Opening Statement of the Honorable Pete Olson
Subcommittee on Energy and Power
"Federal Power Act: Historical Perspectives"
September 7, 2016

(As Prepared for Delivery)

First, I want to say a word or two about my good friend Ed Whitfield. Ed knows these issues, he cares about the policy. Above all, he wants what is best for the people of Kentucky. Chairman Whitfield was a great steward for this Committee, and he will be missed around here.
And of course, he helped get the ball rolling on a new series of hearings on the Federal Power Act.

This could be a great opportunity for this Committee. We can bring a new—and much- needed-focus to today's power markets. We can see what works, what doesn't, and find long-term solutions. But before we take any next step, we need to look at how these markets developed.

Back in 1996, FERC issued Order No. 888. In general, that order required open access over the transmission lines of our nation's utilities (except in Texas, where we'd rather cut our interstate power lines than let FERC tell us what to do.). Since that time, consumers of electricity have gained more competitive options beyond the local utility.

Today, at least for the wholesale markets, a large purchaser of electricity can not only purchase from the local utility, but that customer can purchase power at wholesale from a neighboring utility, or an independent power producer, or any number of competitive suppliers.. Texans and those in a handful of other states can even pick their retail electricity provider. All these options to choose an electric supplier were designed to keep costs down for consumers everywhere by checking the prices charged by utilities.

Yet the markets are by no means perfect. Some people object to subsidies and tax breaks granted to a few favored types of power sellers. Others complain that certain power plants generate too much pollution, even if their power helps people pay lower electric bills.

The owners of power plants object that the markets don't always establish the right prices. They say that prices can be artificially low at times of high demand --- not because prices should be low during high demand but because the organizations running the markets are too sensitive to political pressure.

We won't solve the serious problems facing the markets overnight. We won't sort out the difference between the real problems and the empty allegations today either. Rather, this hearing will set the stage for our work on all of these topics.
To set the stage, we've gathered four witnesses today who have deep experience in the development of the markets. They were in the markets, in senior policy-making positions, when the key decisions were made on how these markets would roll out. Two were former general counsels at FERC. One was a FERC Commissioner. And one was a senior official with the Department of Energy.

They have a valuable perspective to offer this committee. I look forward to today's hearing.

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