



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

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Pallone Statement at Subcommittee Hearing on the State of the Electric Industry

Washington, D.C. – *Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at an Energy Subcommittee hearing on “Powering America: Examining the State of Electric Industry through Market Participant Perspectives.”*

Thank you for holding today’s hearing to provide us with a market participant perspective on our system of electricity regulation.

Today’s hearing picks up on an issue that you started to focus on last Congress, Mr. Chairman, with our insightful hearing on the Federal Power Act. Like that hearing, today’s hearing was developed in partnership between you and Chairman Walden and me and Ranking Member Rush. This is set up to be a completely non-partisan hearing with the goal of providing us important background for future decisions.

I also want to welcome our witnesses, particularly Tammy Linde from New Jersey’s PSEG. And I’d like to welcome back to the committee a former counsel for this Subcommittee and FERC Chair, Joe Kelliher.

As I said previously, while our attention to electricity issues has been sporadic since the passage of the Energy Policy Act of 2005, there was a time when it seemed like this committee held hearings on the electric sector almost weekly. Now, developments in the electricity sector and the regional markets, both promising and concerning, require us to return again to a serious assessment of the state of the electric sector and how it is regulated.

Technology has dramatically transformed the possibilities for cost-effectively generating and efficiently delivering electric energy to homes, businesses and manufacturing facilities from a variety of sources. Distributed generation –both fossil and renewable based— along with improving storage options, smart meters, microgrids and other technologies-- have altered the possibilities for effectively and economically ensuring reliability. These technologies

have also called into question the most basic tenets of ratemaking, and have challenged the long-standing financial model for utilities.

These are enormous and complex matters that require careful examination by this Committee. At the end of the day we may decide that we need to make changes to the Federal Power Act, or we may conclude that we should make no changes and continue to allow developments in the states and the courts to drive policy. It is critical that our Committee, at a minimum, take the time we need to examine these matters so that we arrive at decisions that are informed by fact and that serve the interest of our districts, our states and the nation as a whole.

Thank you, I yield back.

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