

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Energy**  
**Hearing: “Examining the State of Electric Transmission Infrastructure:  
Investment, Planning, Construction and Alternatives”**  
**May 10, 2018**

*(As prepared for delivery)*

Good morning. Today, we are continuing our Powering America series by taking a closer look at a very important, but often under-appreciated component of our power sector: the electric transmission system. Ever since visionaries such as Edison, Tesla, and Westinghouse argued the merits of using direct current versus alternating current, the manner and means by which electricity is delivered has been a complicated and controversial topic.

We depend on our high voltage network of wires and cables to transmit electricity long distances to power everything from our iPhones to our economy. A stable and uninterrupted supply of electricity is critical to ensure the public’s health and safety, as well as a quality-of-life that we have come to expect. However, in some parts of the country, our transmission infrastructure, like our nation’s roads and bridges, is aging, congested, and in need of repair or replacement. Joining us today is a distinguished panel of experts to help us better understand the challenges that the electric transmission sector is facing, as well as the opportunities that may be within reach.

While much of the debate in the industry is currently focused on generator resilience and fuel security, we cannot ignore the vital role that the nation’s electric transmission infrastructure plays in connecting the electricity producer to the end-use consumer. As such, I would argue that a resilient and reliable transmission grid is no less important.

Transmission infrastructure, however, does not come cheap, and the planning and construction of new lines often takes years due to permitting and environmental reviews. Over the past few years, public utilities and independent transmission developers have committed over \$20 billion annually to upgrade or replace our existing transmission infrastructure. While this is good news, sustained investment at similar levels will be critical to ensure that Americans have a modern electricity grid that can deliver reliable power at a reasonable cost.

In addition, a predictable regulatory environment and consistent policies regarding how transmission projects are approved and paid for is essential to reduce financial risk and attract new capital. After we passed the Energy Policy Act of 2005, FERC was directed to encourage investment in transmission infrastructure projects that reduce the cost of delivered power by reducing congestion on the grid. FERC responded by granting financial incentives to transmission proposals that met certain criteria. In subsequent years, FERC began to issue a series of landmark rules to oversee and regulate the details of how transmission projects are planned, paid for, and ultimately developed.

Order 1000 is the agency's most recent attempt to regulate regional and inter-regional transmission planning while also encouraging competition between transmission developers. However, as we heard from witnesses in our earlier Powering America hearings, while some regional transmission planning processes have become more effective, Order 1000 has all but failed to develop new lines between and among RTOs and other planning regions. Moreover, FERC's rule allowing merchant developers to now compete against traditional utilities to build transmission projects has been criticized as ineffective for several reasons. With the help of our witnesses, we'll explore these and other challenges associated with transmission planning, cost allocation, and competition.

Finally, I hope that we can discuss how alternatives to transmission lines factor into the conversation. While high-voltage wires form the backbone of our grid – smart technologies; demand response; energy storage; distributed generation and microgrids can provide benefits similar to traditional transmission. Since these alternatives may improve reliability while reducing environmental impacts and costs to consumers, we should explore whether any legal or regulatory barriers stand in the way to prevent energy innovation from reaching its full potential.

There's no question that as the nation's electric industry changes, the demands placed upon our existing transmission infrastructure will only increase with time. Today, our focus will be on how the industry and government can plan for the future to ensure that our power grid is ready to meet the needs of the 21st century. Thank you to the witnesses for agreeing to be with us today and I look forward to your testimony.