

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy
Hearing: “Oversight of the Federal Energy Regulatory Commission”
April 17, 2018

(As prepared for delivery)

We are lucky to have all five members of the Federal Energy Regulatory Commission at our hearing today to discuss the priorities of this independent agency *and* the challenges of regulating industries that are undergoing significant transformation. Since our last oversight hearing in 2015, FERC itself has also experienced some changes with the addition of four new members, so I welcome you here today and look forward to hearing your individual perspectives on some very complicated and technical issues ranging from grid resilience *to* battery storage *to* cybersecurity.

The past year has been challenging for the Commission, having struggled without a functioning quorum for more than six months. During that period, utility filings became backlogged and decisions were delayed on matters ranging from utility rate applications to million-dollar interstate natural gas pipeline proposals. Fortunately, I understand that FERC operations have returned to near-normal, having cleared much of this backlog, allowing the Commission to turn its attention towards a host of issues ranging from controversial changes to the RTO capacity markets to how new energy infrastructure projects should be evaluated under FERC’s certificate policy.

As we recently heard at our hearing on energy infrastructure, building new pipelines and electric transmission towers is not an easy or simple task. Affected landowners know their rights and have organized campaigns to oppose new energy projects, sometimes protesting at FERC’s doorstep. I understand that Chairman McIntyre announced that the Commission is now taking a fresh look at its 1999 policy to evaluate the need for new natural gas pipelines. Obviously, a lot of changes have occurred over the past 20 years in the way infrastructure is developed, so I would be interested to hear what may come from this review.

Another topic that has consumed much attention in the industry and at FERC recently involves the question of the bulk power system's ability to anticipate, withstand, and recover from disruptive events. This topic of "grid resilience" became a source of much heated debate and we heard from Secretary Perry just last week that "*the national security of this country is jeopardized*" if we don't take steps to protect the grid. I understand that FERC has flagged as a top priority and has directed each of the RTOs and ISOs to provide detailed information regarding the state of grid resilience. The Committee is reviewing the RTO submissions to FERC and will track the anticipated responsive comments, due early next month.

FERC's jurisdictional electricity markets have also been a topic of frequent discussion during our *Powering America* hearing series. We've heard concerns from market participants that range from the need for updated PURPA regulations, to changes to FERC's transmission planning rules under Order 1000. Additionally, recent pricing proposals developed by the RTOs and ISOs aimed at accommodating state policies represent a fundamental shift in how resources set prices in the wholesale markets. Commissioner LaFleur deserves credit for focusing on this issue last May when she was Chairman, but as these Federal-state jurisdictional issues play out in filings at FERC and in litigation at the various Courts of Appeals, we should consider the differences between and impacts of the wholesale and retail electricity markets.

These are tough issues and I recognize that you have a lot on your agenda right now. However, despite the tough work and challenging issues FERC faces, I'd like to point out that the Commission is consistently ranked among the best places to work in the Federal government based on employee surveys – and your success in maintaining such high marks by your 1,500 staff members is noted. With that, I'd like to thank the commissioners for appearing today and I look forward to your testimony.