with full regard to due process, which includes transparency of proceedings.

The Honorable David B. McKinley [R-WV]

1. Where customers have signed up for capacity on a proposed pipeline, indicating that there is demand for that pipeline, do you believe that FERC should approve the project?

RESPONSE:

Speaking generally, the central question in a certificate case under the Natural Gas Act is whether the project is needed. The Commission is charged with approving projects that are “in the public convenience and necessity,” which means approving proposed pipelines when they are proven to be needed. The willingness of future shippers to execute contracts for the capacity available on the facility is evidence of need.

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2. I'm concerned that FERC has recently been second-guessing the Commission's prior final decisions. For example, FERC ordered briefing on whether a facility operating in full compliance with a final certificate should "remain in service," calling 80 years of precedent regarding final certificate orders into question.

- a. Going forward, can the public and regulated industry rely on FERC to make final decisions and then stick by them?

RESPONSE:

Without question, the public and regulated industries must be able to rely on the finality of FERC orders. I cannot answer your question with regard to future FERC actions.

3. FERC's Order No. 871 significantly restricts what companies may do while requests for rehearing of FERC certificate orders are pending, which can delay surveys for environmental and cultural resource permits, land acquisition, and construction. FERC applied these new delays to projects that it has already determined to be in the public convenience and necessity.
 - a. What steps are you taking to expedite review of rehearing requests to ensure projects that the Commission has determined are needed can promptly proceed following certificate issuance?

RESPONSE:

The Chairman controls the agenda, subject to certain statutory deadlines, so in general the other Commissioners are not able to decide when a formal voting matter is scheduled for a vote. As a general matter, I believe that rehearing requests in certificate cases should be decided as expeditiously as possible.

4. The E&C majority's CLEAN Future Act would require a pipeline to secure all applicable federal and state permits before the pipeline can acquire access to the project route through eminent domain.
 - a. Is it correct that pipelines often need physical access to the route to collect survey data that is required *before* the company can obtain environmental and cultural resource permits?

RESPONSE:

My understanding is that they do.

- b. Would this CLEAN Future Act proposal then block projects from proceeding because they cannot gain access to the FERC-approved route to complete the permitting process?

RESPONSE:

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Based on your description of the draft provision, it sounds as though it could prevent such access.

5. I'm concerned that FERC will attempt to act as a climate czar by using its pipeline review process to regulate greenhouse gas emissions from upstream natural gas producers and downstream natural gas end users.
 - a. Do you believe that FERC has the authority to deny a Natural Gas Act certificate based on FERC's analysis of GHG emissions from upstream and downstream sources?

RESPONSE:

That question of law has never been squarely presented to FERC so I will withhold an opinion until it is presented in a case. I would note generally that FERC is an economic regulator, not an environmental regulator. FERC's chief job under the Natural Gas Act in considering whether to grant a certificate for a proposed facility is to decide whether the facility is needed. Our duties under the National Environmental Policy Act (NEPA) are essentially procedural, to gather information on environmental impacts that informs our decision-making and informs the public.

- b. Do you think FERC has the authority to force pipelines to "offset" the GHG emissions from upstream and downstream sources?

RESPONSE:

Please see my response to Q.5 above.

- c. Wouldn't these actions be inconsistent with the NGA's fundamentally economic concerns and the fact that NEPA does not change an agency's underlying decision-making responsibilities or mandate particular results?

RESPONSE:

Please see my response to Q. 5 above.

6. Please describe FERC's role in ensuring transmission costs and projects are reasonable while also ensuring customer affordability. If not FERC's role, who's responsibility, is it?

RESPONSE:

I have stated repeatedly that I believe FERC should have two overriding priorities in the electricity area: first, ensuring a reliable power supply, and second, working to ensure that the costs to consumers of that reliable power supply are as low as necessary, consistent with law. These priorities apply in our regulation of regional transmission planning processes which are required to plan transmission to ensure reliability and just and reasonable rates. I believe that FERC must make sure that transmission planning, which drives the construction of new lines that must be paid for by consumers, is done to serve the public interest, not special interests.

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7. Transmission rate base/investment has grown considerably over the past few years.
 - a. Given the fact that we keep hearing that more transmission is needed to connect all the new renewables that are being built, what process does FERC have in place to monitor and control transmission cost increases for our customers?

RESPONSE:

Please see my response to Q. 6.

8. As more renewables are being connected to the grid and more transmission is needed to connect them, what is FERC doing to ensure customer affordability while balancing reliability?

RESPONSE:

Please see my response to Q. 6.

9. Does FERC require transmission planners to study and consider alternatives to transmission investment as being part of the solution? If no, why not?

RESPONSE:

Speaking generally, yes. Each region has somewhat different planning processes but should be required to recommend only those new transmission projects that represent the optimal solution, from a cost-benefit perspective, to a proven reliability or economic need. I would also note that, as a former state regulator who sat on many transmission line certificate cases, alternatives to construction are regularly considered and should be.

10. According to the EPA, the carbon intensity of gas in the Marcellus Basin is nearly four times lower than the average of all other basins. Moreover, replacing older pipeline infrastructure with new helps to address potential failures and leaks in existing infrastructure, increasing efficiency, and improves environmental security.
 - a. How can the FERC help to ensure new and improved pipelines can be constructed in the near term to help ensure for the continued construction of reliable energy infrastructure while also ensuring sufficient oversight and consumer protections?

RESPONSE:

The most important contribution FERC can make is to do its job quickly and well in certificate cases brought under the Natural Gas Act (NGA). Natural gas pipelines, which supply dispatchable generating resources, are essential to both of FERC's most important responsibilities: ensuring reliability of the power grid and ensuring just and reasonable rates.