

**Statement of Chairman Frank Pallone, Jr. (as prepared for delivery)**  
**Hearing on “Oversight of FERC: Ensuring Its Actions Benefit Consumers and the Environment”**  
**Energy Subcommittee**

*June 12, 2019*

I’d like to begin by thanking the Commissioners for being here today, and for their collective work at the Federal Energy Regulatory Commission.

FERC’s decisions and rulemakings have a large impact on our nation’s energy and environmental future. The Commission’s activities directly affect electric and gas consumers across the United States – both the costs to ratepayers and the reliability of the electric grid and system.

They also affect the environment, particularly in the form of greenhouse gas emissions. I’m interested in learning how FERC intends to address greenhouse gas emissions in natural gas pipeline permitting approvals. To date, FERC’s efforts to account for greenhouse gas emission in the pipeline review process leaves much to be desired.

In 2017, the D.C. Circuit found in the Sabal Trail decision that FERC cannot ignore the indirect effects of projects it approves, including emissions from downstream use. I know FERC has great analysts who are up to the task of accounting for greenhouse gas emissions, but they need to be empowered to ensure these impacts are considered fully.

This is particularly concerning because FERC seems more than willing to approve any pipeline even though the Natural Gas Act directs the Commission to only approve projects that are in the public convenience and necessity. I am also concerned that FERC looks at each pipeline project in a vacuum, without regard to any other pipeline application. This could result in two pipelines running right next to each other. I think we can all agree that’s just not a smart or responsible way of planning our system – particularly when people’s private property could be taken by a pipeline company.

The bottom line is that this whole process needs a more thoughtful strategy of planning and broad-ranging analysis.

On the electric side, it has been roughly 20 years since the implementation of wholesale markets. Though I had my doubts in the past, it’s now clear that these markets have promoted competition in generation, ensuring lower prices and a reliable bulk power system. This is good for consumers and it’s been good for the environment.

New technologies can deliver, store, manage and reduce power needs with a near instantaneous response to dispatch signals. I would particularly like to applaud the Commission’s work on Order 841, integrating storage resources into wholesale power markets. I look forward to hearing more about the distributed energy resource aspect of that effort. Innovation and technology are leading the way and FERC can and should be a partner in that effort.

I also think it’s important we look at Order 1000, which governs how transmission is planned and developed, and how the costs are allocated. Chairman Chatterjee recently said it was not working as intended. I agree, particularly regarding consideration of non-transmission alternatives when looking at

new system investments and interregional transmission planning. I'd like to hear about your plans to lead the Commission in addressing the shortcomings. I also want to say that I'm not happy with the way RTOs are assessing their transmission needs and, in my experience in New Jersey, it is potentially resulting in the construction of unnecessary projects.

Finally, we need greater scrutiny of wholesale capacity markets. Frankly, the current state of affairs is a mess, especially in the PJM market where New Jersey participates. PJM participants are currently left in the lurch of both an old and new capacity market design. The result of this uncertainty is higher electricity bills. It is vital that we figure this out immediately.

And with that I would like to yield the balance of my time.

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