



COMMITTEE ON DEMOCRATS  
**ENERGY & COMMERCE**  
RANKING MEMBER FRANK PALLONE, JR.

**FOR IMMEDIATE RELEASE**

December 1, 2015

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**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery  
Committee on Energy and Commerce  
Subcommittee on Energy and Power  
Hearing on “Oversight of the Federal Energy Regulatory Commission”**

I want to thank Chairman Whitfield for holding today’s oversight hearing on the Federal Energy Regulatory Commission (FERC). I also want to welcome the Commissioners, particularly Chairman Bay and Commissioner Honorable who are before us for the first time in their current roles.

Frankly, this hearing is long overdue. I believe that we are in a time of great transition and uncertainty with regard to those aspects of our nation’s energy policy overseen by FERC.

Ten years ago, we enacted the Energy Policy Act of 2005 and that was quickly followed by the Energy Independence and Security Act of 2007. Both of these laws made significant changes to our nation’s energy policies, particularly in the areas regulated by FERC.

We continue to feel the reverberation of those changes today and the Commissioners are, in many ways, front and center in having to wrestle with the forces unleashed by those laws.

In particular, we have seen tremendous expansion in the supply, transmission and use of natural gas as prices have dropped. We’ve also seen a drop in electricity prices as the move toward markets has spurred competition and innovation in many regions of the country.

But change is never easy and with it comes questions, problems and new needs. The rise of cheap gas, falling renewable energy prices and tighter competition has really called into question old assumptions and boundary lines. It is getting closer to the time when we will need to consider fundamental questions about what areas are best suited for the state to regulate and what should be handled by FERC. We also need to begin thinking about the diversity of our electricity regulation system and whether or not we need to have more certainty and conformity rather than the current patchwork of regulated and deregulated states and regional wholesale markets that might benefit from some common ground rules. Are these markets providing real benefits to residential and other consumers? Are they sending the right price signals to developers of generation resources? What is the role of efficiency and demand response in the

wholesale market? How do we prevent bad actors from manipulating the market while ensuring the rules are not overly burdensome for those suppliers who play by the rules?

These are but a few of the questions before us and before the Commission. And, the Commission still has to grapple with similar questions regarding the gas markets and pipeline siting, as well as dam safety, hydroelectric licensing, oil pipeline pricing and so many other issues.

I know that we will hear rhetoric today about EPA's recent rules on carbon –and not just on the floor this afternoon. But the truth is that the grid is reliable and no Clean Air Act regulation has ever resulted in a loss of reliability. The system is reliable and it is flexible and it will adapt to the new carbon rules just as it has to every previous action taken under the Clean Air Act.

I hope that today's hearing will move on from that tired topic and worn out rhetoric. It's time to start having a real dialogue about the areas FERC regulates, about the future of our energy markets, natural gas pipeline systems, and hydroelectric resources. If we fail to engage soon, seriously and thoughtfully, we risk harming consumers, the economy and the environment.

Thank you.

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