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**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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January 10, 2014

The Honorable John R. Norris  
Commissioner  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Dear Commissioner Norris:

Thank you for appearing before the Subcommittee on Energy and Power on Thursday, December 5, 2013, to testify at the hearing entitled "Evaluating the Role of FERC in a Changing Energy Landscape."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Friday, January 24, 2014. Your responses should be e-mailed to the Legislative Clerk in Word format at [Nick.Abraham@mail.house.gov](mailto:Nick.Abraham@mail.house.gov) and mailed to Nick Abraham, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Ed Whitfield  
Chairman  
Subcommittee on Energy and Power

cc: The Honorable Bobby L. Rush, Ranking Member,  
Subcommittee on Energy and Power

Attachment

## Additional Questions for the Record

### The Honorable Ed Whitfield

1. You were recently quoted by the news outlet Smart Grid Today stating: “I am concerned, because we are making long-term investments in both pipeline and generation facilities for utilization of gas for base-load or intermediate load generation and if we are to reach [the Obama] administration’s goals of an 80% reduction of CO2 by 2050, from 2005 numbers, you can’t have this.”
  - a. I am concerned your views regarding achieving the President’s CO2 emissions targets could affect your decision-making when it comes to making decisions on siting natural gas pipelines and LNG projects. How do you reconcile your personal climate views and your duties as a Commissioner of an independent agency?
  - b. What statutory authority do you think FERC has to achieve the President’s CO2 emissions targets?
2. Other than for environmental reasons, do you believe that FERC has the authority to deny an application for an LNG export facility?

### The Honorable John Shimkus

1. Are you aware that the United States Military Academy (USMA) at West Point is at capacity for electric power and how would you describe this situation?
2. Has the transmission system at USMA been substantially upgraded since the 1970s?
3. What are the expected improvements for a typical transmission system that is 40 years old?
4. Is there a general calculation used by utilities to forecast demand increase that would drive the upgrade of infrastructure?
5. Is the age of the transmission system supporting USMA a concern?
6. Are utilities obligated to provide power requisite with current and future demand?
7. Who is responsible for the funding of upgrades?
8. Are utility companies obligated to submit master plans or capital improvement plans? If so, what has been submitted with regard to USMA?
9. How does USMA’s electric energy use affect the neighboring communities, such as Highland Falls and Fort Montgomery?

### The Honorable Michael C. Burgess

1. Commissioners, I join many of my colleagues who are concerned about a growing trend within Federal agencies to expand their jurisdiction without being given the authority by the Congress. Just because some long time government employee or employees may be predisposed one way or another, we are a nation of laws and even agencies are not exempt from the limitations placed on them by statutes we have passed that give them their jurisdiction.

There seems to be a good deal of uncertainty as to how FERC and DOE are regulating natural gas and natural gas export and exactly what “natural gas” is. I hope that, as new processes for recovering, transporting and storing hydrocarbons are developed, FERC and DOE will adhere to a strict construction of the statutory definition and not try to reach out and regulate products which are liquid, like LPGs, or which are specially manufactured to meet customer needs. Do you agree that we should interpret the law wherever possible in ways which minimize regulatory impediments?

**The Honorable David B. McKinley**

At our hearing on December 5th, we discussed the definition of “natural gas,” the application of that definition to Natural Gas Liquids and the effect of that application on new “solvation” technologies which produce liquid mixtures of selected natural gas and NGL constituents. I understand that these mixtures are similar in characteristics to LPG but can be effectively used to capture and transport any or all of the gas constituents that come out of the wellhead. As I noted, this technology can be extremely useful in capturing and recovering the significant volume of gas that is currently being flared in West Virginia and in alleviating the glut of certain gas constituents like ethane that currently exists in our region.

It is my understanding that the deployment of this technology in my state and others (Mr. Hall raised similar issues in his questioning) is being delayed by uncertainty as to whether FERC and DOE will treat this new mixture of gas and NGL constituents as a liquid like LPG and thus not subject to export controls and other regulatory strictures applicable to “natural gas” or, in the alternative, whether the natural gas definition will be stretched to cover this new technology and delay its implementation. I was heartened by the Chairman’s assurance that there are no plans to redefine natural gas under the Natural Gas Act but would like answers to the following questions in order to resolve the uncertainties which are currently impeding the deployment of these new technologies.

1. My understanding is that both DOE and FERC have historically concluded that NGLs such as Propane, Ethane and LPG are not “natural gas” and may be produced, transported and exported without being subject to the facility siting and other regulatory restrictions which apply to natural gas. Are you aware of any policy reason for deviating from this approach and regulating either NGL facilities (particularly those other than pipelines) or the transportation and use of NGLs in a manner different than that which has been historically followed? Hasn’t the current approach been essentially problem free? Is there any reason to expand jurisdiction and move into an area which has been problem free?
2. As a matter of policy, should the mixtures created by new technologies which alter LPG, by incorporating into it additional hydrocarbon constituents found in wellhead gas, be treated like LPG, to which it is most similar in characteristics, or like pipeline quality natural gas, which is subject to regulation by FERC and DOE? Shouldn’t it be our policy to minimize regulatory interference with business decisions where there is no demonstrated need for regulation?
3. As a matter of law, how can it be determined that a process which mixes various constituents of wellhead gas, including Methane, into Propane and other NGLs to create a mixture of natural gas and natural gas liquids which is similar in characteristic to LPG, is either “natural gas unmixed” or a “mixture of natural and artificial gas” within the meaning of the Natural Gas Act of 1938.

As I indicated at the hearing, uncertainty regarding these issues is delaying deployment of important new technologies which can be of great import in preventing waste and environmental harms while, at the same time, creating jobs and helping West Virginia’s economy.

**The Honorable Jerry McNerney**

1. In California, we have a number of statutory and regulatory requirements that not only require development of new generation, but also the type of new generation. Is it the Commission's intent to let the ISOs (or in our case the States) lead in deciding whether capacity markets are necessary and, if so, to design them to reflect the unique features of the relevant market?
2. My understanding is that some of the current capacity markets require local utilities to buy from the market. Public power utilities in Northern California just built a highly efficient and clean gas plant in my district. Will they be able to utilize this resource and self-supply, rather than being forced onto the market?
3. There has been recent discussion about whether FERC might push for lower returns for transmission investment. Can you comment on what you see FERC's role being at this time in providing a clear, consistent market signal for the transmission investment that this Committee has believed to be important for a number of years?

**The Honorable Eliot L. Engel**

The Commission has been focused on implementing policies which provide significant advantages to demand response resources relative to traditional generation, presumably because of their superior environmental impact. Yet, in some areas up to 1/3 of this demand response isn't the type use reduction and demand side management we normally conceive of when we're talking about demand response. Instead, a great deal of this actually appears to be load shifting rather than demand reduction and the load is being shifted from low emitting generation sources to inefficient, diesel-fueled, backup generators, that don't have environmental controls.

1. How this is consistent with the purported environmental benefits DR is supposed to bring?

A second problem seems to be that when this bundled demand response commits to provide system reliability 3 years ahead of time, it simply does not show up when it is needed.

2. What is the Commission doing to ensure these demand response resources are real, and are fully committed to meet their obligations for providing system reliability?

**The Honorable Gene Green**

The liquefied petroleum gas (LPG) industry is an important component of the Texas oil and gas industry. In Texas, the Railroad Commission administers and enforces state laws and rules related to LPG, while the Environmental Protection Agency is responsible for oversight and regulation of emissions and clean air standards, and the U.S. Department of Transportation regulates some aspects of transportation.

1. New technologies have now entered the marketplace for producing LPG-like products, called Compressed Gas Liquids that are customized blends of gas and gas liquids. How can we ensure that these new Compressed Gas Liquids products and facilities are similarly regulated to the LPG industry?

**The Honorable Mike Doyle**

Manufacturing companies argue that they are overpaying for natural gas as a result of interstate pipeline rates. FERC needs to assure consumers that pipeline companies are charging a “just and reasonable” rate as required under the Natural Gas Act.

1. What is FERC doing to ensure that consumers are not overcharged?

The Natural Gas Supply Association conducts a study every year using Form 2 data that pipelines are required to file with the FERC. The latest report indicated that pipelines are overcharging by \$3.4 billion. This seems to be a problem in the sense that these dollars are coming from consumers. .

2. Some have suggested that one way to address the issue would be reform of the Natural Gas Act to ensure that customers (after proving that they have been overcharged by interstate pipelines) can receive a refund back to the date of a filed complaint – a change that would give gas customers the same protections afforded under law to electricity customers since 1988. What are your thoughts on this?