

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on “Discussion Draft Addressing Energy Reliability and Security”
May 19, 2015

(As Prepared for Delivery)

This Subcommittee has devoted considerable attention to the issue of electricity affordability, and for good reason given that electric bills are on the rise and that new regulations threaten continued increases in the years ahead. Today, we will focus on something equally important to electricity costs, and that's electricity reliability and security. We have introduced a discussion draft on the subject that we plan to include in our bipartisan energy bill. The draft contains ideas designed to ensure that the lights stay on in the decades to come. I thank our witnesses and in particular the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation for their expertise and their vigilance on reliability and security concerns.

Electricity reliability faces a number of challenges, both new and old. The rapid retirement of coal-fired generation due in part to aggressive EPA regulations means that this reliable source of base load generation is being lost at a rate that is faster than it can be replaced. At the same time, mandates and incentives for renewable power have led to growth in sources like wind, but these energy sources pose great intermittency issues. And, as we learned at last week's hearing, hydropower and natural gas face significant permitting hurdles. Altogether, the nation's electric grid, though still the best in the world, is aging and in need of extensive modernization.

The security of our electricity supply is also at risk. No one seriously doubts that there are those who wish to do America harm, and that includes the threat of physical or cyber-attacks on our electricity system. At our March hearing on 21st century electricity, we learned that as the grid becomes more reliant on information technology and digital communications devices, thousands of new grid access points are created, potentially increasing the avenues for outside attacks.

And while these new threats need to be addressed, we can't forget about the old ones such as damage from severe weather, especially now that the ability of utilities to respond to emergencies is complicated by the growing list of environmental regulations.

But where there is challenge there is also opportunity. Over the next decade alone, utilities plan to invest more than \$60 billion dollars in transmission infrastructure through 2024 to modernize the grid. That's a lot of private sector jobs. And the application of the information revolution to the electric grid holds the potential for more efficient and cost-effective delivery and use of power, which will help homeowners as well as businesses.

The discussion draft contains a number of measures to strengthen reliability and security and prepare the grid for the future. This includes provisions to resolve potential conflicts between grid reliability and environmental regulations, and to improve emergency preparedness and response. It requires a Department of Energy plan regarding the creation of a Strategic Transformer Reserve, and also establishes a voluntary program to harden the grid against cyber-security threats.

Other measures encourage state public utility commissions and utilities to improve grid resilience and promote investments in energy analytics technology to increase efficiencies and lower costs for ratepayers while strengthening reliability and security. The discussion draft also requires FERC to work with each regional transmission organization to encourage a diverse generation portfolio, long-term reliability and price certainty for customers, and enhanced performance assurance during peak periods.

America was the first nation to electrify, and overall our system of generating and delivering power remains the best in the world. But to stay that way in the years ahead we need to better address existing and emerging threats, and I believe the ideas in this discussion draft are a good start.

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