Opening Statement of Republican Leader Fred Upton
Subcommittee on Energy Hearing on "The Changing Energy Landscape: Oversight of FERC"
July 27, 2021
As prepared for delivery

Thank you, Mr. Chairman. And thank you, to our witnesses, for appearing before us today. Welcome back, Chairman Glick, it is nice to have you testify again, this time as Chairman of FERC.

And a special welcome to the Energy and Commerce Committee to Commissioners Clements (*pronounced* "*Clu-mentz"*) and Christie. We look forward to working with each of you as Members of this Committee conduct oversight of FERC and work to strengthen and modernize our nation's energy infrastructure.

FERC is a relatively small agency with an important mission. FERC is also unique in several ways: FERC is organized as an independent agency comprised of a bipartisan commission; FERC is funded primarily through user-fees and annual charges paid by regulated energy companies; and importantly, FERC's responsibilities are limited by the statutes passed by Congress.

FERC's primary responsibilities include regulation of transmission and sale of electricity, oil, and natural gas in interstate commerce. FERC also reviews proposals to build interstate natural gas pipelines, LNG facilities, and non-Federal hydropower projects.

In carrying out its responsibilities, FERC is often required to balance competing interests from a wide range of stakeholders to ensure rates for electric and pipeline services are "just and reasonable" and to determine whether energy infrastructure projects such as hydropower, interstate natural gas pipelines and LNG facilities meet the public interest and provide energy for consumers at a reasonable cost. Congress has also charged FERC with overseeing mandatory reliability standards for the bulk-power system to increase the reliability of the electric grid and protect from all-hazards, including a cyber-attack.

FERC has a lot on its plate. As we have witnessed, the shale revolution has led to unprecedented growth in natural gas production. The U.S. is now the world's leading producer and emerging as a world-leading exporter.

American consumers are benefitting from reliable and affordable supplies of natural gas, and we are more energy secure now than at any point in our history. American businesses and manufacturers are also more globally competitive as a result, creating jobs up and down the supply chain in all 50 states.

The rise of natural gas production has led to an increase in infrastructure – including pipelines, storage, and LNG facilities – all of which are regulated by FERC.

At the same time, the electricity sector is also undergoing a dramatic transformation. A mix of Federal, State, and market changes are driving out traditional baseload energy – notably coal and nuclear – while “weather-dependent” renewables take their place. These trends are contributing to reliability challenges balancing load and meeting peak demand, as seen in California and Texas.

While FERC’s authority is limited to the “bulk-power system” for electricity in interstate commerce, FERC is obligated to ensure that regional markets are benefiting consumers. As FERC turns its attention to the transmission planning process, I will be paying close attention to how the costs of transmission projects are allocated to ratepayers.

Simply put, rural ratepayers should not be forced to subsidize transmission lines or sacrifice 24/7 grid reliability in order to connect renewable projects to big cities. When considering new transmission, FERC should not pick winners among renewables developers while sacrificing reliability and cost.

Given the importance of FERC's established responsibilities and with limited time and agency resources to expend, concerns have also been raised about what appears to be a shift in FERC policy to align with President Biden's social justice and environmental agenda.

Under new leadership, FERC has begun to move the goalposts on environmental reviews; revise regulations for electric transmission and regional electricity markets to support wind and solar projects at the expense of cheaper and more reliable options; and encourage lawsuits and legal challenges to new infrastructure projects.

With that, I look forward to today's hearing to learn more about FERC's priorities and find issues of common ground. There is so much to consider given the changing energy landscape, and FERC has its work cut out to site new pipelines and electric transmission to ensure reliable and affordable supplies of energy for all Americans.

Thank you, I yield back.