Opening Statement of the Honorable Fred Upton
Subcommittee on Energy
Hearing on "*Powering America*: Reevaluating PURPA's Objectives and its Effects on Today's Consumers"
September 6, 2017

(As prepared for delivery)

Good morning. Today we continue our *Powering America* series by examining a statute that has played an important role in supporting certain electric generating resources over the past 40 years. The Public Utilities Regulatory Policies Act (or "PURPA") was enacted in 1978 in response to the energy crisis during the Carter Administration, and this law was intended to promote energy conversation and support the use of domestic energy, including renewable resources.

Under the law, PURPA provides preferential rate and regulatory treatment to resources known as "Qualifying Facilities" or better known as "QFs". These resources include cogeneration facilities, such as industrial plants, and certain small power producers that use renewable resources such as wind and solar. Today's panel includes witnesses representing various types of QFs, including solar developers, an industrial paper manufacturer, and a municipal waste facility in Grand Rapids, Michigan that can generate 18 megawatts of electricity by burning solid waste.

Under PURPA, the Federal Energy Regulatory Commission is tasked with implementing the law in coordination with state regulatory authorities. This framework of "cooperative federalism" allows for each state to enact and administer its own program within limits established by the federal standards. Not surprisingly, since each state has different energy needs, resources, and policy objectives, the terms and conditions of each states' QF policies vary. On that point, I'd like to welcome the commissioner from Idaho for appearing here today to share her thoughts and perspectives as a state regulator.

The Energy Policy Act of 2005 did make some modest revisions to PURPA, however, the law has largely remained unchanged since 1978. During the intervening decades, tremendous changes have occurred in the electricity industry – a point that is underscored by the DOE Staff Report that was released last week. The evolution of the industry has occurred in many ways, including the

development of the electricity markets in the RTO and bilateral regions, the advent of open access transmission policies, and the influence of new, lower-cost technologies. All of these factors have changed how electricity is generated, transmitted, and used by consumers.

Additionally, it is important to note that renewable sources of energy, particularly wind and solar, have experienced exponential growth in recent years. Last year alone, capacity additions from utility-scale renewable resources surpassed the net additions of all other fuel sources combined. There is no question that renewable resources now play a significant role in the nation's fuel mix and are a major contributor in decreasing U.S. greenhouse gas emissions.

Considering these changed circumstances, this Subcommittee must review whether revisions to PURPA are necessary or appropriate. This examination will consider the arguments both in support and opposition to making reforms to PURPA. Among them, certain utilities contend that the PURPA provision requiring utilities to purchase QF energy is outdated and should be modified or repealed. Conversely, QF's argue that PURPA's mandatory purchase obligation remains a necessary backstop to support renewable energy in parts of the country that are not receptive to such development.

Today's oversight hearing will be the first step in reevaluating whether the intent and purpose of PURPA is still being met or if it has already been fulfilled. Additionally, today we will be looking at what effect the law is having on consumers and ratepayers in 2017. With that, I'd like to thank this panel of distinguished witnesses for appearing today and I look forward to your testimony.