



# THE COMMITTEE ON ENERGY AND COMMERCE

## MEMORANDUM

December 3, 2013

TO: Members, Subcommittee on Energy and Power

FROM: Committee Staff

RE: Hearing on “Evaluating the Role of FERC in a Changing Energy Landscape”

On Thursday, December 5, 2013, at 9:30 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Energy and Power will hold a hearing entitled “Evaluating the Role of FERC in a Changing Energy Landscape.” The hearing will focus on the legal and regulatory authorities of FERC and the manner in which it has been carrying out its statutory duties under the Federal Power Act, Natural Gas Act, and other authorities.

### I. WITNESSES

The Honorable Cheryl A. LaFleur  
Acting Chairman  
Federal Energy Regulatory Commission

The Honorable Philip D. Moeller  
Commissioner  
Federal Energy Regulatory Commission

The Honorable John R. Norris  
Commissioner  
Federal Energy Regulatory Commission

The Honorable Tony Clark  
Commissioner  
Federal Energy Regulatory Commission

### II. BACKGROUND

Originally established in 1920 as the Federal Power Commission, the Federal Energy Regulatory Commission (FERC) is an independent administrative agency within the Department of Energy.<sup>1</sup> FERC is tasked with regulating the transmission, reliability, and wholesale sale of electricity in interstate commerce pursuant to the Federal Power Act;<sup>2</sup> the transmission and sale of natural gas for resale in interstate commerce pursuant to the Natural Gas Act;<sup>3</sup> and the transportation of oil by pipeline in interstate commerce pursuant to the Interstate Commerce Act.<sup>4</sup> FERC also is responsible for evaluating proposals to build liquefied natural gas (LNG) terminals and interstate natural gas pipelines, as well as the licensing of non-Federal hydropower projects. The sectors and industries regulated by FERC comprise a substantial portion of the U.S. economy and infrastructure.

FERC is comprised of up to 5 commissioners, each of whom is appointed by the President and confirmed by the U.S. Senate for a 5-year term. One of the 5 commissioners serves as Chairman, as chosen by the President. Currently, FERC has only 4 sitting commissioners resulting from Chairman

<sup>1</sup> FERC was established in 1977 pursuant to the Department of Energy Organization Act. 42 U.S.C. §§ 7101 *et seq.*

<sup>2</sup> 16 U.S.C. §§ 791 *et seq.* (Part I); 16 U.S.C. §§ 824 *et seq.* (Parts II and III).

<sup>3</sup> 15 U.S.C. §§ 717 *et seq.*

<sup>4</sup> 49 U.S.C. §§ 1 *et seq.*

Wellinghoff's recent departure; the Honorable Cheryl LaFleur is serving as Acting Chairman. FERC's organizational structure consists of 12 "offices" within the agency and 5 regional offices. *See Appendix.* FERC employs approximately 1,480 people. FERC recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates. This revenue is deposited into the Treasury as a direct offset to FERC's appropriation, resulting in no net appropriation.

FERC's stated mission is to "assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means." FERC presently identifies the following as its "Top Initiatives": 1) smart grid; 2) demand response; 3) integration of renewables; and 4) Order No. 1000 – transmission planning and cost allocation.<sup>5</sup>

### **III. ISSUES**

The following issues are expected to be examined at the hearing:

- FERC's coordination with EPA regarding the potential impacts of EPA's new and proposed regulations on electricity rates and reliability;
- Natural gas pipeline permitting, LNG siting and hydropower licensing;
- Electric transmission operations and planning, including FERC's implementation of Order No. 1000;
- FERC oversight of organized wholesale electricity markets and the operation of such markets, including energy and capacity markets;
- The physical and cyber security of energy infrastructure;
- FERC market manipulation and enforcement authorities;
- FERC's actions against state public utility commissions regarding alleged violations of the Public Utility Regulatory Policies Act of 1978;
- Natural gas and electricity coordination; and
- Integration of variable energy resources and demand-side management technologies.

### **IV. STAFF CONTACT**

If you have any questions regarding the hearing, please contact Tom Hassenboehler, Patrick Currier, or Jason Knox of the Committee staff at (202) 225-2927.

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<sup>5</sup> [FERC's Top Initiatives.](#)

**Appendix**

**Federal Energy Regulatory Commission**

