

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Energy**  
**Hearing on “Modernizing Energy and Electricity Delivery Systems:  
Challenges and Opportunities to Promote Infrastructure Improvement and  
Expansion”**  
**February 15, 2017**

*(As prepared for delivery)*

Good Morning. Today’s hearing, entitled “Modernizing Energy and Electricity Delivery Systems: Challenges and Opportunities to Promote Infrastructure Improvement and Expansion” marks the beginning of the Subcommittee’s push this Congress to promote the modernization of our energy infrastructure. The hearing will examine the state of America’s evolving infrastructure and barriers to innovation, modernization, job creation, and economic growth.

America’s energy infrastructure is vast, complex and highly interconnected. When we say “energy infrastructure” we’re talking about the expansive network of pipelines, storage facilities, power plants, electric lines and distribution systems that crisscross the country. These systems, and the people that operate them, move energy from the source to the consumer, so that when we flip the switch, the lights turn on.

We’re blessed to have the world’s most highly developed energy infrastructure, but our systems are aging and we’re confronting new challenges with the changing energy landscape.

The huge increase in oil and gas production that we’ve seen in the last decade has been a boon to the economy, but it has also revealed bottlenecks and capacity constraints in our pipeline system. These inefficiencies are harming consumers by discouraging new production and creating unnecessary price spikes in some parts of the country.

Our power generation mix is changing too – as relatively low priced natural gas and environmental regulations have accelerated retirements of coal fired power plants, which represent a significant amount of our baseload power. We’ve also seen the growing penetration of renewables like wind and solar and distributed energy, such as energy storage. While Federal incentives have contributed to this trend, States have been active in developing subsidies and mandates to incentivize renewables. Integrating these resources into the changing grid presents both challenges and opportunities.

Our first panel of witnesses will focus on the need to modernize our electric grid and develop solutions to strengthen security, improve efficiency, and reduce costs. We'll hear from industry experts and businesses on the leading edge of developing new technologies and data analytics to improve the performance of our nation's electricity system. American consumers depend on reliable and competitively priced electricity for their everyday lives. Although new digital technologies have the potential to transform our nation's electric power grid, challenges remain to ensure the grid is operated in a way that is reliable, resilient and secure.

The second panel will focus on the need to modernize our transportation, storage and distribution infrastructure, including pipelines. There is a new urgency to improve the siting and permitting process for pipelines. The domestic oil and gas boom and increased utilization of natural gas for power generation are driving new demand for pipeline infrastructure.

Like other major infrastructure projects, siting a pipeline involves multiple jurisdictions. Close communication and collaboration between Federal, State, local, and tribal governments is critical.

Unlike interstate natural gas pipelines, there is no comprehensive Federal siting and permitting process for interstate oil pipelines. State and local laws govern the approval of the route, other than the portions crossing Federal lands.

While Federal agencies follow rigorous procedures to evaluate potential impacts to communities and the environment, more can be done to bring greater transparency, accountability, and predictability to the permitting process.

Dynamic and integrated energy and electricity delivery systems allow reliable and competitively priced energy for American consumers. A modernized infrastructure is absolutely critical to our nation's economic growth.

This Subcommittee will continue to conduct oversight over Federal laws that govern the siting and construction of energy infrastructure. We're going to be taking a close look at the Federal Power Act, the Natural Gas Act, and other laws that affect energy supply, delivery and use.

We want to ensure that all relevant stakeholders, including tribal governments, have a seat at the table and an opportunity to participate in a meaningful way. We welcome ideas from our witnesses to reform the current process or implement lessons-learned from past experiences.

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