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6 HEARING ON "THE CHANGING ENERGY

7 LANDSCAPE: OVERSIGHT OF FERC''

8 TUESDAY, JULY 27, 2021

9 House of Representatives,

10 Subcommittee on Energy,

11 Committee on Energy & Commerce,

12 Washington, D.C.

13

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16 The subcommittee met, pursuant to notice, at 10:30 a.m.,

17 in Room 2123, Rayburn House Office Building and via Cisco

18 Webex, Hon. Bobby L. Rush, [chairman of the subcommittee]

19 presiding.

20

21 Present: Representatives Rush, Peters, Doyle, McNerney,

22 Tonko, Veasey, Schrier, Butterfield, Matsui, Castor, Welch,

23 Schrader, Kuster, Barragan, Blunt Rochester, O'Halleran,

24 Pallone [ex officio]; Upton, Burgess, Latta, McKinley,

25 Griffith, Johnson, Bucshon, Walberg, Duncan, Palmer, Lesko,
26 Pence, Armstrong, and Rodgers [ex officio].

27

28 Also Present: Dingell, Fletcher, Schakowsky, Long, and
29 Joyce.

30

31 Staff present: Tiffany Guarascio, Deputy Staff
32 Director; Anthony Gutierrez, Professional Staff Member; Perry
33 Hamilton, Clerk; Anne Marie Hirschberger, FERC Detailee; Zach
34 Kahan, Deputy Director, Outreach Member Service; Rick
35 Kessler, Senior Advisor and Staff Director, Energy and
36 Environment; Mackenzie Kuhl, Press Assistant; Jourdan Lewis,
37 Policy Coordinator; Tyler O'Connor, Energy Counsel; Lino
38 Pena-Martinez, Policy Analyst; Kaitlyn Peel, Digital
39 Director; Tuley Wright, Senior Energy and Environment Policy
40 Advisor; Sarah Burke, Minority Staff Director; Michael
41 Cameron, Minority Policy Analyst, CPC, Energy, Environment;
42 William Clutterbuck, Minority Staff Assistant/Policy
43 Analyst; Nate Hodson, Minority Staff Director; Peter Kielty,
44 Minority General Counsel; Emily King, Minority Member
45 Services Director; Mary Martin, Minority Chief Counsel,
46 Energy and Environment; Peter Spencer, Minority Senior
47 Professional Staff Member; and Brandon Mooney, Minority
48 Deputy Chief Counsel for Energy.

49

50

51 Mr. Rush. The hearing is now called to order.

52 The Subcommittee on Energy will now come to order.

53 Today the subcommittee is holding a hearing entitled
54 "The Changing Energy Landscape: Oversight of FERC."

55 Due to the COVID-19 public health emergency, you can
56 participate in today's hearing either in person or remotely
57 via online video conference.

58 Members who are not vaccinated and participate in person
59 must wear a mask and be socially distanced. Such members may
60 remove their mask when they are under recognition and
61 speaking from a microphone.

62 And now and persons who are not vaccinated and present
63 in the committee room must wear a mask at all times and be
64 socially distanced.

65 For members participating remotely, your microphone will
66 be set on mute for the purpose of eliminating and avoiding
67 background noise. Members participating remotely will need
68 to unmute your microphone each time that you wish to be
69 recognized.

70 Please note that once you unmute your microphone,
71 anything that is said will be heard over the loudspeaker in
72 the committee room and subject to being heard by the live
73 screen added onto by the omnipresent C-SPAN.

74 Since members are participating from different locations
75 at today's hearing, all recognition of members, such as for

76 questioning, will be in the order of the full committee
77 seniority.

78 Documents for the record can be sent to Lina Tina
79 Martinez, at the address that we have provided to each of
80 your staff. All documents will be entered into the record at
81 the conclusion of the hearing.

82 The chair will now recognize himself for an appropriate
83 opening statement.

84

85 STATEMENT OF THE HON. BOBBY L. RUSH, A REPRESENTATIVE OF THE
86 STATE OF ILLINOIS

87

88 Again I would say good morning to each and every one of
89 you.

90 Today the Subcommittee on Energy convenes to continue
91 our work in establishing a path forward to achieve net zero
92 greenhouse gas pollutions and combat climate change. In
93 order to achieve these important issues, it is critical that
94 the Federal Government harnesses to its fullest extent all of
95 its best capabilities.

96 In addition to this, as the energy landscape continues
97 to change and to grow, it is vital that the conference and
98 the Biden Administration and future administrations work
99 closely together.

100 And for many reasons that I am so delighted, so pleased
101 to have FERC before the Subcommittee on Energy today.

102 Before I begin though, I want to take a moment to
103 publicly congratulate Chairman Click for your being named
104 Chairman of FERC this past January. I certainly enjoyed the
105 opportunity to meet with you at the beginning of your tenure
106 and to look forward to our continued and productive
107 partnership.

108 Also Chairman Chatterjee, I believe that this may be
109 your last hearing before the -- I'm sorry. Commissioner

110 Chatterjee. Instant promotions are not applicable here --
111 Commissioner Chatterjee, I believe that this maybe your last
112 hearing before the committee during your tenure.

113 I want to thank you for your outstanding years of public
114 service, and I want to wish you well as your time in FERC is
115 being concluded.

116 I also want to take a moment if I might to congratulate
117 my senior staff on this subcommittee, Joyce Lewis. This is
118 her last hearing. She is going on to higher heights, to
119 better environments, and to a more profitable experienced.
120 She is going to work at the NACE Foundation in a very
121 important capacity, and I want to thank Joyce for not only
122 her being junior and senior legislative person on energy in
123 my office and on this subcommittee, but her outstanding
124 public service that goes all the way back to the Department
125 of Energy.

126 Would you please just join with me in giving Joyce a
127 round of applause for her outstanding work?

128 [Applause.]

129 *Mr. Rush. Thank you, Joyce, for your outstanding work
130 and your continued commitment to our Nation's future.

131 It is well known that the electricity sector is one of
132 the largest sources of greenhouse gas pollution within the
133 United States.

134 Further, the sector has had a disproportionate impact on

135 health, environment, and cousins of historically modernized
136 communities' macro systems of these modernized communities.

137 I know it is not traditionally viewed as a climate
138 regulator, FERC's mass authorities over the electricity
139 sector mixing a principal clear in our race to tackle climate
140 change.

141 As we know FERC regulates critical elements of the U.S.
142 energy industry and its systems. This include the
143 transmission and the wholesale purchase of electricity, the
144 transfer, of course, of natural gas, and the permitting of a
145 variety of energy infrastructure.

146 I want to also say that FERC is also key to creation of
147 a 21st Century grid, which we need to reduce electricity cost
148 all while delivering renewal reliable, clean energy to
149 consumers.

150 Chairman Glick, I congratulate you on taking long
151 awaited steps to make real reforms that will support zero
152 carbon electricity.

153 [The prepared statement of Mr. Rush follows:]

154

155 *****COMMITTEE INSERT*****

156

157 *Mr. Rush. My time has expired, and now I want to
158 recognize my good friend from the great State of Michigan,
159 the ranking member of the subcommittee, Mr. Upton, for five
160 minutes for purposes of an opening statement.
161

162 STATEMENT OF THE HON. FRED UPTON, A REPRESENTATIVE IN
163 CONGRESS FROM THE STATE OF MICHIGAN

164

165 *Mr. Upton. Well, thank you, my friend, Mr. Chairman,
166 and thank you to our witnesses today for appearing.

167 And welcome back, Chairman Glick. It is nice to have
168 you testify again, but this time as Chairman of FERC.

169 A special welcome to the Energy and Commerce Committee
170 to Commissioners Clements and Christie. We look forward to
171 working with each of you as members of this committee conduct
172 oversight of FERC and work to strengthen and modernize our
173 Nation's energy infrastructure, and of course, it is good
174 from Mr. Chatterjee as well.

175 You know, FERC is a small agency, but such an important
176 mission. FERC is also unique in several ways. It is
177 organized as an independent agency comprised of a bipartisan
178 commission.

179 FERC is funded primarily through user fees and annual
180 charges paid by regulated energy companies, and importantly,
181 FERC's responsibilities are limited by the statutes passed by
182 us, the Congress.

183 FERC's primary responsibilities include regulation of
184 transmission and sale of electricity, oil, and natural gas in
185 interstate commerce. They also review proposals to build
186 interstate natural gas pipelines, LNG facilities, and non-

187 federal hydro projects.

188 At the same time, the electricity sector is also
189 undergoing a dramatic transformation, a mix of Federal,
190 state, and market changes are driving our traditional
191 baseload energy. We know that, notably coal and nuclear.

192 While weather dependent, renewables take their place.
193 These trends are contributing to reliability challenges,
194 balancing load and meeting peak demand, as seen in
195 California, as well as in Texas.

196 So FERC's authority is limited to the bulk power system
197 for electricity in interstate commerce, but they are
198 obligated to ensure that regional markets are benefitting
199 consumers.

200 As FERC turns its attention to the transmission planning
201 process, I will certainly be paying close attention to how
202 the costs of transmission projects are allocated to the
203 taxpayers.

204 Simply put, ratepayers should not be forced to subsidize
205 transmission lines or sacrifice 24-7 grid reliability in
206 order to connect renewable projects to big cities. And when
207 considering transmission, FERC should not be picking winners
208 among renewable developers or sacrificing reliability and
209 cost.

210 Given the importance of FERC's established
211 responsibilities and with limited time and the agency

212 resources to expend, concerns have also been raised about
213 what appears to be a shift in FERC policy to align with
214 President Biden's social justice environmental programs.
215 Under his leadership, FERC has begun to move the goalposts on
216 environmental reviews, revive regs. for electric transmission
217 in regional electricity markets to support wind and solar
218 projects at the expense of cheaper and more reliable options
219 and encourage lawsuits and legal challenges to new
220 infrastructure projects.

221 So with that, I look forward to today's hearing. There
222 is much to consider, given the changing landscape.

223 And I would yield back the balance of my time.

224 [The prepared statement of Mr. Upton follows:]

225

226 *****COMMITTEE INSERT*****

227

228 *Mr. Rush. The chair thanks you, Ranking Member, for
229 giving back the balance of your time.

230 The chair now recognizes Mr. Pallone, the chair of the
231 full committee, for five minutes for the purposes of an
232 opening statement.

233

234

235 STATEMENT OF THE HON. FRANK PALLONE, A REPRESENTATIVE IN
236 CONGRESS FROM THE STATE OF NEW JERSEY.

237

238 *The Chairman. Thank you, Chairman Rush.

239 FERC plays a critical role in ensuring the safe,
240 reliable, and affordable delivery of energy to American homes
241 and businesses, and I am pleased to welcome all of the
242 current FERC Commissioners to this oversight hearing.

243 And I want to congratulate Chairman Glick on his
244 appointment by President Biden and look forward to speaking
245 to you about the Commission's priorities for the coming year.

246 I also wanted to recognize Commissioner Chatterjee whose
247 term on the Commission recently expired, but I know you are
248 still here, but the term expired. Although there are policy
249 differences, we found common ground on several important
250 issues, and I thank you for your service.

251 Recent extreme weather events in Texas, California, and
252 the Pacific Northwest dramatically illustrate that the
253 climate crisis is here and only will get worse if we do not
254 act, and that is why Chairman Rush, Mr. Tonko, and I
255 introduced the Clean Future Act, to get us to 100 percent
256 clean economy no later than 2050 and to make our electric
257 grid more resilient to extreme weather.

258 FERC has a large role to play in achieving this clean
259 energy future and maintaining the reliable operation of our

260 Nation's grid, and as we heard at our transmission
261 legislative hearing several weeks ago, reforming the
262 transmissions planning, siting, and cost allocation processes
263 are critical to ensuring we can move renewable power from our
264 wind and solar corridors to major population and industrial
265 centers.

266 So I want to commend FERC for its recent announcement of
267 a joint task force with the National Association of
268 Regulatory Utility Commissioners. This is an effort to
269 resolve the tensions between FERC and State regulators that
270 too often interfere with the responsible deployment of more
271 transmission.

272 I am also anxious to hear more about the Commission's
273 recent advanced notice of proposed rulemaking on transmission
274 and interconnection issues. In particular, I want to hear
275 how FERC claims to pursue transmission policies that promote
276 transmission development while also protecting ratepayers.

277 And FERC, of course, also regulates the certification
278 and siting of natural gas pipelines. Two of the biggest
279 challenges we face in this area have to do with protecting
280 landowner rights and accounting for greenhouse gas emissions.

281 And, fortunately, I believe FERC has made some much-
282 needed progress in these areas as well.

283 On the imminent domain issue, FERC recently issued
284 guidance protecting landowner interest during natural gas

285 pipeline siting proceedings, and that was a good start. But
286 the Gas Act needs to better reflect today's realities and
287 balance development with State and landowner rights.

288 I hope FERC does more to address the appropriate scope
289 of pipeline's imminent domain authority, as well as whether
290 it should permit pipeline companies to demonstrate a market
291 need for a new pipeline by signing gas supply contracts with
292 their own affiliates.

293 With respect to the greenhouse gas emissions, during our
294 2019 hearing with FERC, I expressed disappointment about
295 FERC's failure to account for greenhouse gas emissions in the
296 pipeline review process. Earlier this year for the first
297 time, FERC assessed the significance of a project's
298 greenhouse gas emissions and contributions to climate change,
299 and that, again, was a welcome step forward.

300 I also wanted to mention two other promising FERC
301 actions. First, this year after a long wait, FERC committed
302 to establishing an Office of Public Participation. The
303 public and particular members of underrepresented communities
304 must have the opportunity and ability to participate in
305 Commission proceedings.

306 So I am pleased that FERC finally acted to establish
307 that office, and I am committed to ensuring that FERC makes
308 that also an effective resource for environmental justice to
309 leaders, tribes, landowners, consumer advocates and other

310 members of the public.

311 And second, I want to congratulate, Montana Cole, who
312 Chairman Glick appointed to be the Commission's first senior
313 counsel for environmental justice and equity. For too long
314 regulators have overlooked the environmental justice and
315 equity concerns associated with siting the natural gas
316 pipelines, as well as hydroelectric licenses and other
317 projects.

318 This is an important step to ensure that these concerns
319 are no longer ignored.

320 So thank you again for joining us today. I look forward
321 to your testimony as we work together in our path forward.

322 Thank you. Thank you, Mr. Chairman. I yield back.

323 [The prepared statement of the Chairman follows:]

324

325 *****COMMITTEE INSERT*****

326

327 *Mr. Rush. The chairman yields back.

328 We turn now to the ranking member of the full committee,
329 Mrs. McMorris Rodgers, for five minutes for the purpose of
330 an opening statement.

331

332 STATEMENT OF THE HON. CATHY McMORRIS RODGERS, A
333 REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON
334

335 *Mrs. McMorris Rodgers. Thank you, Mr. Chairman.

336 Let me also welcome the Commissioners today.

337 Since our last hearing in 2019, we now have three new
338 Commissioners, a departing Commissioner Chatterjee, and Mr.
339 Glick has now been confirmed Chairman. Congratulations.

340 This shifting leadership makes our oversight especially
341 useful and timely today.

342 How FERC executes its mission can have profound impacts
343 on the price of energy and our security, also the ability of
344 utilities to provide affordable and reliable energy and power
345 to people. We cannot forget this as we examine the
346 Commission's activities and the agenda today and as we
347 examine proposed energy and environmental policies here in
348 Congress.

349 What really matters is that we make sure policies work
350 for people to protect our way of life, to protect our
351 standard of living.

352 We must make sure that our Federal laws and policies
353 enable, not undermine access, to affordable and reliable
354 energy. This is necessary for a prosperous society, for the
355 energy to innovate, keep costs low, and support jobs. It is
356 essential for assuring public health and safety.

357 Heart wrenching examples, when the power goes out or the
358 fuel stops flowing, have proven the point in California,
359 Texas, the East Coast, and even in my district in Spokane.

360 We all agree in the importance of clean energy
361 solutions, but not as a substitute for the affordable energy
362 that keeps the lights on.

363 Across the Nation, State and Federal environmental and
364 regulatory policies are undermining affordable, reliable
365 energy. State renewable energy mandates and certain existing
366 electricity market structures are driving out traditional
367 baseload generation and harming people.

368 I know an official assessment indicates we are
369 witnessing an electricity reliability crisis unfold across
370 the country. In May, the North American Electric Reliability
371 Corporation's summer reliability assessment confirmed what
372 California grid operators were also reporting that the State
373 remained at risk of energy emergencies during normal summer
374 demand and high risk if weather events cause above normal
375 demand across the West.

376 Texas and Louisiana, the Upper Midwest, and New England
377 are also at risk if a major weather event drives up power
378 demand, according to the report.

379 What will happen if current unreliability trends
380 continue?

381 What happens when more baseload generation and clean

382 nuclear is shuttered?

383 What happens when regions have no choice but to rely on
384 weather dependent wind and solar transmitted from other
385 regions?

386 What happens if the rush to green and the Green New Deal
387 socialist agenda effectively nationalizes expensive
388 California style mandates on the rest of the country?

389 We have discussed in many hearings how certain measures
390 of the Clean Future Act would nationalize decarbonization
391 goals, regardless of cost or reliance on China. Federal
392 clean energy mandates will drive out American energy, raising
393 cost on low and middle income workers and undermining our
394 economic opportunities.

395 Mandating questionable electricity market structures
396 will take control and accountability away from States,
397 whether States or communities like it or not.

398 And none of this stops the West from depriving States
399 and communities of reliable, affordable energy. It will not
400 relieve radical efforts to erase the benefits of first,
401 dispatchable energy.

402 Even in Washington State there continues to be extreme
403 efforts to dismantle the four lower Snake River Dams. So
404 important to clean, renewable, reliable, affordable
405 electricity.

406 FERC may not have any say in what Congress or the States

407 do, but there is no question it must properly deal with the
408 harsh consequences of policies that will make us dependent
409 upon China and take America back to the Dark Ages.

410 As regulatory oversight and decision making will help
411 shape the kind of energy systems we have in the future, what
412 matters today is will FERC focus on its core mission so the
413 reliable, affordable delivery of energy and power remain the
414 highest priority.

415 Will the hard working men and women of this country be
416 central in its policy or with the environmental agendas that
417 threaten to fail our most basic energy needs prevail?

418 I look forward to our discussion today.

419 With that I yield back.

420 [The prepared statement of Mrs. McMorris Rodgers
421 follows:]

422

423 *****COMMITTEE INSERT*****

424

425 *Mr. Rush. The gentlelady yields back.

426 The chair would like to remind members that pursuant to
427 committee rules, all members' written opening statements
428 shall be made part of the record.

429 And we have now concluded the members' opening
430 statements and will now move to recognizing of our witnesses
431 for today.

432 I would like to welcome each one of our witnesses for
433 today's hearing, and they are:

434 The Honorable Richard Glick, who is the Chairman of
435 FERC;

436 The Honorable Neil Chatterjee, who is a Commissioner of
437 FERC;

438 The Honorable James Danly, who is also a Commissioner at
439 FERC;

440 And another Commissioner at FERC us the Honorable
441 Allison Clements.

442 Our last Commissioner of FERC is Commissioner Mark C.
443 Christie.

444 We want to thank each and every one of you once again
445 for joining with us today, and we look forward to your
446 testimony.

447 At this time the chair will recognize each of you for
448 five minutes to provide opening statements.

449 Before we begin though, I would like to explain the

450 lighting system. In front of our witnesses is a series of
451 lights. You already know this, but I have to say it anyway.

452 The light will initially be green. The light will turn
453 yellow when you have one minute remaining. Please begin to
454 wrap up your testimony at that point. The light will turn
455 red when your time expires, and if you would please, bring
456 your statement to a conclusion.

457 I want to thank you.

458 Chairman Glick, it is my pleasure to recognize you for
459 five minutes for an opening statement.

460

461 STATEMENT OF THE HON. RICHARD GLICK, CHAIRMAN, FEDERAL ENERGY
462 REGULATORY COMMISSION; NEIL CHATTERJEE, COMMISSIONER, FEDERAL
463 ENERGY REGULATORY COMMISSION; JAMES DANLY, COMMISSIONER,
464 FEDERAL ENERGY REGULATORY COMMISSION; ALLISON CLEMENTS,
465 COMMISSIONER, FEDERAL ENERGY REGULATORY COMMISSION; AND MARK
466 C. CHRISTIE, COMMISSIONER, FEDERAL ENERGY REGULATORY
467 COMMISSION

468

469 STATEMENT OF RICHARD GLICK

470

471 *Mr. Glick. Thank you very much, Chairman Rush,
472 Chairman Pallone, Ranking Member McMorris Rodgers, Ranking
473 Member Upton, and members of the subcommittee. Thank you for
474 inviting my colleagues and me to appear before you today to
475 discuss the important work we are doing at the Federal Energy
476 Regulatory Commission.

477 I am honored to appear before you for the first time
478 since being designated as chair by President Biden in
479 January.

480 The Nation's energy landscape is in the midst of a
481 dramatic transformation driven by rapid changes in economics,
482 technological innovation, changing consumer preferences, and
483 the exigency of climate change.

484 Utility scaled solar and wind generation is now cost
485 competitive with traditional sources of electricity.

486 Electric storage is similarly experiencing a significant cost
487 decline.

488 At the same time, residential, commercial, and
489 industrial consumers are increasingly demanding that their
490 energy comes from renewable or zero emissions resources.
491 Dozens of the biggest utilities in the country have
492 established their own decarbonization goals, and a growing
493 number of States have enacted measures that require all or
494 most of their electricity to come from zero emissions
495 resources.

496 The Commission's job is not to pick winners and losers,
497 but we do have a role in eliminating barriers to technology's
498 participation in wholesale markets. For instance, over the
499 last several years, FERC issued two landmark orders
500 facilitating energy storage and aggregated distributor energy
501 resources' participation in our organized wholesale markets.

502 Today I will focus my remarks on the five priority areas
503 of our work.

504 One, building the transmission grid of the future;

505 Two, modernizing electricity market designs;

506 Three, updating FERC's natural gas certificate policy
507 statement;

508 Fourth, safeguarding the reliability of the electric
509 grid, including protecting against evolving cybersecurity
510 threats;

511 And, five, facilitating a more inclusive decision making
512 process.

513 Renewable generation is often located far from
514 population centers where most electricity is consumed. The
515 rapid shift in the resource mix requires significant
516 investments in new and existing transmission to access those
517 remotely located resources.

518 Two weeks ago the Commission unanimously approved an
519 advanced notice of proposed rulemaking inviting the public to
520 comment on potential reforms to improve current transmission
521 planning and cost allocation and generator interconnection
522 processes as the Nation transitions to a cleaner future.

523 The ultimate aim of this initiative is to meet the
524 transition needs of the future at the lowest cost to
525 consumers. Through the ANOPR, FERC is taking a critical step
526 toward our first major effort at transmission reform in a
527 decade.

528 I hope to move forward as expeditiously as possible with
529 this priority work.

530 While organized postal electricity markets continue to
531 provide lower prices, greater efficiencies, and increased
532 innovation, these markets are now some 20 years old and in
533 certain regards may fail to reflect the changes of the modern
534 electricity sector.

535 One key focus is to address the increasing tension

536 between State public policies and administrative pricing
537 rules. As States were adopting clean energy policies that
538 shift the resource mix towards renewable and zero emissions
539 generation, the Commission expanded its minimum offer price
540 for the Eastern Regional Transmission Organization capacity
541 markets in a manner that puts State supported generation
542 resources at a competitive disadvantage.

543 In my opinion, this approach contradicted the Federal
544 Power Act's grant of authority over generation resource
545 decisions for the States, not FERC.

546 In response to strong concerns from the States, the
547 clean energy industry and consumer groups, the regional grid
548 operators have initiated stakeholder discussions to reform
549 the respective capacity market rule, and I anticipate these
550 discussions will soon lead to proposals to modify the MOPRs.

551 Under the Natural Gas Act, they must determine whether a
552 proposed interstate gas pipeline is both needed and in the
553 public interest before issuing a project, a certificate of
554 public convenience and necessity.

555 In 2018, then Chairman McIntyre then initiated a notice
556 of inquiry seeking input into potential reforms to modernize
557 the Commission's 1999 certificate policy statement. While
558 the Commission received numerous comments at the time, no
559 action was taken.

560 Earlier this year, we issued another notice of inquiry

561 seeking additional input, including options for determining
562 whether a proposed pipeline project is needed, approaches for
563 evaluating a proposed project's impact on climate change, and
564 what considerations are required when a proposed project
565 would be cited in an environmental justice community.

566 AS we have witnessed in Texas this past winter, the
567 prolonged loss of electric service is more than just
568 inconvenient. It can and did produce tragic consequences.

569 FERC and the North American Electric Liability
570 Corporation are conducting a joint inquiry into the
571 operations of the bulk electric system during winter storm
572 yearend. When that inquiry is complete, I am determined that
573 its results will not merely reflect another report that sits
574 on a shelf.

575 We are working with the goal of preventing reoccurrence
576 of these events. Whether it is prolonged record cold or heat
577 waves, drought, and wildfires we are again witnesses in the
578 West, climate change poses a distinct threat to grid
579 reliability.

580 The Commission initiated a docket to examine the impact
581 of extreme weather on grid reliability. It will continue to
582 focus on actions that utilities and others take to address
583 the ground threat of extreme weather.

584 We need to be equally vigilant when it comes to
585 potential cyberattacks against the grid. At FERC we use a

586 two-pronged approach to safeguard grid security, employing
587 mandatory standards to set requirements for foundational
588 practices while we work collaboratively with industry,
589 States, and other Federal agencies to identify and promote
590 best practices.

591 Given the high stakes, we devote constant attention to
592 and continue to explore improvements in cybersecurity.

593 And finally, I wanted to touch on one last thing.
594 FERC's regulatory actions have a significant impact on the
595 lives of millions of people. As a result, it is important
596 that our decision-making process includes robust inputs from
597 diverse perspectives.

598 That is why I am pleased the new Office of Public
599 Participation is up and running. I want to commend
600 Commissioner Clements for her leadership and for her work in
601 establishing the office.

602 To that background, I want to highlight folks' efforts
603 to better incorporate environmental justice and equity
604 concerns into our decision-making. It is unlikely as FERC is
605 hearing from members of historically marginalized communities
606 with the same force and frequency as other stakeholders.

607 Nevertheless, it is essential that environmental justice
608 and equity get the attention in our decision-making processes
609 that they deserve.

610 Thank you, again, for the opportunity to testify today,

611 and I look forward to responding to your questions.

612

613 [The prepared statement of Mr. Glick follows:]

614

615 *****COMMITTEE INSERT*****

616

617 *Mr. Rush. The gentleman yields back.

618 The chair now recognize the Honorable Neil Chatterjee,

619 Commissioner at FERC, for five minutes.

620

621 STATEMENT OF NEIL CHATTERJEE

622

623 *Mr. Chatterjee. Chairman Rush and Pallone, Republican
624 Leaders McMorris Rodgers and Upton, and members of the
625 subcommittee, thank you for the opportunity to appear before
626 you today. I appreciate the subcommittee's attention to the
627 important work we do at FERC.

628 Before I turn to the substance of my testimony, I want
629 to thank my family for their love, support, and many
630 sacrifices over my four-year tenure at the Commission.
631 Without my wonderful and talented wife Becca, I would not be
632 here today.

633 I would also like to thank my amazing kids, Bo,
634 Anderson, and Lane, and of course, our dog Oscar for cheering
635 us all up during the toughest times of the pandemic.

636 I also want to thank my parents and my sister for their
637 unyielding love and support.

638 My testimony today is divided into three sections.
639 First, I will highlight some of the Commission's major
640 accomplishments during my tenure, many of which were
641 bipartisan and necessary to keep pace with the rapid change
642 taking place in the energy sector.

643 Second, I will discuss ongoing efforts initiated during
644 my chairmanship and why it is so important for the Commission
645 to complete them.

646 Third I will identify several areas I think the
647 Commission should focus on in the immediate future to assure
648 American consumers have access to efficient, safe, reliable,
649 and secure energy at a reasonable cost.

650 Serving as the Chairman of FERC was the honor of my
651 lifetime. I have been blessed to serve my country by working
652 with the most kind and talented collection of people in the
653 Federal Government.

654 The first major accomplishment I want to mention today
655 is not a policy achievement, but a testament to the
656 Commission's stellar staff and is the most gratifying of my
657 tenure.

658 The last 16 months have been challenging for all of us.
659 Our efforts at FERC to be a beacon of stability during such
660 an uncertain time very well may be the highlight of my
661 career.

662 I was proud to see the results of our Federal employee
663 viewpoint survey in which our staff assessed employee
664 satisfaction at an all-time high, all while dealing with
665 lockdowns, juggling work and family responsibilities and
666 worrying about the wellbeing of loved ones.

667 I could not be more proud of our ranking as the number
668 one midsize agency for performance during the pandemic, but
669 we are not out of the woods yet.

670 As we begin to contemplate reconstitution, it is

671 important that all of us, the chairman, Commissioners, senior
672 staff, get vaccinated. We have worked too hard to keep
673 everyone safe, and I want to really encourage that.

674 My regulatory philosophy is that the Commission should
675 never be a barrier to progress. Rather, we should be a
676 catalyst, an enabler of competitive and transparent markets
677 that support needed investments in technology.

678 The best examples of what I mean here are two landmark
679 bipartisan reforms that we accomplished during my time at the
680 Commission: Order 841, which removed barriers to the
681 participation of electric storage resources, and Order 2222,
682 which removed barriers to aggregated distributed energy
683 resources, or DERs, in those markets.

684 I cannot overstate the importance of these foundational
685 rules in paving the way for the grid of the future. When new
686 technologies like these can compete, they thrive, and as a
687 result, consumers win in the form of lower cost, cleaner
688 energy services, and a more resilient and reliable grid.

689 I am also proud that the Commission was able to complete
690 a multi-year effort to modernize its Public Utility
691 Regulatory Policies Act of 1978 or PURPA regulations when we
692 issued Order 872 last year.

693 Prior to that issuance, the Commission had not
694 meaningfully updated its original PURPA regulations that were
695 codified in 1980.

696 Last year's order will ensure the Commission's rules and
697 regulations can keep pace with the rapidly changing energy
698 landscape.

699 I am also pleased with our work to move the ball forward
700 on carbon pricing in electricity markets as an important tool
701 to advance State environmental policies while ensuring
702 wholesale markets remain efficient.

703 Transparent and predictable carbon pricing can enhance
704 competition, facilitate financing, and reduce investor
705 uncertainty. For these reasons I believe carbon pricing is a
706 superior approach to reducing carbon emissions than heavy-
707 handed, less transparent, and more costly approaches like
708 State subsidies.

709 Turning to infrastructure issues, I am proud of the work
710 we have done to process pipeline and liquified natural gas
711 facility applications in a timely manner. Connecting
712 abundant American natural gas supplies to domestic and
713 international markets enables low cost natural gas to
714 displace more carbon intensive energy sources and lower
715 global emissions.

716 While on the topic of infrastructure, I must note that
717 we have carefully balanced a responsibility to process
718 infrastructure applications with the potential impacts it can
719 create for landowners and communities.

720 That is why under my leadership, the Commission made

721 organizational and process changes to expedite reviewing
722 requests by affected landowners and issued a rule prohibiting
723 companies from beginning construction until orders on
724 rehearing are completed.

725 We explored a variety of emerging issues during my
726 chairmanship that I hope the Commission will act on in the
727 coming months. These include proceedings exploring hybrid
728 resources, offshore wind resources, adjustable line ratings,
729 and transmission incentives.

730 I was also pleased with a NOPR that we issued last March
731 that proposed to reimagine our transmission incentives
732 policy. In my opinion, our existing incentive policy
733 inappropriately focuses on risks and challenges in contrast
734 with the statutory text that requires the Commission to
735 establish incentive-based rate treatments for the purpose of
736 benefitting consumers.

737 Finally, I want to applaud Chairman Glick and my
738 colleagues for their recent advanced NOPR on transmission
739 planning, cost, and allocation and interconnections.
740 Although I do not agree with all of the concepts discussed in
741 the advanced NOPR, some of the proposed changes combined with
742 the strength in transmission incentives policy could go a
743 long way towards setting the stage for building the regional
744 and interregional transmission projects we all hope to see.

745 I am also interested in how our wholesale energy market

746 can continue to work as a resource mix, shift zero marginal
747 cost resources like wind and solar.

748 Finally, although I am extremely optimistic about the
749 future of energy storage, I am concerned that our current
750 policies require energy source resources to make a false
751 choice between participating in wholesale markets and
752 providing transmission services, and I hope to see some
753 clarity in this area.

754 And I want to close real quick. We were each allowed to
755 bring one guest to this hearing today, and I chose to bring
756 Earth Secretary Kimberly Bose, who is responsible for 4,300
757 orders during my time at the Commission. She is the unsung
758 hero at the Commission, and it was an honor to have her here
759 as my guest.

760 Thank you, Mr. Chairman.

761 [The prepared statement of Mr. Chatterjee follows:]

762

763 *****COMMITTEE INSERT*****

764

765 *Mr. Rush. The chair now recognizes Commissioner James
766 Danly for five minutes.
767 Commissioner Danly, you are recognized.
768

769 STATEMENT OF JAMES DANLY

770

771 *Mr. Danly. Chairman Rush, Ranking Member Upton,
772 Chairman Pallone, and Ranking Member McMorris Rodgers, and
773 members of the committee, I want to thank you for the
774 opportunity for us to come today to speak to all of you about
775 the important work we are doing here.

776 It comes as no surprise to anyone on the committee, FERC
777 had some real challenges in discharging its duties under the
778 Natural Gas Act and Federal Power Act. You are attempting to
779 do that in the face of an electric system that is in the
780 middle of a profound transition during a time where there is
781 continued need for very challenging infrastructure permitting
782 and also in the context of a bulk power system under constant
783 threat.

784 FERC is actively engaged in all of these and as a body
785 we are deliberating on all of these fundamental matters, but
786 I want to take no more than a minute, maybe two to highlight
787 the fact that regardless of how we engage in these
788 challenges, we have to keep front and center our legal
789 imperatives, both from the statute staffed by Congress and
790 the instructions that we have gotten from the courts.

791 The first law, the Federal Power Act, requires that
792 rates be just and reasonable, and in the context of our RTOs
793 and ISOs, that means that we have to ensure that the prices

794 created by those market systems are competitive.

795 And the courts have explained to us consistently for
796 years the competitive crisis requires that we mitigate or
797 have market structures that are designed to mitigate the
798 exercise of market power because in the absence of such
799 mitigation, those markets do not produce competitive prices,
800 which means they are not just and reasonable.

801 We have to as a Commission ensure competition in our
802 jurisdictional markets.

803 Similarly, the FP requires the transmission rates be
804 just and reasonable, and just and reasonable rates, as we
805 embark on this, which we voted out at the last open meeting,
806 and correct me; it was unanimous. I and my colleagues, all
807 three, that the subject of transmission planning requires
808 better scrutiny.

809 But as we engage in those deliberations, it is
810 absolutely critical that we keep in mind that all
811 transmission projects, the costs are ultimately born by the
812 rate payers, and the rate payers should not and by judicial
813 decree cannot be made to pay for any more than a roughly
814 commensurate amount based on the benefits they received.

815 That is to say the cost of the repair must be roughly
816 commensurate to the benefits that they received.

817 As we move forward, we have to ensure that we do not
818 enact policies that would encourage gold plating of

819 unnecessary transmissions hold out and that we keep cost
820 principles front and center.

821 There is also the obligation to have a reliable electric
822 system, and typically, people think of that as being in the
823 context of our oversight and approval of NERC, mandatory
824 reliability standards, which is to say if the price signals
825 produced by our jurisdictional markets do not properly create
826 the correct incentives for the entry and retention of the
827 correct quantity of generation with the right attributes, we
828 are going to have reliability crises like we saw last summer
829 in California.

830 I know I myself and well aware of the interplay between
831 the resource adequacy and market prices.

832 And lastly, on the subject of natural gas
833 superstructure, we oversee the implementation of the Natural
834 Gas Act, the purpose of which is to ensure the orderly
835 development of plentiful supplies of natural gas at
836 reasonable prices.

837 The Commission is obligated to issue certificates of
838 public convenience and necessity to pipeline applicants
839 whose projects are needed in the public interest, and as we
840 have recently and sadly witnessed, supply constraints of
841 natural gas have very, very consequential effects not just
842 for gas consumers, but for electric consumers, too. When the
843 gas supply fails, it often happens that the electric supply

844 fails.

845 At the moment, the natural gas industry is facing
846 tremendous regulatory uncertainty, and investment in this
847 critical infrastructure totally as a result of that, and I
848 believe it is imperative to discharge the Natural Gas Act
849 that FERC establish clear policies which we will review and
850 adjudicate these pipeline applications so that we can attract
851 the investment that is needed for this infrastructure.

852 Those are just a few points. I wanted to highlight the
853 legal obligations that we have that we have to consider in
854 all of our deliberations.

855 And I very much look forward to the questions from the
856 committee.

857 Thank you.

858 [The prepared statement of Mr. Danly follows:]

859

860 *****COMMITTEE INSERT*****

861

862 *Mr. Rush. The gentleman has concluded his opening
863 statement. You are making sense.

864 The chair now recognizes the Honorable Allison Clements,
865 who is a Commissioner at FERC.

866 Commissioner Clements, you are recognized for five
867 minutes.

868

869 STATEMENT OF ALLISON CLEMENTS

870

871 *Ms. Clements. Good morning. Thank you, Chairman Rush,
872 Chairman Pallone, Leader Rogers, Ranking Member Upton, and
873 members of the subcommittee. It is an honor to be here to
874 testify with my colleagues this morning.

875 The Commission's core responsibility under the Federal
876 Power Act is to ensure affordable, reliable electric services
877 for the American public. For decades the Commission has met
878 this objective by adapting its regulations to reflect
879 changing circumstances, which have included technological
880 advancement, shifting economic and market dynamics, and
881 evolving Federal, State, and local energy policies.

882 While the Commission's adaptation to change is familiar,
883 the current magnitude of the challenges driving the need for
884 change is unprecedented.

885 I believe two major challenges must guide the planning
886 of our Nation's electric grid. First, on a discretionary
887 regular basis, extreme weather is challenging our electric
888 system in extra ordinary ways.

889 You are very familiar with the record heat, drought, and
890 wildfire conditions we are experiencing and blanketing the
891 West, as well as the unprecedented extreme cold weather most
892 recently experienced in Texas and the central U.S. in
893 February.

894 Second, the transmission system is not equipped to
895 facilitate the rapidly changing resource mix. The declining
896 costs of wind, solar, and hybrid generation are making these
897 technologies increasingly competitive and the preferred choice
898 for States, communities and corporations.

899 Fortunately, recent experience has illuminated solutions
900 capable of addressing these challenges consistent with the
901 Commission's statutory obligations.

902 Initially, modernizing the U.S. energy system requires a
903 cost-effective buildout of high voltage transmission.
904 Initial analysis of the February cold weather event and
905 previous polar vortex conditions have consistently
906 demonstrated the reliability and resilience potential of high
907 voltage transmission investment.

908 In addition, all credible studies considering cost
909 effective decarbonization pathways include significant high
910 voltage transmission as a central component.

911 Further, establishment of well-designed regional
912 transmission organizations is critical to cost-effectively
913 serving customers, given these conditions we face.

914 While existing RTOs are by no means perfect,
915 geographically large grid areas operated by independent
916 entities can improve resilience and contribute to reliability
917 while cost effectively integrating increasing amounts of low-
918 cost wind, solar, and hyper generation.

919 The need for more effective regional integration is
920 especially stark in the West. Earlier this year, a Utah-led
921 study demonstrated that an RTO could bring up to \$2 billion
922 in annual savings to the region by 2030.

923 So what is the Commission's role in facilitating these
924 solutions? First, the Commission should improve regional and
925 in-regional planning processes. As you have heard from my
926 colleagues, the Commission's recently issued advanced notice
927 of proposed rulemaking shows how wholistic, forward-looking
928 planning may save customers money as well as improve system
929 reliability and resilience.

930 Second, consistent with the Federal Power Act's
931 framework of cooperative federalism, the Commission should
932 continue its work to enhance State-Federal coordination. The
933 Joint Federal-State Transition Task Force the Commission
934 recently approved is a great start towards improving
935 engagement and its cooperation.

936 This cooperation is also essential in furthering Western
937 market integration. To be successful, any Western RTO must
938 be designed by Western States for Western States.

939 The Commission must respect these States' perspective
940 and stand ready to provide guidance and expertise in the
941 process.

942 Third, the Commission should continue its work to
943 ensure public access by growing the Office of Public

944 Participation. Reform cannot succeed unless the public has
945 access and is heard in the Commission's decision-making
946 processes.

947 When taking this important step of establishing the
948 Office of Public Participation, the mission of which is to
949 help ensure meaningful access to Commission proceedings for
950 those whose communities, property, and pocketbooks are
951 implicated by the outcomes of our decisions.

952 It has been a great honor to begin service to the
953 American public. Thank you, again, for the opportunity to
954 testify, and I look forward to answering your questions.

955 [The prepared statement of Ms. Clements follows:]

956

957 *****COMMITTEE INSERT*****

958

959 *Mr. Rush. The Commissioner yields back.

960 And I now want to recognize the last Commissioner,
961 Commissioner Mark C. Christie, for five minutes for the
962 purposes of an opening statement.

963 Commissioner, you are recognized.

964

965 STATEMENT OF MARK C. CHRISTIE

966

967 *Mr. Christie. Well, thank you, Committee Chairman
968 Pallone and Subcommittee Chairman Rush, Ranking Member
969 McMorris Rodgers and Ranking Member Upton. It really is an
970 honor for me to be here.

971 This is my first appearance as a FERC regulator, and so
972 I cannot thank you enough for this opportunity.

973 I want to talk about my two priorities as a FERC
974 regulator that I hope will be FERC's priorities, and I am
975 going to do so from the standpoint of someone who before I
976 got to FERC, I spent 17 years as a State utility regulator,
977 and so I have a perspective that comes from that experience.

978 My two top priorities and I would hope what would be
979 FERC's top two priorities are very similar to the priorities
980 that State regulators have. Number one, reliability, keep
981 the lights on. Number two, protect consumers from excessive
982 costs.

983 And this is particularly important as we go through what
984 everyone acknowledges is a changing general mix in efforts to
985 reduce carbon emissions. So I bring priority to reliability
986 and the cost issue.

987 On reliability, consumers in America expect their lights
988 to be on 24 hours a day, seven days a week, 365 days a year.
989 Now, even the best run utilities do not meet that standard

990 because that is perfection. Everybody is going to have a
991 transformer borrow or a tree fall on a line, but if those
992 outages can be restored in a matter of minutes or hours, that
993 is a very good system, and that is what we ought to be aiming
994 for.

995 When the lights go out and the power goes out for days
996 at a time, as we saw in Texas in February and California last
997 summer, that is not only a threat to convenience. That is
998 also a threat to public health and safety.

999 So reliability needs to be our job one at FERC, and we
1000 do it three ways. We, of course, regulate NERC, which sets
1001 mandatory standards. We regulate transmission planning, and
1002 we also regulate RTOs, and that is particularly important
1003 with regard to their capacity markets, which is where they
1004 get their resource adequacy.

1005 Now, the issue of cost. The general division between
1006 FERC and State regulators is that FERC regulates wholesale
1007 rates and State regulators regulate retail rates. Of course
1008 retail rates are what shows up in people's bills. That is
1009 what drives consumers' monthly bill.

1010 The one thing I learned sometimes the hard way is while
1011 FERC does wholesale rates, what FERC does often dramatically
1012 affects retail rates. And, again, that is going to affect
1013 the monthly bills that consumers pay.

1014 So we need to be extremely sensitive, I think, at all

1015 times to what are going to be the effects of our actions at
1016 FERC on retail rates because that is going to show up in
1017 customers' monthly bill.

1018 And with regard to transmission, last week as I
1019 mentioned we started a process. We call it an ANOPR. We
1020 have a lot of acronyms in this business. And actually an
1021 ANOPR is essentially a process to look at the transmission
1022 system holistically and see what improvements need to be made
1023 to promote both reliability as well as we have to protect
1024 consumer cost at the same time.

1025 And we need to build the transmission that is needed. I
1026 have sat on many, many transmission cases, approving many
1027 cases, many transmission projects. If they are needed, they
1028 need to be built.

1029 I hope what we do not do is end up promoting
1030 transmission that is not necessarily needed or does not have
1031 cost commensurate to the consumer, to the benefit the
1032 consumer is going to receive.

1033 If we are not careful, we could end up enabling
1034 literally trillions of dollars of transmission that is not
1035 necessarily going to have benefit commensurate to the
1036 consumer.

1037 So if it is needed, it needs to be built. There are a
1038 lot of improvements that need to be made in the transmission
1039 planning process, and so it is good we are embarking on that

1040 process, but we need to also be very, very sensitive to the
1041 cost to consumers throughout.

1042 And with that, I thank you very much, and I look forward
1043 to any questions you may have.

1044 And, again, it is an honor to be here for the first time
1045 as a FERC Commissioner. So I thank you for that.

1046 [The prepared statement of Mr. Christie follows:]

1047

1048 *****COMMITTEE INSERT*****

1049

1050 *Mr. Rush. I thank you. The gentleman yields back.

1051 And we have now concluded the opening statements. We
1052 will now at the same time move to member questions.

1053 Each member will have five minutes to ask questions of
1054 our witnesses, and I will begin by recognizing myself for
1055 five minutes.

1056 Chairman Glick, President Biden is working to harness
1057 the full force of the Federal Government toward tackling
1058 climate change. This works diligently to advance Federal
1059 policies to fight climate change in a similar manner.

1060 Under your leadership, how will FERC play a more active
1061 role in clearing the transition as well as climate change
1062 mitigation?

1063 And how can Congress support FERC in encompassing this
1064 vital and important work?

1065 *Mr. Glick. Thank you very much for the question,
1066 Chairman Rush.

1067 So FERC is an independent agency. So we do not
1068 necessarily take our directions from the White House, but I
1069 think we react to what is going on in the market. As I
1070 mentioned earlier in my opening testimony, there are a lot of
1071 things going on right now definitely because of State
1072 policies, because of consumer preferences, because of utility
1073 decisions.

1074 There is definitely a movement towards clearer energy,

1075 zero emissions energy. There are several roles, one of which
1076 is that under the Federal Power Act, we are supposed to
1077 prevent undue discrimination and preference. And so one of
1078 our roles, I think, is to eliminate barriers to newer
1079 technologies.

1080 A lot of the rules, market rules that were created
1081 around the country, were created in large part many years ago
1082 when some of these newer technologies were not necessarily
1083 cost effective.

1084 And so what we did and under Chairman Chatterjee's
1085 leadership with regard to energy storage, we also distributed
1086 energy resources, which is a good example of that where we
1087 got rid of barriers, and we are still looking at other
1088 barriers right now.

1089 There might be barriers to hybrid projects, for
1090 instance, both solar and storage, for instance, in some of
1091 these projects that are coming online today. So that is one.

1092 Secondly, we have significant authority over the
1093 transmission grid, and as I mentioned in my testimony, there
1094 is a significant amount of demand for newer transmission to
1095 access remotely located renewable resources, for instance,
1096 but also to improve the reliability of the grid.

1097 So our goal is not necessarily just to promote
1098 transmission because it is going to help reduce emissions,
1099 but our goal is to build the right type of transmission, what

1100 is cost effective transmission under our authority of the
1101 Federal Power Act.

1102 We know there is going to be demand for transmission
1103 anyway, significant demand for it, and so it is our job to
1104 make sure that it is built cost effectively, efficiently,
1105 addresses reliability concerns, addresses consumer cost
1106 concerns, and so that is our particular role as it relates to
1107 the current transition to the clean energy future.

1108 *Mr. Rush. Thank you, Mr. Chairman.

1109 Commissioner Clements, do you agree and is there
1110 something you would like to add to this?

1111 *Ms. Clements. Thank you, Chairman Rush, for the
1112 important question.

1113 I think I could sum up Chairman Glick's good answer and
1114 a vote to say the Commission's job is to protect customers
1115 and ensure reliability as these changes happen, and that is
1116 going to be a lot of work.

1117 If you just look at the interconnection queues around
1118 the country, there are 750 gigawatts of projects in the
1119 interconnection queues. Seven hundred of those gigawatts are
1120 wind, solar, or hybrid generation projects.

1121 If you do not look even beyond the interconnection
1122 queue, that is where the market is driving us. That is where
1123 customer preferences and policies are driving us, and it is
1124 our job to protect customers by looking forward.

1125 *Mr. Rush. Thank you, Commissioner Clements.

1126 The June 24, 2021 FERC report states that the Office of
1127 Public Participation will ensure that, and I quote, "tribal
1128 members, the environmental justice community, and other
1129 socially marginalized communities are fully and fairly
1130 considered in the Commission's proceedings."

1131 I want to just ask you and also Chairman Glick to
1132 comment on the Office of Public Participation's important
1133 consideration of socially marginalized communities to date,
1134 and how would it continue to support it on these issues in
1135 the future.

1136 *Ms. Clements. Thank you, Chairman Rush.

1137 The Office of Public Participation provides an access
1138 point. It provides an entree to a technical, complex agency
1139 for people who are implicated by our decision. It is a
1140 starting point, and it certainly will place an emphasis on
1141 disadvantaged communities, including designated environmental
1142 justice communities.

1143 *Mr. Rush. That concludes the chairman's time, and the
1144 chair will now recognize the ranking member, Mr. Upton, for
1145 five minutes.

1146 *Mr. Upton. Well, thank you, Mr. Chairman.

1147 I know that all of us are troubled by the recent
1148 cyberattacks, particularly those that are linked to Russia
1149 and China on our critical infrastructure, and the ransomware

1150 attacks on the Colonial Pipeline in May was not a wake-up
1151 call. We have been sounding the alarm for years on this
1152 issue.

1153 So the public has been learning about that China has
1154 been hacking our pipelines for over a decade, gaining access
1155 to the controls of several U.S. natural gas pipeline
1156 companies.

1157 Chairman Glick and others, what authorities does FERC
1158 have to ensure that these gas pipelines, especially those
1159 connected to power plants, are secure?

1160 And what more can we do to provide the tools in the
1161 toolbox to stop this?

1162 *Mr. Glick. Well, Mr. Upton, first I want to commend
1163 you. I know that you have been a leader on this issue for a
1164 number of years now. It is a very important issue.

1165 Commissioner Chatterjee and I actually wrote an op-ed in
1166 the Eastern Chronicle several years ago about this very
1167 point.

1168 We have significant authority over the reliability of
1169 the bulk power system, along with NERC, to establish minimum
1170 reliability standards, for instance, but the TSA, not FERC
1171 has authority over the entire pipeline system in the United
1172 States.

1173 And there have been some concerns. TSA for a number of
1174 years has relied on voluntary guidance as opposed to the

1175 mandatory standard approach that we use at FERC and I do not
1176 think that that is sufficient, given the threat that you just
1177 outlined with regard to foreign adversaries in our pipeline
1178 system.

1179 To TSA's credit, they did the other day or at least
1180 announced that they were going to impose mandatory standards
1181 on some pipelines. I have not had a chance to actually see
1182 the standards yet. We are going to have to take a look at
1183 that.

1184 *Mr. Upton. Others? Former Chairman?

1185 *Mr. Chatterjee. Yes, sir. I think, you know, for me,
1186 this is a new reality that all of us have to deal with in the
1187 energy space. The example I use is that if a missile had
1188 taken out the Colonial Pipeline, we would very clearly
1189 recognize that as an act of terrorism or war and known how to
1190 respond accordingly.

1191 Our mindsets are not quite there yet for something like
1192 a cyberattack taking out critical energy infrastructure, but
1193 the reality is the economic and national security impact is
1194 the same as if it were a missile attack, and so I think it is
1195 incumbent upon all of us to remain vigilant, identify
1196 regulatory gaps, and work to stay ahead of this.

1197 Standards are one way to go about it, but it is not the
1198 only way to go about it. There are other simpler things that
1199 we ought to do. For instance, I had a CEO of a natural gas

1200 pipeline company tell me he was briefed by ODNI at a high
1201 level that his system was vulnerable, but no one in his
1202 company even had a high enough security clearance to gain
1203 access to the classified briefing. They did not know where
1204 to make an investment in their system.

1205 These kinds of things are easily remedied, and we need
1206 to find ways to ensure that the private sector where these
1207 executives now find themselves on the front lines of 21st
1208 Century warfare. I do not think that is a hyperbolic
1209 statement. That is the reality of protecting critical
1210 infrastructure today, and we need to work together.

1211 *Mr. Upton. Indeed, just a quick follow-up before we go
1212 to Commissioner Danly. So do you think that that is an
1213 inherent problem with many in the industry, that they do not
1214 have enough people at the classified level to be able to
1215 figure this thing out?

1216 *Mr. Chatterjee. There is no question that access to
1217 clearances has been an issue. It is something that has been
1218 frustrating to me throughout my tenure at the Commission. We
1219 have taken some steps in this area.

1220 FERC has never previously had a seat at the Intelligence
1221 Committee table. We now have intelligence capabilities. We
1222 are building a SCIF at the agency to have classified
1223 information.

1224 And we are now able to do one-day read-ins so people,

1225 necessary stakeholders, can get access to this critical
1226 information.

1227 *Mr. Rush. Okay. Commissioner Danly?

1228 *Mr. Danly. Yes, it has been a problem for a long time,
1229 and over the last few years, our Office of Energy
1230 Infrastructure Security has done a tremendous job in
1231 employing the Commission's convening authority to have
1232 discussions with as many people as possible [audio
1233 malfunction] directly related to our legal authority. So I
1234 think it has been a beneficial program that OEIS has been
1235 conducting.

1236 We also have interactions with CISA and the EISEC.
1237 These are, again, leading authorities [audio malfunction]
1238 from which the industry has tossed up challenges that are
1239 being faced by everybody in common.

1240 We do not have particularly profound legal powers to do
1241 things in this realm, and as an economic regulator in
1242 multiple numbers of bodies, I am not sure that something that
1243 is as fast paced and moving as cybersecurity really is
1244 perfectly well-suited to us as an agency.

1245 But certainly it is something that needs to be dealt
1246 with by the government generally.

1247 *Mr. Upton. Yes. I know my time has expired. So we
1248 can get comments maybe in writing from many. That would be
1249 terrific.

1250 My time has expired, Mr. Chairman, and I yield back.

1251 *Mr. Rush. The gentleman yields back.

1252 The chair now recognizes the chairman of the full
1253 committee for five minutes for questioning the witnesses.

1254 *The Chairman. Thank you, Chairman Rush.

1255 My question is kind of a follow-up to what Mr. Upton
1256 said. I know that, Chairman Glick, you and Commissioner
1257 Clements issued a statement after the Colonial Pipeline
1258 attack calling for mandatory cybersecurity standards for
1259 pipelines.

1260 Let me ask you, Chairman Click. Can you elaborate on
1261 why you think mandatory cybersecurity standards for pipelines
1262 are necessary and whether you believe the American public
1263 would also benefit from other types of pipeline reliability
1264 standards similar to those that govern the electric industry?

1265 *Mr. Glick. Thank you, Mr. Chairman.

1266 Yes, I do agree that I think we need to have mandatory
1267 reliability standards, cybersecurity and not cybersecurity
1268 related on OMV with regard to the natural gas pipeline
1269 system.

1270 You know, again, mandatory standards are necessarily a
1271 minimum floor. They are not necessarily the end all and be
1272 all. We may need to do additional work beyond that. But, in
1273 fact, I think it has worked out very well in the electric
1274 sector in the sense that we have utilities, all other

1275 extensions above power systems or at least meeting minimum
1276 standards, and we saw a good example with Texas this past
1277 winter.

1278 Because they did not have any mandatory standards, they
1279 just had guidance as to whether they should winterize or not.
1280 We saw what happened when utilities and other generators only
1281 have guidance they do not necessarily have to follow.

1282 And so I think it is important from a cybersecurity
1283 perspective, but important from a reliability perspective
1284 because, again, we have authority over the bulk power system,
1285 but if a pipeline goes out or two pipelines go out, it can
1286 have significant adverse impacts on the bulk electric system,
1287 and I think there is just a mismatch between the mandatory
1288 standards that the electric industry follows and the
1289 voluntary guidance that the pipeline industry currently
1290 follows.

1291 *The Chairman. Thank you.

1292 I wanted to mention something relative to my State.
1293 About a month ago the New Jersey Board of Public Utilities
1294 approved the Nation's largest combined offshore wind award
1295 to construct a total 2,658 megawatts of wind capacity, and I
1296 think this is going to create a lot of jobs and economic
1297 benefits to New Jersey.

1298 But I recognize there are challenges to constructing the
1299 transmission infrastructure necessary to accommodate a large

1300 increase in offshore wind, and that FERC explored these
1301 issues during a technical conference last year.

1302 So can I ask you again, Chairman Glick, can you help us
1303 understand what these transmission-related challenges are and
1304 what Congress can do to help ensure that this necessary
1305 infrastructure gets built in an efficient and cost-effective
1306 manner to achieve our clean energy goals?

1307 *Mr. Glick. Thank you, Mr. Chairman.

1308 You know, as I understand it, there are about 30,000
1309 megawatts of planned offshore wind facilities that are
1310 currently in the process through the government bidding
1311 system already, and so we did have a technical conference on
1312 this issue.

1313 We also actually addressed this issue or we tried to
1314 address this issue in our advanced notice of proposed
1315 rulemaking that we proposed a couple of weeks ago asking a
1316 number of questions in this area.

1317 But in particular, I think the issue has to do with
1318 planning. We currently plan for transmission trying to
1319 figure out what generation plan is about to be built, but we
1320 do not do any long-term planning.

1321 Again, we know there is going to be 30,000 megawatts at
1322 least of offshore wind off the Eastern United States, but we
1323 do not plan the grid for that. So that would be number one
1324 area I think we need to focus on, is having a better improved

1325 planning system to make sure we know what is out there.

1326 We know the offshore wind is going to get built. How do
1327 we build the transmission grid to access that energy and
1328 bring it onshore?

1329 *The Chairman. Yes. I mean, that is really important
1330 and, you know, a challenge because I know the State, you
1331 know, has very ambitious plans over the next ten years, and I
1332 am very happy to hear that they are.

1333 One more question. This deals with the Natural Gas Act.
1334 The current regulatory regime fails to adequately account for
1335 climate change, and you know, we drafted the Clean Future
1336 Act in the committee, which I mentioned, but FERC has the
1337 authority to address these climate issues without further
1338 legislative action as part of the three considerations of the
1339 1999 certificate policy statement.

1340 Can you commit to take a hard look at how the Commission
1341 can better protect landowners and State interests in this
1342 certification process, and also whether the Commission should
1343 revive this methodology for determining the need for a
1344 proposed project and whether it is in the public interest?

1345 *Mr. Glick. So thank you very much, Mr. Chairman.

1346 So first with regard to greenhouse gas emissions
1347 associated with the pipeline, not only do we have the
1348 authority. Actually the D.C. Circuit has told us on several
1349 occasions that we actually have to examine the impact of a

1350 proposed project on greenhouse gas emissions and climate
1351 change.

1352 We have not done that historically. Actually we did.
1353 The Commission just recently, a couple of months ago,
1354 actually moved in that direction and thanks to Commissioner
1355 Clements and Commissioner Chatterjee, we ended up building
1356 out an order that actually does that.

1357 And I think we will be exploring those issues in our
1358 notice of inquiry as you mentioned.

1359 But there is a whole variety of other issues that have
1360 arisen over the 20 years since the policy statement was first
1361 issued in 1999, and we asked a series of question in the
1362 notice of inquiry, and we intend to act on it hopefully
1363 relatively soon.

1364 But very important issues such as you mentioned,
1365 landowner protection. Landowners right now do not have
1366 enough insight into the process that we currently use.

1367 And more importantly, you mentioned on the issue of
1368 need. The D.C. Circuit just held a couple of weeks ago that
1369 you cannot just rely on pressing agreements, contracts
1370 between affiliates, to determine whether a project is needed
1371 or not, which is required under the Natural Gas Act.

1372 So one of the areas that we are looking into is how do
1373 we assess need beyond just pressing agreements between
1374 affiliated companies, and that is something I am very much

1375 committed to. The Clerk told us we need to address it, and I
1376 am hoping that we can address this notice of increased
1377 proceeding and get it moving toward the new policy statement
1378 relatively soon.

1379 *The Chairman. Thank you.

1380 Thank you, Mr. Chairman.

1381 *Mr. Rush. The chair yields back.

1382 The chair now recognizes Mr. Burgess for five minutes
1383 for questioning.

1384 *Mr. Burgess. Thank you, Chairman Rush.

1385 To Mr. Glick, let me stay with you for a minute along
1386 the lines of what Chairman Pallone was just asking.

1387 How were you increasing visibility for the landowner
1388 whether it be for a transmission line or for a pipeline?

1389 What do you have underway so that people know what is
1390 over the horizon?

1391 *Mr. Glick. Well, one area through our new Office of
1392 Public Participation, what we will be doing, we just
1393 established the office. It is reaching out to landowners and
1394 essentially providing them with an opportunity to understand
1395 how to intervene in our proceedings, how to participate.
1396 Obviously, they have very important interests that are
1397 affected by our proceedings, especially when there is
1398 imminent domain involved, and so one of the things we are
1399 doing is reaching out to them to encourage them and help them

1400 figure out a way to intervene in our proceedings.

1401 Again, we are not going to take their side one way or
1402 another, but we are going to help them participate.

1403 But secondly, we recently issued an order in which we
1404 said, okay, when the issue of certificate of public community
1405 accepts, under the law the pipeline developer automatically
1406 gets the right of imminent domain after that, but that is
1407 even before the landowner or anybody else affected by the
1408 pipeline gets to litigate the issue.

1409 Now, we said what we are going to do is we are going to
1410 hold onto the certificate statement and not issue until the
1411 landowner or anybody else has the right to pursue their re-
1412 sharing responsibilities under the Natural Gas Act at FERC,
1413 and then they can go to court and have their day in court
1414 because somebody takes it by imminent domain and starts
1415 building on it.

1416 *Mr. Burgess. So I'm from Texas and we have a situation
1417 there where the wind farms out in West Texas produce the
1418 energy and the people live 250 miles east of there, my
1419 district in Dallas, and they are the ones that need the
1420 energy.

1421 So my district sits between the wind farms and the
1422 people who need the energy. So we have seen a lot of
1423 building. Most of these, my understanding, have been under
1424 State jurisdiction, under what I think is called the

1425 competitive renewable energy zone process, but I do know it
1426 has been particularly painful for a number of constituents
1427 when faced with those types of decisions and it is always
1428 tough, and people feel like they have not had an opportunity
1429 to be heard.

1430 But what I'm hearing you saying today is you're going to
1431 try to make an effort to improve on the visibility of that
1432 process?

1433 *Mr. Glick. Both the visibility and also the ability to
1434 have your day in court essentially before your land is taken
1435 under imminent domain.

1436 *Mr. Burgess. Well, let me ask you this. When you have
1437 to work with a number of other agencies when you site a
1438 facility or a project, do you have any success in holding
1439 those other agencies to a schedule or are you at the mercy as
1440 any other litigant would be?

1441 *Mr. Glick. So it depends on the process. So for
1442 instance, we site natural gas, so interstate natural gas
1443 pipeline. We also site hydroelectric license through our
1444 licensing process, site hydroelectric facilities.

1445 In interstate natural gas pipelines we do accept
1446 schedules. We are the lead agency in that particular
1447 process. Other agencies have certainly input, but I think
1448 our process works, moves relatively quickly because we do
1449 have establish deadlines, and for the most part other

1450 agencies follow that.

1451 And the licensing process, the hydro licensing process
1452 is a different story. Other agencies have mandatory
1453 conditioning authority. These processes take forever, and
1454 sometimes the licensing process takes ten years, even longer.

1455 And we do not have really the ability to tell the
1456 Interior Department or Commerce Department, for instance, you
1457 have to get your conditions in by such-and-such date, which
1458 is lengthening that particular process.

1459 *Mr. Burgess. So have you any ideas on how the
1460 permitting process might be improved?

1461 *Mr. Glick. Well, I know there are proposals out there,
1462 for instance, to help facilitate other resource agency
1463 participation or hydro process.

1464 For instance, currently there is a question about
1465 whether our proceedings would involve an ex parte requirement
1466 or a limitation on other agencies participating in our
1467 proceeding.

1468 I know there have been proposals that have been floated
1469 in the past, including in this particular Congress, that
1470 would allow other agencies to participate in our proceedings
1471 without worrying about ex parte restrictions, and I think
1472 that would help move along the process more efficiently.

1473 *Mr. Burgess. So is there anything you look to the
1474 legislative branch to produce for you that could improve the

1475 speed and transparency of permitting some of these energy
1476 projects?

1477 *Mr. Glick. So I think on the hydroelectric side, I do
1478 think if Congress could provide the authority or authorize
1479 other agencies to participate in our proceedings without
1480 worrying about ex parte communications that would be helpful.
1481 We cannot do that without congressional action.

1482 *Mr. Burgess. Thank you, Mr. Chairman. I yield back
1483 nine seconds. Thank you.

1484 *Mr. Rush. I thank the gentleman for yielding back nine
1485 seconds.

1486 The chair will now recognize the gentleman from
1487 California, Mr. Peters, for five minutes.

1488 *Mr. Peters. Thank you, Mr. Chairman.

1489 Thanks for all of the Commissioners for your service and
1490 for being here today. I did want to say I appreciate the
1491 comment about the superiority of carbon pricing to State
1492 governments picking subsidies. I think the planet will be
1493 way better off the sooner we realize that and I appreciate
1494 that.

1495 So thanks for singing my song.

1496 I want to talk about something else today though. So I
1497 want to talk about interstate transmission, which is integral
1498 to solving several interrelated challenges I think we have
1499 heard about today, including resilience of our energy

1500 systems, maintaining our national security, reducing cost for
1501 consumers.

1502 And just in the past couple of months, we have seen
1503 power crises that have revealed the vulnerabilities in our
1504 existing systems in Texas and in California, and while each
1505 event is unique, the extreme weather that exacerbated both is
1506 only going to get more common due to climate change.

1507 And we know this too well in the American West with heat
1508 waves and drought already stressing our communities.

1509 I wanted to point out that a report from the American
1510 Council on Renewable Energy found that each additional
1511 gigawatt of transmission capacity connecting the Texas power
1512 grid with neighboring States could have saved nearly \$1
1513 billion and kept the heat on for approximately 200,000 Texas
1514 homes during the winter Storm Uri in February of last year.

1515 So I think it is very clear we have to act quickly and
1516 effectively to build out interstate transmission for purposes
1517 of dealing with climate, building a clean energy economy,
1518 increasing our resiliency, and lowering consumer cost.

1519 I introduced a bill to clarify FERC's backstop citing
1520 authority for more interstate transmission projects, the
1521 POWER ON Act, that would accelerate the buildout of clean
1522 energy, increased our reliability, lower the cost of
1523 electricity.

1524 It has been endorsed by e groups including Americans for

1525 Clean Energy Grid, the American Clean Power Association, and
1526 the American Council on Renewable Energy.

1527 Chairman Glick, you may or may not want to comment on
1528 that particular approach, but I did want you to tell me what
1529 you think are the major obstacles to the buildout of
1530 interstate high voltage transmission.

1531 *Mr. Glick. Thank you very much, Mr. Peters.

1532 I think there are really three major impediments to the
1533 development of additional transmission to the grid. One of
1534 them is deciding the situation as you mentioned. In some
1535 cases some States have been more proactive than others in
1536 approving siting, and when you're building a transmission
1537 lines crossing two or more States, sometimes that is
1538 difficult to coordinate among the various States

1539 Secondly, and as you noted, that role is primarily the
1540 role of the States and not the Federal Government. The other
1541 two impediments though are, I think, things we have authority
1542 over today, one of which is planning.

1543 As I mentioned earlier, I think there is an issue with
1544 regard to our transmission planning process. We are not
1545 looking to the future. You know the generation that is going
1546 to get built. Commissioner Clements mentioned 93 percent
1547 while the generation in the interconnection queue currently
1548 are wind and solar.

1549 And so we know it is going to get built. We know

1550 essentially where it is, but when we are planning for
1551 transmission, we are looking at what is the next generation
1552 project that is going to be built as opposed to what as a
1553 whole is going to get built. And that has been a big
1554 impediment, and we are addressing that in our ANOPR process.

1555 And third, cost allocation. Everyone wants transmission
1556 to be built and no one wants to pay for it. I think everyone
1557 is clear about that, but our job is to allocate cost in a
1558 manner that transmission costs are roughly commensurate with
1559 benefits.

1560 And the concern there is that in the past when we looked
1561 at some of our cost allocation approaches, we have been
1562 looking at are you getting power on the line. If you are,
1563 you are a beneficiary. If you are not getting power on the
1564 line, you are not.

1565 But the fact is these transmission assets provide
1566 significant benefits elsewhere. So, for instance, it reduces
1567 congestion. Even if you are not getting power from that
1568 line, it is bringing in cheaper power elsewhere or increases
1569 reliability, enhances resilience.

1570 I just want to quickly mention. You mentioned Texas.

1571 *Mr. Peters. Yes, let me follow up to that because I
1572 only have a short time left.

1573 You know, Commissioner Clements mentioned the importance
1574 of good planning process, which is great, but if we do not

1575 build stuff, it does not matter. It does not matter to the
1576 plan. It does not matter to the consumer. It does not
1577 matter the resiliency.

1578 You said that first point was outside of your particular
1579 jurisdiction. What does Congress need to do to get you in a
1580 place or get us in a place where we see these lines built?

1581 *Mr. Glick. So it is primarily out of our jurisdiction.
1582 We currently have backstop siting authority today. The
1583 transmission line is planned and it is part of good corridor
1584 that the DOE designated.

1585 The courts have ruled that backstop siting authority
1586 only applies in the case where a State doesn't act at all.
1587 If the State says no, that backstop is where it does not
1588 provide --

1589 *Mr. Peters. That can be corrected by statute, can it
1590 not?

1591 *Mr. Glick. Excuse me?

1592 *Mr. Peters. That could be corrected by statute?

1593 *Mr. Glick. Absolutely. I think your bill does that
1594 very thing.

1595 *Mr. Peters. I would sort of say I appreciate your
1596 work, and I intend to see that we can make sure that we
1597 provide the authority to you so that when States and tribes
1598 and everybody cannot get off the dime, there is a national
1599 interest in getting these projects built, and I think that is

1600 on us and you have made that clear today, and I look forward
1601 to addressing that problem with you.

1602 Thank you, Mr. Chairman. I yield back.

1603 *Mr. Rush. The gentleman yields back.

1604 The chair now recognizes the gentleman from
1605 Pennsylvania, Mr. Doyle, for five minutes.

1606 The chair now recognized the gentleman from Ohio, Mr.
1607 Latta, for five minutes.

1608 *Mr. Latta. I appreciate that.

1609 And also thank you very much for today's hearing and for
1610 all of the Commissioners for either being with us in person
1611 or virtually today. We really appreciate that.

1612 Chairman Glick, my first question is to you, and kind
1613 of, again, in the background of my district, well over 60,000
1614 manufacturing jobs. We make everything there from glass to
1615 steel, to a central foundry with General Motors. We make
1616 tires. We make furniture. We have the largest food
1617 processing plant in the world, which is located in my
1618 district.

1619 One of the issues that I have been concerned about is
1620 the need to prepare the electric grid to withstand
1621 emergencies that threaten normal operations, particularly the
1622 threat of cyberattacks.

1623 I know that some of the questions a little bit earlier
1624 had been dealing with pipelines, and we are very concerned

1625 with pipelines, but on the electric side, you know, the House
1626 recently passed legislation that I wrote with my good friend
1627 from California, Mr. McNerney, to address cyberattacks on the
1628 grid infrastructure, and I believe we need to continue to look
1629 for ways to improve the grid's resilience.

1630 Will you provide your thoughts on grid resilience, how
1631 we can define it and what we can do to protect the electric
1632 grid against, you know, current and future cyberattacks?

1633 *Mr. Glick. So with regard to the definition of grid
1634 resilience, you know, my definition, the Commission had this
1635 issue pending before us for a couple of years, and we came
1636 out with an actual definition, but it is essentially, in my
1637 opinion, essentially being prepared for events that are not
1638 necessarily going to happen very frequently, but could have
1639 terrific effects, and I think that is what we all need to be
1640 prepared for from a grid perspective.

1641 With regard to cybersecurity, there is no doubt that
1642 that is the biggest threat in the electric grid today, is
1643 cybersecurity, and you open up the paper every day, and there
1644 are all sorts of stories about whether it be ransomware or
1645 attacks from nation-states or so on, and from our
1646 perspective, we attack that particular issue twofold.

1647 One, with our NERC process, we actually establish
1648 mandatory minimum standard through what we call the six
1649 standard approach, which I think is very helpful in getting

1650 utilities to make the investments they need to make on
1651 cybersecurity.

1652 But secondly, we work with other government agencies.
1653 We work with industries. We work with other think tanks and
1654 so on, and we essentially help develop a dialogue between
1655 industry and between government, between NERC, for instance,
1656 and try to encourage them to make additional investments, but
1657 also be aware of the threats that are occurring.

1658 Obviously, we know the threats evolve almost every day.
1659 We try to stay on it through that ongoing dialogue.

1660 *Mr. Latta. Well, thank you.

1661 Commissioner Christie, do you have any thoughts on that?

1662 *Mr. Christie. Well, I incorporate my reference to what
1663 Chairman Glick said and former Chairman Chatterjee on
1664 cybersecurity.

1665 I know FERC has got a division which has got tremendous
1666 expertise on the question of cybersecurity, and I know they
1667 worked with TSA on TSA's regulations that they issued last
1668 week.

1669 I said before that while mandatory standards are fine,
1670 the attack on the Colonial Pipeline, if it was a state actor
1671 it was an act of war and if it was a non-state actor, it was
1672 an act of terrorism, and so the response needs to be
1673 commensurate to that threat.

1674 And mandatory standards are fine. Again, I think I said

1675 earlier, FERC is an economic regulator, and our authority is
1676 limited and our expertise which is outstanding in the
1677 cybersecurity area, it is still limited.

1678 So I think when you look at what happened in Colonial
1679 Pipeline, the seriousness of that really demands a response
1680 much higher than an economy regulator such as FERC.

1681 *Mr. Latta. Well, thank you very much.

1682 Commissioner Chatterjee, when you were the chairman,
1683 you prioritized grid resilience and reliability, and you
1684 opened a document at FERC to review proposals to strengthen
1685 the grid.

1686 In your view, why is it important for FERC to examine
1687 that grid resilience and why did you oppose the move to close
1688 the docket?

1689 *Mr. Chatterjee. Yeah, look. It is a real issue, and
1690 it is one that is or I think going to be a challenge that
1691 needs to be addressed in a clear-eyed way.

1692 I bear some culpability for why the resilience docket
1693 moved the way it did. When I first came to the Commission, I
1694 publicly admitted I struggled at first to make the transition
1695 from partisan legislative aide to independent regulatory. I
1696 had just come from spending a decade of my career working for
1697 Leader McConnell on behalf of coal communities in Kentucky.

1698 And the manner in which I handled Secretary Perry, DOE,
1699 NOPR on grid resilience, I did not handle it well, and it

1700 added this element of politics to what is a real issue.

1701 And so I am hopeful now, while I was frustrated the
1702 Commission closed the original resilience docket, I was
1703 encouraged that a new docket was opened, called something
1704 different, but essentially looking at the same issue.

1705 And perhaps after I depart the Commission and this
1706 element of politics that I unfortunately injected into it is
1707 removed, the Commission and my colleagues can work together
1708 with the staff on what is a serious issue.

1709 *Mr. Latta. All right. Thank you very much, Mr.
1710 Chairman. My time has expired, and I yield back.

1711 *Mr. Rush. The gentleman yields back.

1712 And the chair is now recognizing the gentleman from New
1713 York, chairman of the Environmental Subcommittee, Mr. Tonko,
1714 for five minutes.

1715 *Mr. Tonko. Thank you, Chairman Rush, and thank you
1716 Chairman Click and Commissioners for your testimony.

1717 I agree this is a critical moment for FERC because our
1718 energy system is rapidly changing, and we need our Federal
1719 regulators to be nimble enough to keep up with these
1720 developments while ensuring we maintain reliable and
1721 affordable energy services.

1722 Chairman Glick, I am very glad to see the Commission is
1723 examining trends in Commission policy head on. I know that
1724 will not be an easy task but is essential to the success of a

1725 rapid and cost effective energy transition.

1726 Is your sense that there are low-cost emission resources
1727 that could be competing in electricity markets but for a lack
1728 of adequate transmission infrastructure?

1729 *Mr. Glick. I think there is no doubt that is the case.
1730 There are many projects that have been canceled, clean energy
1731 projects that have been canceled because they are some
1732 distance from the grid, and not insufficient amounts were
1733 available to transport that to load centers.

1734 *Mr. Tonko. And the planning process has been a
1735 significant barrier for interregional transmission.

1736 How does the advanced notice of proposed rulemaking
1737 consider the need for improved interregional planning?

1738 *Mr. Glick. We definitely need improved interregional
1739 transmission planning process, and the ANOPR asks a number of
1740 questions about it, but in particular, there's essentially a
1741 triple hurdle right now.

1742 If you are building a transmission line between two
1743 regions that have to be approved by one region, then it has
1744 to be approved by another region, and it has to be approved
1745 by the regions jointly, and that is just too bureaucratic.
1746 It takes too much time. It is too costly.

1747 And so we are trying to figure out a way to streamline
1748 the process because it is very important. You do not go into
1749 regional transmission with much you know about Texas. If

1750 they were able to access power from other parts of the
1751 country, I am not sure that they would have been able to
1752 avoid all blackouts, but certainly the situation would be
1753 less dire.

1754 *Mr. Tonko. And why has cost allocation been such a
1755 barrier to transmission development?

1756 *Mr. Glick. Well, because sometimes these projects can
1757 be very expensive, and if you subject a particular small set
1758 of customers to having to pay for the cost of a bigger
1759 transmission project, that sometimes fails under its own
1760 weight.

1761 I will give you an example. We talked about the
1762 interconnection queue. Currently with regard to projects,
1763 when you have a generation project in the interconnection
1764 queue, you have to pay for the network upgrade, essentially
1765 cooperative funding, and you require the generation to pay
1766 the full cost of building out the transmission grid to be
1767 able to access that new generation facility.

1768 The problem is there are a lot of other folks who
1769 benefit from that particular new transmission investment as
1770 well, and they do not take that into account, and that
1771 actually delays the ability and sometimes it's too costly for
1772 new generation to be built because they have to pay the full
1773 amount.

1774 *Mr. Tonko. And in the past have some project's

1775 benefits been considered on a very narrow basis, even if
1776 those projects supported achieving a State's policy
1777 requirements or reducing air pollution?

1778 *Mr. Glick. Well, we require those type of projects in
1779 our regional planning process. The cost allocation
1780 methodology that each particular region comes up with on
1781 their own.

1782 But in the past it has actually stunted the development
1783 of transmission because sometimes it is difficult for a
1784 region to agree on a particular transmission cost allocation
1785 approach when you take such a narrow view of the way we have
1786 allocated cost in the past.

1787 *Mr. Tonko. And what is the advanced notice of proposed
1788 rulemaking considering for cost allocation?

1789 *Mr. Glick. Again, we ask a number of questions with
1790 regard to cost allocation, but we ask in particular -- and we
1791 are hoping to get a number of comments about this -- that in
1792 particular, are there better ways to assess benefits.

1793 Again, as Commission Danly mentioned, we have to
1794 allocate costs roughly commensurate with benefits as the
1795 courts have told us, but we ask for input as to what those
1796 benefits might be beyond just, again, receiving power on a
1797 particular line.

1798 *Mr. Tonko. And while transmission is critical, we
1799 would be remiss if there are also barriers to emerging

1800 technologies, such as storage and distributed energy
1801 generation resources.

1802 Much of the Commission's work on these issues has been
1803 bipartisan and credit Commissioner Chatterjee for his
1804 leadership on these orders.

1805 Commissioner Glick or Commissioner Chatterjee, can you
1806 provide us an update on the implementation of Orders 841 and
1807 2222?

1808 *Mr. Glick. So with regard to 841, we are currently in
1809 the compliance process. So we have had a number published in
1810 the various RTOs around the country, and we are actually
1811 nearing the end of the compliance process there.

1812 It is a little too soon to tell. We expect there is
1813 going to be substantial additional investments in storage,
1814 but I think we are waiting for the compliance process to
1815 conclude.

1816 In Order 2222, regarding distributed energy resources,
1817 that compliance process is actually just beginning. So,
1818 again, a little too soon, but a lot of folks suggest there is
1819 going to be significant investments in those technologies.

1820 *Mr. Tonko. And how are RTOs beginning to respond to
1821 the orders?

1822 And have they been successful in driving market design
1823 changes to enable these technologies to compete fully?

1824 *Mr. Glick. A number of RTOs, especially with regard to

1825 storage, have submitted their compliance programs. Some of
1826 those programs, some of those processes are still ongoing
1827 with regard to proceedings before the Commission.

1828 But I think the RTOs have tried to amend their market
1829 rules in a way that would facilitate those bigger projects
1830 consistent with what the Commission requires them to do.

1831 *Mr. Tonko. Well, I thank you very much, and with that,
1832 Mr. Chair, I yield back.

1833 *Mr. Rush. The gentleman yields back.

1834 The chair now recognizes the Ranking Member of the full
1835 committee, Mrs. Rodgers, for five minutes.

1836 *Mrs. McMorris Rodgers. Thank you, Mr. Chairman.

1837 It is good to see everybody.

1838 Hydropower is an essential component of an "all of the
1839 above" energy portfolio, and it is clean, it is renewable,
1840 it is reliable in the Pacific Northwest where we have an
1841 abundant supply of hydropower.

1842 We have reliable energy. We have some of the lowest
1843 electricity costs in the country, and there is a tremendous
1844 opportunity to expand hydropower in our region and across the
1845 country.

1846 Hydro relicensing though or licensing itself can last
1847 over a decade, over ten years, and it costs tens of millions
1848 of dollars. And when you compare that to other forms of
1849 electric generation, it will be significantly less time for

1850 others.

1851 So, Chairman Glick, as the lead agency, what is FERC
1852 doing to streamline the licensing process to bring more
1853 certainty and predictability to this process?

1854 *Mr. Glick. Well, as you mentioned, hydropower provides
1855 an enormous number of benefits, including zero emissions
1856 technology, low cost. It includes reliability. It also
1857 increases the ability to efficiently integrate weather-
1858 dependent renewable energy, such as solar and wind.

1859 Our hydroelectric process, Congress has on several
1860 occasions made changes to try to improve it and certainly
1861 have accelerated the process somewhat. It is still a lengthy
1862 process because it requires the involvement of a bunch of
1863 different agencies, and we do not necessarily have control
1864 over what those particular resources agencies are doing in
1865 that particular part of the process.

1866 I would say with regard and under your leadership, I
1867 know Congressman Scott was briefed a couple of years ago on
1868 non-hydropower or dams that are not currently or are non-
1869 hydro powered. I think we have had estimates from the
1870 Department of Energy that you get an additional 50 gigawatts
1871 of hydropower just if you develop power at non-powered dams.

1872 So they have issued regulations that would essentially
1873 help facilitate a much more speedy process with the name of
1874 two years to license those particular projects.

1875 *Mrs. McMorris Rodgers. Okay. Those were the smaller
1876 projects.

1877 *Mr. Glick. Yes.

1878 *Mrs. McMorris Rodgers. The number of hydropower
1879 projects requiring Federal relicensing is expected to double
1880 in the coming decade. So what steps is FERC taking to
1881 improve and streamline the licensing process to prevent
1882 unnecessary delays?

1883 *Mr. Glick. So I think over the years we have actually
1884 tried to improve the process, tried to bring in other
1885 agencies.

1886 I mentioned earlier I think it would be helpful to have
1887 additional authority from Congress to enable the resource
1888 agencies to participate in our particular proceedings so they
1889 are not considered ex parte communications.

1890 But we have had a number of improvements over the years,
1891 minor improvements, but I think the process is still way too
1892 long.

1893 *Mrs. McMorris Rodgers. Well, I think it is important
1894 to strengthen the licensing process and remove unnecessary
1895 licensing and market barriers, the next generation hydro
1896 powered technology.

1897 I would like to ask if you would commit to working with
1898 Congress to make improvements to the licensing process and
1899 barriers to advance hydropower deployment.

1900 *Mr. Glick. Absolutely. We would definitely do that.

1901 *Mrs. McMorris Rodgers. Thank you.

1902 Many current congressional and administration proposals
1903 to appear to involve "one size fits all" clean electricity
1904 mandates to decarbonize the grid at a rapid pace. National
1905 mandates I believe are really going to harm regions with
1906 different energy mixes.

1907 The American Southeast, for example, also has low
1908 electricity process in part because of the abundant fossil
1909 energy, coal and gas as well as nuclear, and a good record on
1910 reliability.

1911 Imposing national mandates may intensify reliability
1912 risk and raise energy burdens on people in areas across the
1913 country, including the Southwest.

1914 So to Mr. Christie and Mr. Danly, I was struck by your
1915 testimony about looking after ratepayer interest and the role
1916 of reliable, affordable energy.

1917 So would you just state how you approach FERC's mission
1918 and the interest of ratepayers and State regulators in your
1919 regulation of markets and transmission and the challenges
1920 that you see.

1921 *Mr. Christie. I will let Mr. Danly go first. He
1922 outranks me.

1923 *Mrs. McMorris Rodgers. Okay.

1924 *Mr. Danly. Thank you.

1925 So I appreciate the question.

1926 We have to keep in mind that regardless of what part
1927 FERC plays in what has been described today as the transition
1928 of the electric system, fundamentally what FERC's duties are
1929 are to be an economic regulator.

1930 Section 205 of the Federal Power Act specifies that
1931 rates have to be just and reasonable, and it is with that
1932 fundamental purpose that all of our actions have to be taken.

1933 If Federal mandates come down and Congress creates that
1934 particular program to be available whether there through
1935 incentives for spending or particular methods by which FERC
1936 has to discharge its duties will, of course, act with
1937 alacrity to all of those congressional mandates.

1938 But it is locked in today if we have to look out for
1939 repair interest when we set wholesale rates.

1940 *Mrs. McMorris Rodgers. Okay. Thank you.

1941 I yield back, Mr. Chairman.

1942 *Mr. Rush. The gentlelady yields back.

1943 The chair recognizes the gentleman from Pennsylvania,
1944 Mr. Doyle, for five minutes.

1945 *Mr. Doyle. Thank you, Mr. Chairman.

1946 And I want to thank you and the ranking member for
1947 holding the hearing today and thank our witnesses.

1948 And, Commissioner Chatterjee, thank you for your service
1949 on the Commission, and we all wish you well.

1950 As we continue to decarbonize the electric grid, I hope
1951 FERC will continue to be proactive and flexible in its
1952 approach to building out a grid with more distributed
1953 resources and in recognizing the benefits of innovative
1954 technologies.

1955 I am also encouraged by FERC's efforts to finally
1956 establish an Office of Public Participation, as well as
1957 records to prepare for an combat cyberattacks on our energy
1958 infrastructure. This is of vital importance, and I am glad
1959 that FERC along with this Committee is committed to ensuring
1960 the safety of our energy system.

1961 Chairman Flick, FERC has done a great job keeping pace
1962 with technological advancement in the energy storage industry
1963 with Order 841 and Order 2222. However, sometimes market
1964 operators have asked for delays in compliance with both
1965 orders, and while I certainly do not want to impact system
1966 reliability by rushing changes, it is not clear to me whether
1967 the market operators are actually dedicating the needed
1968 resources to be compliant.

1969 What do you plan to do if market operators fail to meet
1970 these compliance deadlines?

1971 Do you think these delays are warranted?

1972 *Mr. Glick. In some cases the RTOs have come to us and
1973 said that they need to make significant changes in their
1974 software, and then sometimes it takes some time to do that

1975 and we have in some cases granted extensions.

1976 But to the extent that we do not believe the extension
1977 requests are warranted in terms of the time that is
1978 requested, we have actually denied some.

1979 *Mr. Doyle. Thank you.

1980 Long duration energy storage like zinc air batteries,
1981 manufactured in my district by Eos Energy Storage, are going
1982 to be part of the electric system in the future.

1983 Ever after Order 841, I am hearing concerns from
1984 industry members that wholesale power market design still
1985 does not value the reliability contributions of energy
1986 storage.

1987 Can you tell me what FERC is doing to examine continuing
1988 regulatory barriers to storage?

1989 *Mr. Glick. I agree with you. I think the market
1990 designs were established under a different set of resource
1991 mix, and in particular the effluent services markets do not
1992 necessarily value the benefits that flexible generation
1993 provides.

1994 We know that we are going to have a significant amount
1995 of both intermittent solar and intermittent wind generation
1996 on the grid, but that means we are going to need additional
1997 flexible resources to deal with intermittency.

1998 The problem is we do not necessarily value; we do not
1999 provide value. We do not compensate resources for that type

2000 of value.

2001 So I think storage facilities are the perfect example,
2002 but we have to have a proceeding underway. We have a
2003 technical conference coming up in a couple of weeks on this
2004 very issue to examine potential changes to our employee
2005 services and energy markets to address the need to reward and
2006 incentivize flexibility.

2007 *Mr. Doyle. Thank you.

2008 Let me ask you. FERC recently received reports from PJM
2009 and other prior markets on how their rules address integrated
2010 storage and generation resources, also known as hybrid
2011 resources.

2012 Do you think that updating the rules for hybrid
2013 resources is a priority?

2014 *Mr. Glick. We have an ongoing proceeding to do just
2015 that, and when Commissioner Chatterjee was the chair of the
2016 Commission, we had a technical conference on this very issue.
2017 It is a very important issue.

2018 As I mentioned before, our role is to get rid of
2019 barriers to these newer technologies. That is one of our
2020 important roles, and I think Hybrid technology is one that we
2021 are looking at and the comments we are receiving in that
2022 docket right now and trying to figure out what to do next.

2023 But I agree that we need to address some of the market
2024 disincentives to hybrid technology.

2025 *Mr. Doyle. Glad to hear that.

2026 Commissioner Clements, as I mentioned, I am pleased that
2027 FERC is finally creating an Office of Public Participation.
2028 What specifically does FERC intend to do to ensure that the
2029 public and especially affected landholders have the ability
2030 to share their thoughts and be involved in decision making?

2031 Will you hold, you know, community-based meetings or
2032 provide a guide with clear explanation of relevant terms or
2033 employ field officers that liaison with landowners over
2034 specific pipeline issues?

2035 What are some of the things that you are going to be
2036 doing in that process?

2037 *Ms. Clements. Thank you, Representative Doyle.

2038 I know members of this committee have done good work on
2039 public access, and certainly you have a perspective on
2040 landowner concerns.

2041 By providing an access point at the Commission that
2042 provides education, mutual information about how to
2043 participate in proceedings, those landowners' community,
2044 people who are implicated by either infrastructure decision
2045 the Commission makes or by rate decisions the Commission
2046 makes have the ability to understand how to get into the
2047 docket.

2048 Once they are in the docket, then their voices are on
2049 the record, they are heard, and the Commission's decisions

2050 will then be more well informed and, therefore, more durable
2051 and less vulnerable to litigation.

2052 *Mr. Doyle. Thank you very much.

2053 Mr. Chairman, I yield back.

2054 *Mr. Rush. The gentleman yields back.

2055 And now the chairman recognizes the gentleman from West
2056 Virginia, Mr. McKinley, for five minutes.

2057 *Mr. McKinley. Thank you, Mr. Chairman.

2058 I want to change horses just a little bit on this.

2059 There was an article that came out today from E&E News
2060 talking about the decision that you all made back in March
2061 with the Northern Natural Gas, and in part, it says it took
2062 an unprecedented step earlier this year in assessing the
2063 proposed natural gas pipeline affecting climate change for
2064 the first time ever.

2065 And I read the 45-page report, and there were a couple
2066 of remarks that were made in there that I thought were
2067 interesting. I think, in part, it was Chatterjee.
2068 Commissioner you said that FERC is not an environmental
2069 regulator. We have neither the expertise nor the authority
2070 to weigh in on how to best curb emission.

2071 And Commissioner Danly said whether project emissions
2072 will have a significant effect on climate change is not
2073 within our expertise of FERC. The regulation of air
2074 emissions, including greenhouse gas emissions, is assigned to

2075 the Clean Air Act, not the NGA, and that authority is
2076 relegated to the EPA, not FERC.

2077 So I am curious. By taking these unprecedented actions,
2078 I am assuming by extensions you could deny a pipeline to be
2079 constructed.

2080 And so my question with that would be, and maybe it is
2081 back to you, Chairman Glick. If that is true, what level of
2082 CO2 emissions is going to be acceptable from a natural gas
2083 power plant?

2084 *Mr. Glick. Thank you very much for the question, Mr.
2085 McKinley.

2086 With regard to the Natural Gas Act, we are required to
2087 make two findings in order to --

2088 *Mr. McKinley. Please.

2089 *Mr. Glick. Okay.

2090 *Mr. McKinley. What is the level?

2091 Because you can determine that it makes a significant
2092 increase in emissions. So, therefore, you are going to deny
2093 the pipeline. So I am trying to figure out since you do not
2094 know, from everything I have read so far, you do not have a
2095 determination. You do not have metrics on that.

2096 What is it that you think would be the appropriate level
2097 of CO2 emissions out of a gas-fired power plant that would
2098 allow you to approve a pipeline?

2099 *Mr. Glick. So the D.C. Circuit has twice told us that

2100 we actually have to assess these foreseeable greenhouse gas
2101 emissions. So we are trying to do that.

2102 Obviously, we have disagreements among the Commissioners
2103 as to what level might be significant.

2104 From my perspective, I do not want to prejudge the
2105 matter because it is currently being litigated at FERC. And,
2106 again, we actually examine all sorts of environmental issues
2107 as opposed to a proposed pipeline that include other emission
2108 issues of NOx and SOx, for instance, and so we actually have
2109 the ability, and not only that, more importantly, we have
2110 what the courts have told us.

2111 *Mr. McKinley. So you are saying the other two
2112 Commissioners misspoke by saying that you did not have the
2113 expertise?

2114 *Mr. Glick. Yes, I disagree with that. We actually
2115 have the --

2116 *Mr. McKinley. That is fine, that is fine. You want to
2117 split your panel.

2118 So now my question would be since it went through
2119 Virginia and other States that are trying to get involved in
2120 LNG exports, how will you judge that?

2121 In a pipeline that is LNG to be exported to another
2122 nation, do you have the framework?

2123 So what are the metrics you are going to use to measure
2124 whether or not that gas in an LNG pipeline to England, for

2125 example? Could you disapprove that if you think they are
2126 going to burn our natural gas in England inappropriately?

2127 *Mr. Glick. The question is we do not have authority to
2128 look at downstream emissions with regard to LNG facilities.
2129 That is for the Department of Energy to judge.

2130 *Mr. McKinley. Okay. So that does not come in.

2131 So the other part of this is, I guess, in closing
2132 quickly, I thought our whole mission here was to try to find
2133 ways of reducing CO2 emissions so that we could teach China,
2134 India, Indonesia and others how to clean up their
2135 environments since we know that 23 or the 25 worst cities in
2136 emissions are coming from those Asian nations.

2137 So by virtue of us stopping gas pipelines in America by
2138 using a very subjective determination that has not yet been -
2139 - you are already disagreeing with two of your members.

2140 So if that is it, what are we going to export?

2141 How are we going to teach India, China?

2142 Are we going to tell them they have to shut off their
2143 gas pipelines, too?

2144 I do not know whether this is a transferrable
2145 technology. This seems like more a bureaucratic issue.

2146 *Mr. Glick. Well, again, that is the Department of
2147 Energy to decide whether it is in the public interest.

2148 I would say those, Mr. McKinley, and I agree, that when
2149 we actually consider the greenhouse gas with the project, we

2150 need to consider it on a net basis.

2151 So, for instance, if that pipeline is actually helping
2152 to reduce emissions by shutting down an older coal plant, for
2153 instance, or something like that, we need to net that out and
2154 take that into account as well in terms of our analysis.

2155 It is my belief the Commission is still coming up with
2156 its framework for figuring this all out.

2157 *Mr. McKinley. Mr. Chairman, I yield back. I am sorry
2158 I went over time.

2159 *Mr. Rush. [Inaudible.]

2160 *Mr. McNerney. So I guess I will recognize myself since
2161 I was the next one in line?

2162 *Mr. Rush. The chair recognized Mr. McNerney for five
2163 minutes.

2164 *Mr. McNerney. Well, I thank the chair.

2165 I thank the Commissioners for your testimony and for
2166 your service in this critical industry.

2167 Three million of them have gotten more common across the
2168 country and grid operators have struggled to deliver reliable
2169 power to its customers. The 2021 summit reliability
2170 assessment NERC sounds that California is at the highest in
2171 energy emergencies in the country due to increased threats of
2172 wildfires, extreme heat, and drought.

2173 Chairman Glick, how should existing NERC reliability
2174 standards be updated to effectively address the threat of

2175 climate change and extreme weather events?

2176 *Mr. Glick. So I think that is the exact point. I
2177 think we need to address our reliability standards and
2178 modernize them to take into account what we know is going to
2179 be increasingly difficult weather.

2180 I will give you one example. Last week or two weeks
2181 ago, there was still an ongoing big fire in Oregon, but the
2182 results of that fire took out the California-Oregon site for
2183 a while. There were probably 4,000 megawatts of power from
2184 the Northwest into California which California is very
2185 reliant on during the summer in most cases.

2186 And so we need to actually figure out what the weather
2187 situation is like. Some of our standards were based on
2188 weather from 20 years ago, 30 years ago predictions, and I
2189 think it is clear it is going to get a lot worse.

2190 So I think we need to update the standards, and I know
2191 NERC is looking at that as well.

2192 *Mr. McNerney. Thank you.

2193 Commissioner Clements, what information gaps still exist
2194 in assessing the vulnerabilities of both power systems to
2195 extreme weather and in developing appropriate action plans
2196 prepared to respond to emerging conditions like those?

2197 *Ms. Clements. Thank you, Representative, for the
2198 question.

2199 I think we are learning as we go, and we have learned a

2200 great deal unfortunately from the recent events in Texas and
2201 the central U.S., as well as in the experiences in the West
2202 both at the beginning of this summer and last summer.

2203 And the two take-aways from my perspective, one is that
2204 you have to help your neighbors. Interregional transmission
2205 is a critical component of resilience in these emergency
2206 conditions.

2207 It has been said, and it is worth saying again that in
2208 the Texas event, you had the mid-Atlantic region, PJM,
2209 sharing power with the Midwestern region, MISO; MISO sharing
2210 power with the Central Plains region, STP; and then Texas
2211 unable to do the next in line because there was a lack of
2212 interregional connection.

2213 The second lesson is that demand side resources are a
2214 critical component of ensuring resilience. You know,
2215 American citizens are willing to scale back on their use of
2216 electricity and that can be systematized if they are going to
2217 get paid for providing that service to ensure resilience.

2218 *Mr. McNerney. Well, thank you.

2219 As you mentioned, FERC has begun to remove some of the
2220 barriers to participation in the wholesale markets for newer
2221 technologies like energy storage and distributed energy
2222 systems.

2223 What is FERC doing to encourage utilities to meet
2224 reliability challenges with forward looking technology

2225 solutions?

2226 And how is FERC ensuring its storage and distributed
2227 energy are being compensated for properly?

2228 That is kind of a follow-up question on Mr. Doyle's
2229 question. Go ahead.

2230 *Ms. Clements. Sure. Representative, thank you. You
2231 implied the answer on one part, which is the former Chairman
2232 Chatterjee and now Chairman Glick have done a great job
2233 through these rules and opening wholesale markets to
2234 participation by these resources.

2235 On the reliability front certainly there is still work
2236 to do, but there is a tremendous potential and these
2237 resources will contribute to system reliability to bring
2238 benefits across the system.

2239 *Mr. McNerney. Well, thank you.

2240 Chairman Glick, what future steps had FERC had planned
2241 to take action on grid resilience and reliability?

2242 *Mr. Glick. So we had a two-day technical conference
2243 recently to address weather related issues and impact on grid
2244 resiliency. We were actually about to release a number of
2245 questions in the docket.

2246 The next step is to decide. We need to decide as a
2247 Commission whether to move forward with some sort of
2248 rulemaking or policy statement, but we will be making our
2249 way through the comments that are submitted in the docket.

2250 *Mr. McNerney. Well, I hope to encourage FERC to build
2251 on that work.

2252 I am concerned about the increase in cyberattacks, as I
2253 think everybody here is. And, Chairman Glick, what steps is
2254 FERC taking to protect the bulk power system from
2255 cyberattacks?

2256 And how is FERC working with other Federal agencies to
2257 do that?

2258 *Mr. Glick. So in addition to the mandatory reliability
2259 standard authority that we share with NERC, we constantly are
2260 in constant communications with the Department of Energy,
2261 CISA, Homeland Security, and TSA and a whole variety of other
2262 agencies in terms of communicating with them and other
2263 agencies to various threats.

2264 But in particular, one area that I think I would like to
2265 see additional work on, and I am hoping to push forward in
2266 terms of a rulemaking process is on the issue of the supply
2267 chain. As we saw whether it be software or other supply
2268 chain matters, the supply chain is not safe enough currently
2269 in terms of protected from cybersecurity threats.

2270 We have a role that says utilities have to have a plan
2271 to address the supply chain. I think we need to go forward
2272 with that and implement specific standards on that particular
2273 topic.

2274 *Mr. McNerney. Thank you.

2275 Another thing we need to address really is the ability
2276 of utility companies to share information with the Federal
2277 Government on classified information.

2278 I yield back.

2279 *Mr. Rush. The gentleman yields back.

2280 The chair now recognizes the gentleman from Illinois,
2281 Mr. Kinzinger, for five minutes.

2282 The chair does not see Mr. Kinzinger on the screen. So
2283 the chair recognizes Mr. Griffith for five minutes.

2284 *Mr. Griffith. Thank you very much, Mr. Chairman. I
2285 appreciate it greatly.

2286 This is going to be one of my favorite hearings of all
2287 time because probably close to 20 years ago Commissioner
2288 Christie and I were still hanging out on the sixth floor of
2289 the General Assembly building in the Virginia legislature.
2290 He was giving us wise counsel and I was trying to act on it
2291 from time to time.

2292 But it is good to see you here, Commissioner Christie,
2293 and thank you for your work 17 years on the Virginia State
2294 Commission, and we greatly appreciate that work.

2295 One thing I do not really remember. I thought my
2296 recollection is you came from rural Virginia originally.
2297 Where was your hometown?

2298 *Mr. Christie. West Virginia, which is all rural.

2299 *Mr. Griffith. Okay. There you go. McKinley has

2300 stepped out for a minute.

2301 *Mr. Christie. I know. He cannot correct me.

2302 *Mr. Griffith. Yes. So he cannot correct you, but we
2303 appreciate you being here today.

2304 One of the things that I have been concerned about as we
2305 have been looking at all of the new plans and the short
2306 timeline that the administration has placed on getting us to
2307 a significant amount of renewable energy and, in fact,
2308 eliminating carbon from our energy pool to provide
2309 electricity has been the siting that has been mentioned
2310 earlier in the transmission, and evidence at previous
2311 hearings has been that we are going to need a lot of high
2312 powered transmission lines to crisscross the country to take
2313 this power from the renewables to where the energy is
2314 actually needed.

2315 And coming from rural Virginia or rural West Virginia,
2316 one of the concerns is are we going to be bringing those
2317 power lines through our neighborhood, and what are the
2318 particulars going to be?

2319 I am glad that we have heard some evidence today that
2320 there is going to be the ability for landowners to say some
2321 things, but we have heard that it could take greater than 30
2322 years by the time you finish all of the regulations and the
2323 siting and the planning and so forth to get it done.

2324 Then another witness came in and said, well, we can

2325 shortcut that by putting these transmission lines in existing
2326 rights-of-way.

2327 So I ask you is it actually practical to consider
2328 railroad rights-of-way for purposes of a high voltage power
2329 line, highways, and last but not least, adding new additional
2330 power lines in existing power line easements.

2331 Those were three ideas that were presented to the
2332 committee. I did not find that to be plausible, but I want
2333 to hear from the experts, and you have been doing this for a
2334 long time. Tell me.

2335 *Mr. Christie. Well, Congressman Griffith, let me
2336 address transmission construction. That is why I said I
2337 literally score as well over 100 transmission line cases in
2338 Virginia, and I take issue with the statement made earlier
2339 that the obstacle to building transmission lines are State
2340 regulators. They need to get off the dime.

2341 They are not on the dime. As a State regulator who has
2342 sat on many cases, I can tell you what you look for in a
2343 State case is, first of all, you look to see whether the
2344 transmission line is needed. Consumers should not pay for
2345 lines that are not needed.

2346 The State regulators are going to look at whether the
2347 line is needed. Then they are going to look at whether the
2348 line is at reasonable cost because consumers should not pay
2349 more than the reasonable cost for the line.

2350 And then they look at the route. And you asked about is
2351 it practical to put a transmission line through a railroad
2352 right-of-way or highway right-of-way, and the question is, of
2353 course, the facts of each case.

2354 If you are talking about a 765 kV, that is probably not
2355 going to go down a railroad right-of-way or a highway right-
2356 of-way because a 765 kV is an extremely big transmission
2357 line.

2358 And also if you are going to run it through greenfield
2359 development, you are going to use a lot of imminent domain,
2360 and it is going to be extremely expensive.

2361 And I think State regulators are well suited to make
2362 those evaluations in individual cases, whether you are in an
2363 RTO or you are not in an RTO, even if the RTO puts a proposed
2364 line into a what they call their regional transmission plan,
2365 and PJE knows it's called the RTAP. The State evaluators are
2366 still going to evaluate it.

2367 We did it many times in Virginia. The largest single
2368 regional line in PJM -- I think I am right -- the largest
2369 single regional line in PJM is the trail line which we
2370 approved in Virginia. We were not the obstacle to that. We
2371 approved it, and it got built.

2372 The State regulators are going to evaluate these lines
2373 based upon are they needed. That is a critically important
2374 point, both State and Federal. Transmission lines should be

2375 built if they are needed. It is not just a question of the
2376 routing. It is a question of need because consumers should
2377 not pay for something that does not need --

2378 *Mr. Griffith. My time is just about up. So let me
2379 just say this. I agree with you. It needs to be needed, and
2380 you also mentioned earlier in your testimony it depends on
2381 cost.

2382 I mean, is it really social justice to run the price up
2383 on electricity, on a district like that I represent, which is
2384 one of the economically most challenged districts in the
2385 country, 422 with latest data out of 435 for take-home pay;
2386 is that really social justice to suddenly route a whole lot
2387 of new lines through there or to make their price go up?

2388 You have got seven seconds.

2389 *Mr. Glick. I am not going to comment on what is social
2390 justice. I think that is a different topic for this hearing,
2391 but I will say this. I just do not think as a former State
2392 regulator and a current Federal regulator -- consumers should
2393 only pay for any infrastructure that is needed to serve them
2394 with electricity. I think that is built into the utility
2395 regulation.

2396 And I think that is what is fair. Consumers should only
2397 pay for what is needed.

2398 *Mr. Griffith. All right. I appreciate it.

2399 I yield back, Mr. Chairman. Thank you.

2400 *Mr. Rush. The gentleman yields back.

2401 The chair now recognizes the gentlelady from Washington
2402 State, Ms. Schrier, for five minutes.

2403 *Ms. Schrier. Thank you, Mr. Chairman.

2404 And thank you to our witnesses today.

2405 My question is going to be kind of along the lines of
2406 what we have been talking about with transmission lines and
2407 balancing costs and environmental protection.

2408 So, Commissioner Clements, why has my State experienced
2409 the second hottest June on record? As a result of dangerous
2410 conditions and loss of life, and this year increasingly
2411 dangerous wildfires that are happening every year now have
2412 worsened because of climate change, because that is why, of
2413 course, we are prioritizing and looking to accelerate the
2414 shift away from greenhouse gas generating sources of power to
2415 prevent the worst consequences of climate change.

2416 And so this shift to renewables as we have been
2417 discussing will require a resilience grid, a redundant grid
2418 that can distribute energy from where it is produced to
2419 wherever the demand is high and thus the need for these high
2420 voltage transmission lines.

2421 So, Commissioner Clements, as environmental concerns
2422 continue to grow, I am wondering how you are going to balance
2423 kind of traditional environmental protections, wetlands,
2424 fields, habitats, with speeding up the decision-making

2425 process so you can fulfill the role that you have in siting
2426 these new transmission lines, which will, in fact, protect
2427 our natural environment?

2428 *Ms. Clements. Thank you, Representative, for the
2429 question.

2430 It requires investment, and you can talk about what
2431 types of resources are going to connect to the system on the
2432 other end of the line. A lot of the lines that provide
2433 service to our customers across the country today were built
2434 in the 1960s, 1970s, 1980s, and are old. And so the question
2435 is: what kind of investment are we going to make because
2436 customers ultimately will pay for that investment?

2437 And to your question, Representative, paying from a
2438 forward looking perspective lines that will bring resilience
2439 in the face of these unfortunate conditions you have just
2440 described, as well as the double benefit of providing
2441 interconnection for these low cost resources on the other end
2442 of the line are really valuable.

2443 Of course States have primary siting authority over
2444 transmission development, and one thing that Chairman Glick
2445 has done already is to establish a task force with the States
2446 that really the Commission has approved to help address some
2447 of these tough issues.

2448 States should have their perspective heard. There is
2449 also a natural interest in assuring that some of these bigger

2450 lines get built in a cost effective way so that customers
2451 across States have the ability to benefit.

2452 *Ms. Schrier. Thank you. I appreciate that.

2453 You know, I wanted to shift on the topic of States and
2454 their role in all of this to Commissioner Christie because
2455 you spoke about a couple things. Reliability and
2456 affordability are your key priorities, and this using really
2457 judicious placement of transmission lines, you know, only
2458 when they are needed, and when they are needed to address
2459 this.

2460 I was wondering if you could tell us about FERC's
2461 strategy to keep energy transmission costs affordable while
2462 these changes are made and then talking about how to balance,
2463 you know, cost and get customer support.

2464 If you could, talk about whether there is a general
2465 consensus about which transmission lines are needed and
2466 where.

2467 *Mr. Glick. Thank you.

2468 Again, if you look at a transmission line case, and
2469 let's get it down to an individual case level, the first
2470 question in the case is going to be is this line needed. Is
2471 it needed to fix a reliability problem? Is it needed to
2472 relieve a congestion problem? What is the need that
2473 justifies this transmission line?

2474 The next thing you get to is you get to the cost. Is it

2475 at reasonable cost?

2476 So the planners play a huge role in this, and of course,
2477 in the United States, you are either in an RTO or you are in
2478 a non-RTO. In an RTO, they have transmission planners, and
2479 they have criteria that they use to determine what lines are
2480 going to be recommended.

2481 And I know speaking from experience in PJM the two
2482 criteria are going to be reliability or relieve congestion,
2483 and those are going to be the two primary criteria.

2484 I think from FERC's viewpoint, our job is to look at the
2485 criteria that the RTOs use and make sure that those criteria
2486 actually serve consumers because I think at the end of the
2487 day, that is what this is about. It is about serving
2488 consumers and providing them with the power that they need
2489 and doing it at a cost which is not more than necessary.

2490 In a non-RTO -- I'm sorry. I am out of time.

2491 *Ms. Schrier. Sorry. The crux of this, just in the
2492 last few seconds here, is sort of there is reliability now
2493 with the sources that we have now, and then there is
2494 reliability in the future when we have all reliance on
2495 renewables or traveled interstate into regions and more
2496 demand for electricity and looking forward.

2497 Any last comment on that?

2498 *Mr. Glick. Yeah, the generation mix is changing, and
2499 so transmission planning needs to take that into account. I

2500 mean, it does not change the criteria. I just changes the
2501 facts of the generation mix and the planners have to take
2502 that into account.

2503 You still get back to whether an individual transmission
2504 line is needed, and that is ultimately going to be a
2505 discussion which is going to come down to a State regulator
2506 making a decision whether to issue a CPCN or not.

2507 And that is where the authority is, and I think State
2508 regulators play a great role in that.

2509 *Ms. Schrier. Thank you.

2510 I apologize for going over time. I yield back.

2511 *Mr. Rush. The gentlelady yields.

2512 The chair now recognizes the gentleman from Ohio, Mr.
2513 Johnson, for five minutes.

2514 *Mr. Johnson. Well, thank you, Mr. Chairman.

2515 And thank you to the Commissioners for being here with
2516 us today.

2517 Today we are hearing about the Commission performing its
2518 work to protect America's public interest, especially the
2519 siting and permitting of pipeline and liquified natural gas
2520 facilities.

2521 Commissioner Glick, you mentioned in your testimony that
2522 FERC's statutory duty under the Natural Gas Act is to
2523 determine whether a project is, in fact, in the American
2524 people's best interest.

2525 However, with the Biden administration's greenlighting
2526 of Nord Stream 2, the disdain for America's domestic pipeline
2527 infrastructure, and support for radical rush decarbonization,
2528 the President and his allies are actually serving a very
2529 different public interest, the public interest of Vladimir
2530 Putin's Russia.

2531 This is why FERC doing its job and doing its job right
2532 is so important, and hopefully the oversight that we are
2533 conducting today will make that clear.

2534 Just a real introductory question, Commissioner Glick.
2535 Do you support expanding U.S. LNG exports?

2536 *Mr. Glick. It is really not for the Department of
2537 Energy to determine. I --

2538 *Mr. Johnson. I did not ask you -- I know whose job it
2539 is to approve it, but under your own testimony, you have to
2540 look out for America's best interest under the Natural Gas
2541 Act.

2542 So do you support U.S. LNG export expansion?

2543 *Mr. Glick. On a case-by-case basis I think they --

2544 *Mr. Johnson. Okay. Great.

2545 *Mr. Glick. -- serve the public interest.

2546 *Mr. Johnson. I will take that as a yes. Thank you.

2547 Well, I certainly support expanding the exports. In
2548 fact, I urge our committee to take up my legislation, the
2549 Unlocking our Domestic LNG Potential Act, which would cut

2550 Washington red tape and ease the process for American
2551 producers to export more LNG around the world, especially to
2552 Europe.

2553 This not only supports jobs here at home but also
2554 projects American economic and energy power abroad, something
2555 that the Biden administration has failed to grasp, ceding
2556 ground to Putin's quest to expand his influence throughout
2557 Europe instead.

2558 Speaking of Putin's influence and Russian natural gas,
2559 according to a report from DOE's Natural Energy Technology
2560 Lab, the lifecycle emissions of Russian gas is 41 percent
2561 higher than American LNG exports that are delivered to
2562 Europe.

2563 So, Commissioner Glick, back to you again. You said
2564 that the Commission may consider climate change in proposed
2565 projects, and the Biden administration claims that reducing
2566 carbon emissions is a top priority.

2567 Will you weigh the climate benefits when reviewing U.S.
2568 LNG export projects?

2569 *Mr. Glick. We do not have the authority to do that.
2570 That is the Department of Energy.

2571 *Mr. Johnson. You do not when you are looking at what
2572 is in America's best interest?

2573 *Mr. Glick. When we review LNG projects, when we site a
2574 LNG project, we only can look at direct emissions. You

2575 cannot look at the mission's impact downstream. The courts
2576 have told us that is for the Department of Energy, not for --

2577 *Mr. Johnson. But you said that the Commission may
2578 consider climate change and propose projects. So how can you
2579 do it?

2580 Do you just do it when you feel like doing it or do you
2581 not do it all the time?

2582 *Mr. Glick. No, we have authority over natural gas
2583 interstate pipelines, and an LNG facility --

2584 *Mr. Johnson. Will you consider climate? Will you
2585 consider climate benefits when reviewing those LNG export
2586 projects?

2587 *Mr. Glick. We cannot. The courts do not allow us to
2588 consider benefits overseas. If you want to say benefits in
2589 domestic --

2590 *Mr. Johnson. No, but the exporting starts here in
2591 America, and that has to be produced here in America. So the
2592 exporting starts here.

2593 So I think I am hearing you say yes.

2594 *Mr. Glick. I understand your question, Mr. Johnson.
2595 We just do not have authority to consider that. That is --

2596 *Mr. Johnson. Well, sure, you do. You just do not want
2597 to answer that.

2598 Let me ask you this. When you weigh the energy security
2599 and domestic economic benefits when reviewing LNG export

2600 projects?

2601 *Mr. Glick. Yes, we have the authority to look at
2602 domestic --

2603 *Mr. Johnson. Correct. Commissioners Chatterjee,
2604 Danly, and Christie, can you give us some quick thoughts on
2605 the importance of U.S. LNG exports?

2606 Commissioner Chatterjee, let's start with you.

2607 *Mr. Chatterjee. Yes. Take care, Mr. Johnson.

2608 This is something that we took very seriously during my
2609 time leading the agency. There was a glut of applications.
2610 I was worried that we might not be able to get through them.

2611 So working with my staff and my colleagues [inaudible]
2612 regulations, and actually over the course of the past four
2613 years have approved 14 LNG export facilities that would
2614 fulfill what you have said. Economic benefits to the U.S.,
2615 positive geopolitical implications as a counterweight to
2616 Russia, and positive environmental benefits, reducing global
2617 carbon emissions.

2618 *Mr. Johnson. Right. Commissioner Danly.

2619 *Mr. Danly. I think it is not an overstatement to say
2620 that America's LNG terminals are geostrategic assets, and
2621 that they are among the most important pieces of
2622 infrastructure that the United States is permitted.

2623 And the benefits that have offered large-scale LNG
2624 export to the wellbeing of being overseas can be overstated.

2625 *Mr. Johnson. Okay. And Christie?

2626 *Mr. Rush. Your time has expired.

2627 *Mr. Johnson. Time is up. Thank you, Mr. Chairman.

2628 *Mr. Rush. The chair now recognizes the gentlelady from
2629 Colorado, Ms. DeGette, for five minutes.

2630 The gentlelady from Colorado, you have five minutes.

2631 The chair now recognizes the gentleman from North
2632 Carolina, Mr. Butterfield, for five minutes.

2633 *Mr. Butterfield. Thank you very much, Mr. Chairman.
2634 It is good to see you and to see all of our colleagues today.

2635 Let me say thank you to our witnesses for your
2636 testimony. Thank you for the incredible work that each of
2637 you does on the Commission.

2638 Chairman Glick, earlier this Congress I introduced H.R.
2639 3979, the Protecting Natural Gas Consumers from Overcharges
2640 Act, and I introduced this along with my good friend and
2641 colleague, Billy Long.

2642 This bill would amend Section 5 of the Natural Gas Act
2643 to give FERC refund authority in cases where natural gas
2644 transmission pipelines are charging their customers unfair
2645 rates.

2646 Under Section 206 of the Federal Power Act, FERC can
2647 examine the rates charged by an electric transmission entity
2648 and order refunds if they were found to be unjust and
2649 unreasonable.

2650 Unfortunately, the Natural Gas Act does not offer such
2651 protection for natural gas consumers, despite the fact that
2652 in 2019 the ten most profitable pipelines received \$1.1
2653 billion in overcharges from their customers.

2654 And so our bill will create parity for electrical
2655 transmission and natural gas customers by giving you, by
2656 giving FERC the authority to order pipelines to refund
2657 overcharges. Under the bill, consumers will be protected
2658 from unfair charges regardless of whether they utilize
2659 electrical or natural gas utility.

2660 Several days ago, on July 13th, I sent the chairman,
2661 you, a letter. I also sent a copy to the other Commissioners
2662 regarding the bill, and my staff has informed me today that
2663 you authored and have provided a response, and thank you so
2664 very much.

2665 And so, Mr. Chairman, I would like to submit the
2666 response letter from the Commissioner for the record, if I
2667 might.

2668 Thank you.

2669 Having reviewed our legislation, Mr. Chairman, do you
2670 agree that Congress should amend the NGA so FERC can grant
2671 refunds in these cases?

2672 *Mr. Glick. Thank you, Mr. Butterfield.

2673 I do agree. We have the responsibility to protect
2674 consumers, whether it be consumers on the electric side or

2675 consumers of interstate natural gas pipelines, and not having
2676 that refund authority inhibits us from being able to fully
2677 protect consumers.

2678 So I would support us having the same refund authority
2679 we do on the electric side.

2680 *Mr. Butterfield. Well, let me take you a step further.
2681 Do you think it is fair that natural gas consumers are not
2682 protected while electric users are?

2683 It seems to be unfair.

2684 *Mr. Glick. No, I think it is not fair currently.

2685 *Mr. Butterfield. All right. Here is my final
2686 question. How do unfair overcharges impact natural gas
2687 consumers like [inaudible] Mr. Johnson and others who have
2688 talked -- and Mr. Griffith -- people who rely on natural gas
2689 for cooking and heating, do their charges ultimately lead to
2690 higher rates?

2691 *Mr. Glick. They do. They ultimately get passed on.
2692 We have the authority to review whether pipeline rates are
2693 just and reasonable, and there are cases where we found the
2694 pipelines have been charging excessively, excessive amounts
2695 beyond just and reasonable rates.

2696 And meanwhile we have not been able to do anything about
2697 it. So the pipeline company charges essentially the shippers
2698 of natural gas for those excess amounts, and those shippers
2699 end up passing those rates on to consumers.

2700 *Mr. Butterfield. Thank you, Chairman Glick.

2701 I am going to yield back in just a moment.

2702 Were your answers to Mr. Johnson a moment ago complete
2703 or did you need some time to expand on a previous answer?

2704 *Mr. Glick. Thank you, Mr. Butterfield.

2705 Generally they were complete. I just wanted to make the
2706 point that we do have the authority and the responsibility to
2707 look at greenhouse gas emissions from a domestic perspective
2708 on LNG projects with regard to when the project is built and
2709 when the project is operating.

2710 But it is the Department of Energy, as the courts have
2711 told us many times, not FERC that can only look at greenhouse
2712 gas emissions overseas in terms of the downstream impacts of
2713 a particular LNG facility.

2714 *Mr. Butterfield. Thank you.

2715 Thank you, Mr. Chairman. I yield back.

2716 *Mr. Rush. The gentleman yields back.

2717 The chair, for the record, noticed that the gentleman
2718 asked for unanimous consent to enter into the record a
2719 letter, and I did not hear any objections. So the letter is
2720 entered into the record, without objection.

2721 [The information follows:]

2722

2723 *****COMMITTEE INSERT*****

2724

2725 *Mr. Rush. The chair will now recognize Mr. Bucshon for
2726 five minutes.

2727 *Mr. Bucshon. Thank you, Mr. Chairman.

2728 I want to thank the Commissioners for being here today,
2729 at this crucial time as we see the transitioning type of
2730 energy that we are developing here in our country.

2731 Look. I am a strong supporter of an "all of the above"
2732 energy approach. We need to ensure the policy decisions
2733 allow customers to have options when it comes to electricity
2734 to keep costs down and domestic options abundant.

2735 There are a couple of things though in the context of
2736 this hearing I want to point out. For example, in
2737 California, wildfires and the CO2 generated from wildfires,
2738 and essentially, we are not addressing any of our forest
2739 management issues and blaming it all on climate change
2740 ironically for environmental reasons, but here is some data
2741 from the San Francisco Chronicle.

2742 In 2018, wildfires in California generates 111.7 million
2743 metric tons of CO2 compared with 169.2 million metric tons
2744 for the transportation industry.

2745 And that amount generated by wildfires is 25 percent
2746 more than the State's annual emissions from fossil fuel. Yet
2747 we are not doing anything to address it. We are just blaming
2748 it on climate change.

2749 I am not saying it is not a component of that.

2750 Interestingly, that is only about 15 to 20 percent of
2751 the CO2 emissions coming from Amazon wildfires in the Amazon
2752 forest, which of course we have no control over.

2753 And then let's consider the fact that Opa is moving at
2754 about 57,000 miles per hour around the sun, rotating at 1,000
2755 miles per hour, and our solar system whirls around the center
2756 of our galaxy at 490,000 miles per hour.

2757 So the point I want to make is let's put all of this in
2758 context and quit talking about political talking points here
2759 and look at the facts.

2760 Again, I support an "all of the above" approach to
2761 energy in our country, and the geopolitics outlined by Mr.
2762 Johnson are critical unless we want to cut off our nose to
2763 spite our face. We are allowing Vladimir Putin to control
2764 the world's natural gas industry, seriously?

2765 Eastern Europe is literally begging us for energy. I
2766 have been there. I know. They are begging us for energy
2767 because until they get it from us and our allies, they are
2768 dependent on the Russians.

2769 Why do you think the Russians are in Ukraine? For their
2770 health?

2771 So I just wanted to get that out there. In 2018, this
2772 committee passed a package of hydropower permitting bills
2773 which include my bill, H.R. 2872, the Promoting Hydropower
2774 Development at Existing Nonpowered Dams Act, and it was

2775 signed into law by the President.

2776 The focus of the bill was to create a two-year licensing
2777 process to electrify existing nonpowered dams, of which there
2778 is a lot more than you would think.

2779 Chairman Glick, do you support the expansion of
2780 hydropower?

2781 *Mr. Glick. I do. The Department of Energy recently
2782 estimated that there can be an extra 50 gigawatts of
2783 additional hydropower capacity, and I think that is going to
2784 be a very important component of our generation mix going
2785 forward.

2786 *Mr. Bucshon. I would agree. I think we have to
2787 utilize all. As I said, I believe in the "all of the
2788 above" approach.

2789 My district in Indiana has every coal mine in the State.
2790 My dad was a coal miner, but I support all of these things.

2791 How is the two-year expedited licensing process for
2792 existing nonpowered dams working out?

2793 *Mr. Glick. We have implemented the regulations, and we
2794 have had a few applications since then. They are still
2795 making their way through the process.

2796 But I would say that the goal of two years is a laudable
2797 goal and something I think we strive for every day. We
2798 certainly had a pilot program even before the legislation
2799 passed to keep it at two years.

2800 *Mr. Bucshon. It is tight. I understand.

2801 *Mr. Glick. I think one of the requirements under the
2802 rulemaking is basically these companies have to come with us
2803 with basically a completed application process, and so we are
2804 working with them right now to try to expedite that.

2805 *Mr. Bucshon. I understand.

2806 And what additional steps can we take to streamline the
2807 process for these nonpowered dams, if anything?

2808 *Mr. Glick. Well, I think we have to let the existing
2809 process kind of work out. It is a little bit too soon to
2810 really tell if additional changes need to be made. I think
2811 we have to wait a couple years and see how the project works
2812 when we are through.

2813 *Mr. Bucshon. Okay. Because as was outlined by another
2814 member, believe it or not, some in the environmental
2815 community want to remove all the dams and not use hydropower,
2816 which seems kind of the opposite of what you would expect
2817 people to be promoting.

2818 Lastly, if you comment on the bank on imports of solar
2819 panels from China and Xinjiang forced labor camps and how
2820 that might affect the U.S. solar industry?

2821 *Mr. Glick. I can get you an answer for the record. I
2822 am not necessarily an expert at our particular trade policy,
2823 although I am obviously aware of the situation.

2824 *Mr. Bucshon. Okay. Thanks.

2825 I yield back.

2826 *Mr. Rush. The gentleman yields back.

2827 The chair now recognizes the gentlelady from California,
2828 Ms. Matsui, for five minutes.

2829 *Ms. Matsui. Thank you very much, Mr. Chairman, for
2830 convening this hearing.

2831 And, Commissioners, it is a pleasure to have you with us
2832 today.

2833 FERC is a crucial agency to fulfill our country's goals
2834 to provide clean, affordable, and reliable energy while
2835 building stronger and more resilient communities in light of
2836 the ever-growing threat of a climate crisis.

2837 Now, due to intensified extreme weather events in
2838 California, and we have the experienced electricity crises in
2839 which electricity demand exceeds the price and the result is
2840 growing blackouts with customers.

2841 We remain concerned about resource adequacy and market
2842 planning, especially in the extreme weather that tests the
2843 system and frequent calls for energy conservation which has
2844 caused conservation fatigue in my consumers.

2845 Chairman Glick, what are the key take-aways from the
2846 March 2021 technical conference on resource adequacy?

2847 *Mr. Glick. Thank you very much, Ms. Matsui.

2848 I agree with you 100 percent that this is obviously an
2849 urgent issue, and we did have a technical conference because

2850 this is not just a California issue. It is an issue
2851 throughout the entire West, and we see it in the Pacific
2852 Northwest. We see it in the Desert Southwest, for instance.

2853 And the key take-away for me is that the region needs to
2854 cooperate. The region needs to work together. No State is
2855 an island.

2856 We have seen over many years, California in the winter
2857 was able to bring in its power from the Northwest, and then
2858 the power came, and the Northwest got their power in the
2859 winter from the Southwest and from California.

2860 And I think what we learned from that particular
2861 technical conference is that every particular State, every
2862 particular subregion of the West is looking at it from their
2863 own perspective, and I think we need greater cooperation,
2864 potentially the development of some sort of regional market,
2865 whether it be an RTO or something like that, to facilitate
2866 planning across the region and hopefully facilitate more
2867 resilient resourced adequacy.

2868 *Ms. Matsui. I see. Well, thank you for that.

2869 And earlier this year President Biden announced his plan
2870 to achieve a 100 percent [audio malfunction] by 2035 and then
2871 [audio malfunction].

2872 One thing is clear. We will not be able to achieve
2873 these energy goals without seeing our transition system.

2874 Commissioner Clements, what role should FERC play in

2875 addressing transmission planning reforms that have often
2876 hindered the development of large scale transition projects
2877 needed to achieve local, State, and Federal clean energy
2878 goals?

2879 *Ms. Clements. Thank you, Representative Matsui. I
2880 think the Commission has taken a really important first step.
2881 There has been over time a series of Commission orders that
2882 have encouraged transmission development to meet the needs of
2883 our country at that time.

2884 We are again at that moment, and the advanced notice of
2885 proposed rulemaking asks a significant number of questions
2886 about how to ensure both regional planning processes and
2887 interregional planning processes that serve the resources
2888 that the markets and policies are driving, as well as
2889 customer resilience and reliability needs.

2890 *Ms. Matsui. Well, how does the Commission plan to act
2891 swiftly to achieve these necessary goals while also
2892 responding to comments from the public?

2893 *Ms. Clements. Appreciating the urgency of the need,
2894 regulatory processes, as we know, move slowly. I think we
2895 are well set up by asking this broad set of questions to take
2896 action across all of the issues that have been described on
2897 the transmission front, planning, permitting, and paying for
2898 transmission.

2899 *Ms. Matsui. Okay. Throughout my time in Congress, I

2900 have spearheaded initiatives such as the Clean and Efficient
2901 Cars Act and enacted legislation to reauthorize the Diesel
2902 Emissions Reduction Act. These efforts will help expedite
2903 the transitions to light, medium, and heavy duty electric
2904 vehicles and lower carbon emissions and air pollution from
2905 the transportation sector.

2906 Chairman Glick, how will transportation electrification
2907 affect the transition system and what actions should Congress
2908 take to help ensure that FERC can help match the increasing
2909 electrification demand so our transmission system will meet
2910 the challenges of this transition?

2911 And you have 30 seconds.

2912 *Mr. Glick. I will talk real quick.

2913 Electrification actually has significant benefits, but
2914 significant impacts on the grid as well. So, for instance,
2915 we are going to need additional transmission, additional
2916 clean generation clearly, but also I want to point out that
2917 also we can take advantage of electric vehicles, for
2918 instance. They can participate in the distributed energy
2919 resource market and discharge their batteries when power is
2920 most needed. Discharging power gives a lot of additional
2921 power on the grid.

2922 And so I think that it is not just a challenged in terms
2923 of the grid, in terms of investments we have to make, but to
2924 provide any improvement in resilience and reliability.

2925 *Ms. Matsui. Okay. Well, thank you very much for that.

2926 And, Mr. Chairman, I yield back.

2927 *Mr. Rush. The gentlelady yields back.

2928 The chair now recognizes the gentleman from Michigan,

2929 Mr. Walberg, for five minutes.

2930 *Mr. Walberg. Thank you, Mr. Chairman.

2931 And I thank the panel for being here. It is good to

2932 meet the new members coming on. It is good to have the

2933 opportunity to congratulate you, Chairman Glick, and it is

2934 good to have the opportunity to thank you, Commissioner

2935 Chatterjee. I have got to get used to saying it that way. I

2936 thank you for your dedicated years of service on this issue.

2937 I would particularly like to highlight your work on

2938 PURPA modernization. There were not many people I could talk

2939 to about PURPA that understood it like you at the time. It

2940 is something that I have long championed and really from the

2941 aspect that PURPA did what we wanted it to do. It expanded

2942 renewables. It got the big guys and gals into doing things

2943 that they should have been, and in the end I think it brought

2944 about a great opportunity to see reliability and

2945 affordability enhanced for the consumer.

2946 Order No. 872 mirrored many provisions in my bill, the

2947 PURPA Modernization Act, by giving States greater flexibility

2948 to incorporate current market prices, in calculating avoided

2949 cost rates, preventing qualified facilities from gaming the

2950 one-mile rule, and lowering the net threshold for
2951 nondiscriminatory access to power markets for small power
2952 producers.

2953 These are all complex issues, but I have no doubt the
2954 work you and Commissioner Danly specifically did to make
2955 these changes will help increase competition and bring down
2956 electricity costs for rate payers across the country.

2957 And so, Commissioner Chatterjee, as you prepare to leave
2958 FERC, what more do you think the Commission and Congress can
2959 do to ensure PURPA continues to keep pace with the rapidly
2960 changing landscape of energy?

2961 *Mr. Chatterjee. I think the most important thing the
2962 Commission needs to do is keep Order 872 in place. I do
2963 agree that the actions we took to modernize PURPA, to bring
2964 it into alignment with the realities of the 21st Century
2965 marketplace was the right thing to do.

2966 When PURPA was originally conceived, it was a totally
2967 different energy landscape to what we see today, and it was a
2968 much needed response, Congress instructing us to go back and
2969 periodically revisit our regulations to see where they can be
2970 modernized and updated, and I am proud of the action that we
2971 took.

2972 But as you noted, I am departing the Commission. There
2973 will be a new iteration of the Commission going forward, and
2974 it is not impossible that a different iteration of the

2975 Commission could reverse some of the progress we made with
2976 Order 872.

2977 And so I am hopeful that you all are using your
2978 oversight authority here in the House, as well as your
2979 colleagues in the Senate who will be questioning my potential
2980 successor, will make sure that the good work we did in Order
2981 872 is maintained going forward and does not get reverse and
2982 lead to regulatory uncertainty.

2983 *Mr. Walberg. And another reason to pass my
2984 legislation, too, and make it law if we can.

2985 Thank you.

2986 Chairman Glick, in your dissent to the PURPA
2987 modernization rule, we might as well get it out in the open
2988 here. You said you were concerned that FERC was overstepping
2989 its jurisdiction, but with all due respect, Mr. Chairman, I
2990 am concerned that the Commission may be vastly overstepping
2991 its jurisdiction by viewing all decisions through an
2992 environmental lens instead of putting reliability and
2993 affordability for the consumer first.

2994 As you know, FERC is not an environmental regulator --
2995 come out today -- and it is not a safety regulator. FERC
2996 does not have the statutory authority, the budgetary
2997 resources or the expertise to take on those important
2998 missions which are appropriately held by the States, the EPA,
2999 and PHMSA.

3000 When it comes to pipelines, FERC has two primary
3001 statutory obligations. One, I think you would degree to
3002 determine whether the project is required by the public
3003 convenience and necessity; and, two, to take a hard look at
3004 the direct, indirect, and cumulative efforts of the proposed
3005 project.

3006 And so, Chairman Glick, do you believe FERC has the
3007 statutory authority, not the ability, but the statutory
3008 authority to deny a permit for a pipeline project solely
3009 because of climate change concerns?

3010 *Mr. Glick. I think we have the authority to determine
3011 whether the project is in the public interest, as you
3012 mentioned, and the courts have told us that we have to
3013 examine greenhouse gas emissions, and the D.C. Circuit has
3014 said we could, in fact, restrict or decide not to issue a
3015 certificate based on a particular project's impact on the
3016 environment.

3017 So I think from my perspective, we are just following
3018 what the courts have told us to do.

3019 *Mr. Walberg. But solely for environmental concerns?

3020 *Mr. Glick. If the environmental concerns, and, yes,
3021 the courts have said on numerous occasions that if the
3022 environmental concerns were significant enough to outweigh
3023 the adverse benefits and you cannot mitigate those
3024 environmental concerns, then you could technically reject it

3025 specifically.

3026 We have not done so to date, but we could.

3027 *Mr. Walberg. I would be awful cautious about that,
3028 whether the court case would go that far and give that type
3029 of latitude for you to do that.

3030 I mean, that is our concern, and I guess we will have a
3031 chance to talk about it further as we look at the time at
3032 some other place, but I would really caution that. So.

3033 *Mr. Glick. Can I just respond quickly? I know your
3034 time is up.

3035 So FERC has the ability to actually, you know, take a
3036 look at the environmental impacts of those projects. We
3037 often, and in almost all cases, try to mitigate those
3038 particular impacts, and that is true for greenhouse gas
3039 emissions as well.

3040 To the extent we find those emissions are significant,
3041 we could, in fact, require the pipeline developer to mitigate
3042 the impacts. That is what we do for wetlands and NOx
3043 emissions and all sorts of other environmental impacts with
3044 regard to proposed pipeline projects.

3045 So just because you were to find a particular project
3046 with some significant level of emissions does not mean you
3047 have to deny the project.

3048 *Mr. Walberg. Thank you. I yield back.

3049 *Mr. Rush. The gentleman's time has expired.

3050 The chair now recognizes the gentlelady from Florida,
3051 Ms. Castor, for five minutes.

3052 *Ms. Castor. Well, thank you, Chairman Rush.

3053 And thank you to the Commissioners. Thank you for your
3054 public service.

3055 FERC has jurisdiction over two critical strategies to
3056 help us avoid the escalating costs and the catastrophic harms
3057 of the climate crisis. One is upgrading and expanding the
3058 electric grid. Two is removing the roadblocks to clean
3059 energy in wholesale power markets.

3060 Both of these strategies create jobs, reuse carbon
3061 solution, clean up the air that we breathe, and will improve
3062 the public health. And so many people now are awake to the
3063 fact that a clean electricity sector is the lynchpin to
3064 meeting our clean energy goals across the entire economy.

3065 Chairman Glick, I am encouraged by your leadership and
3066 focus on improving transmission siting and the
3067 interconnection cost allocation. I have been working on
3068 legislation in this area.

3069 One, my transmission siting assistance initiative was
3070 included as Section 218 in the Clean Future Act, and it would
3071 provide technical assistance to States and local communities
3072 to help them plan and site the interstate transmission
3073 lines.

3074 And then, two, in June, I introduced the Efficient Grid

3075 Interconnection Act, H.R. 4027, to help families power their
3076 homes with affordable and abundant clean energy and tackle
3077 the problem of those traffic jams on our transmission lines
3078 in the electric grid. And thanks to FERC, you all provided
3079 some technical assistance there.

3080 So, Chairman Glick, a recent Department of Energy report
3081 found that nearly five times the Nation's existing wind and
3082 solar capacity is stuck in this traffic jam on the electric
3083 grid, these interconnection queues. The average wait time is
3084 three and a half years.

3085 Can you please explain to everyday Americans how busting
3086 up these traffic jams, clearing out the interconnection
3087 queues will help promote competition and lower cost, and then
3088 improve the public health as well.

3089 *Mr. Glick. Thank you, Ms. Castor.

3090 You know, as I mentioned before, 93 percent of all the
3091 electric generation in the queue, in the interconnection
3092 queue right now, is wind and solar, and we know that based on
3093 various State policies, based on consumer interest, based on
3094 utility programs, there is a lot of extra demand for those
3095 particular resources.

3096 The problem is those resources are most often located in
3097 relatively remote areas. We have great resources in the
3098 United States. They are just located away from where, you
3099 know, a lot of folks consume energy.

3100 And so one of the problems is that then you get in the
3101 interconnection queue. You have to go through a whole
3102 variety of engineering studies, but it takes forever to get
3103 through that queue process because there are so many things
3104 that go on, so many competing interests, and it has developed
3105 over time. It has just taken forever.

3106 FERC has on a couple of occasions implemented
3107 regulations designed to expedite the process, but we have a
3108 long way to go. We still need to speed up the process
3109 greatly, but I think once we resolve the cost responsibility
3110 for those particular transmission upgrades that are made that
3111 facilitate these particular interconnection facilities, I
3112 think that will help.

3113 I think that will do the most of any particular measure
3114 we could take to expedite the process.

3115 *Ms. Castor. And, Commissioner Clements, do you agree?

3116 *Ms. Clements. I do. I think my hypothesis which is
3117 supported by lots of experts around the country is that this
3118 failure of the regional transmission planning process to look
3119 forward to plan for the needs of this really emerging
3120 interconnection queue is forcing that process to happen in
3121 the interconnection queue.

3122 So we are trying to do regional and interregional
3123 planning through this line which was never designed to do
3124 anything except for connect one resource to the grid.

3125 And I think to Chairman Glick's point, the biggest issue
3126 or one of the biggest issues is the participant funding
3127 model, which basically now requires as an analogy, if you buy
3128 a new house on the street and you are the last person to buy
3129 a house, you have to pave the road for that whole street.
3130 You have to pay to pave the road for that whole street.

3131 That is how the current process works for paying for
3132 interconnection, and that is something that we need to look
3133 at.

3134 *Ms. Castor. I think you are absolutely right.

3135 And then you also highlighted how important it is for
3136 these high voltage transmission lines to help us power the
3137 future and mitigate all of the escalating cost and just
3138 catastrophic climbs.

3139 There is no way to sit here and not understand and watch
3140 what is happening across this country and across the globe
3141 right now and understand the need for drastic action, but we
3142 have to do things according to science and fact basis.

3143 But clearly, this is America. We have the tools to
3144 build these high voltage transmission lines. What else do
3145 you think the Congress needs to do?

3146 *Ms. Clements. That is absolutely right. I think the
3147 challenge is big in terms of the need for interregional and
3148 regional transition development, regardless of the resource
3149 mix that is on the other end of the line, although it all

3150 happens to be wind and solar right now.

3151 We need resilience. We need reliability, and it runs
3152 counter to the American spirit to give up before we have even
3153 begun to fight on these issues.

3154 I think we have this NOPR out that is out for public
3155 comment and look forward to really processing those inputs so
3156 that we can get going on these questions.

3157 *Ms. Castor. And, Mr. Chairman, we have so many smart
3158 innovators out there. I know you are probably hungry for
3159 some of these solutions according to NOPR.

3160 *Mr. Glick. Absolutely. I would say there is one
3161 particular --

3162 *Mr. Rush. The gentleman's time has expired.

3163 *Ms. Castor. Thank you very much.

3164 *Mr. Rush. The chair will now recognize the gentleman
3165 from South Carolina, Mr. Duncan, for five minutes.

3166 *Mr. Duncan. Thank you, Mr. Chairman.

3167 And thanks everyone for being here. I know you guys are
3168 getting tired, and you just have a few more to endure. So
3169 thanks for that.

3170 The Federal Energy Regulatory Commission's stated
3171 mission is to assist customers in obtaining reliable,
3172 efficient, and sustainable energy services at a reasonable
3173 cost through appropriate regulatory and market means.

3174 To fulfill this mission, FERC identifies the following

3175 primary goals. I am going to skip down to number three: to
3176 use resources effectively, adequately equipping FERC
3177 employees for success, and executing responsive and
3178 transparent processes that strengthen public trust.

3179 So I am going to bring up a situation that a county in
3180 my district has been dealing with for quite some time.
3181 Glenwood Country has been going back and forth with FERC on
3182 the type and construction of emergency fuse plug at Lake
3183 Greenwood Dam. The location of the fuse plug was approved
3184 previously by FERC, but the Atlanta Regional FERC Officer
3185 later determined that if the fuse plug were to be activated,
3186 which has not occurred in the entire existence of the lake
3187 and the lake was built from 1935 to 1940, including
3188 devastating flooding of 2015, there would be severe damage to
3189 the surrounding area.

3190 Thus, Lake Greenwood Dam remediation has made the
3191 glycerol pay, and it has been going on for -- listen for this
3192 -- over 15 years. I think it is emblematic that there are
3193 larger bureaucratic problems with FERC that you guys need to
3194 know about.

3195 Not only has Greenwood County spent a lot of time
3196 dealing with this. They have also spent a lot of money.

3197 FERC mandated that they empanel a board of consultants.
3198 This is after they had their own engineers involved. That
3199 board of consultants cost Greenwood County \$135,000.

3200 Further, there is no assurance on FERC's end that they
3201 will accept what the board of consultants' proposal is. This
3202 means that Greenwood could be paying hundreds of thousands of
3203 dollars, taxpayer dollars, and ultimately have their proposal
3204 rejected.

3205 There has got to be a better way to do this, guys.

3206 Chairman Glick, you noted in your testimony that
3207 importance of environmental justice in the context of
3208 decision making. Look at this situation. FERC has made a
3209 small rural county in South Carolina go back and forth for 15
3210 years at the total cost to the county of \$2 million and
3211 countless hours and personnel.

3212 So I recognize you probably cannot speak of the
3213 specifics of this situation on the spot, and I will ask you
3214 to get back to me, but do you think it is reasonable for an
3215 emergency fuse plug project on a lake that has been around
3216 that long, survived the 2015 floods, to take more than 15
3217 years to be designed?

3218 And also, do you believe it is appropriate for Greenwood
3219 County to have been forced by FERC to spend over \$2 million
3220 and yet not have achieved full design and approval of the
3221 project?

3222 *Mr. Glick. Thank you, Mr. Duncan.

3223 As you say, I cannot comment on the specific project,
3224 although certainly I can get back to you with some more

3225 specifics. I will say this. Fifteen years and the cost that
3226 you outlined are definitely not appropriate in my opinion.

3227 We have a responsibility to protect the public interest.
3228 We have a lot of different responsibilities under the Federal
3229 Power and Natural Gas Act, for instance, but one of the
3230 things we need to do a much better job on, in my opinion, is
3231 we need to be more efficient. We need to move things along
3232 more quickly. We need to make sure that various parties that
3233 participate in our proceedings do not have to incur millions
3234 of dollars of legal bills, to the extent we have some control
3235 over it sometimes. These are very complicated issues.

3236 But you have my word that I will work with you and try
3237 to expedite the process.

3238 *Mr. Duncan. Yes. It is a fuse plug for a dam. Thanks
3239 for your commitment to work with my staff and Greenwood
3240 County.

3241 I was hoping not to bring that up because sometimes you
3242 bring a project like that up with the Federal Government, and
3243 it actually hurts a project more, but you know, heck, 15
3244 years and \$2 million, I do not think you can hurt this county
3245 much more. It is time to get that deal done.

3246 I am going to shift gears real quick and talk about the
3247 provision in the Clean Future Act that establishes a Federal
3248 right to clean energy. This would allow large corporate
3249 energy purchasers to use their buying power to directly

3250 procure one source of generation, mainly intermittent
3251 renewables, at preferential rates.

3252 This would shift cost of maintaining a 24-7 reliability
3253 to the remaining customers, average residential customers.
3254 So you are shifting the cost, giving preferential treatment
3255 to corporations. I do not see how that is environmental
3256 justice or energy justice.

3257 But I am going to ask Mr. Christie. What are your
3258 thoughts on this and how does this affect consumer
3259 protections built into State laws and rules to minimize
3260 inequitable cost shifting and promote reliability?

3261 *Mr. Christie. Well, Congressman, I am not actually
3262 familiar with that particular provision of that legislation.
3263 Our statute is that rates have to be just and reasonable and
3264 not preferential or discriminatory.

3265 So on the surface it would sound discriminatory, but
3266 again, I do not know that provision, and so I would have to
3267 look at that. If that law passes, we would have to implement
3268 it, but right now our statute is non-preferential and
3269 nondiscriminatory.

3270 *Mr. Duncan. Thank you for that.

3271 I am out of time, guys. It will be over soon.

3272 Mr. Chairman, I yield back.

3273 *Mr. Rush. The gentleman yields back.

3274 The chair now recognizes the gentleman from Vermont, Mr.

3275 Welch, for five minutes.

3276 *Mr. Welch. Thank you very much, Mr. Chairman.

3277 I want to follow up on something that my colleague, Mr.
3278 Doyle, asked, and that is about distributed energy. And I
3279 think he asked the question about what kind of benefits can
3280 our electricity grids derive.

3281 But I would like to focus on, and I will start with you
3282 Chairman Glick. What would you do and the Commission do to
3283 ensure that our market operators, such as IFO New England,
3284 are able to meet their compliance dates for the order?

3285 Are there things that FERC can be doing to better engage
3286 with these market operators to address the challenges that
3287 they are facing?

3288 You got the order done, but it is not implemented.
3289 Chairman Glick?

3290 *Mr. Glick. Well, yes, as you've mentioned, so we have
3291 several points in the process. The first point is the issue
3292 of the rulemaking, which we did the final rule.

3293 The next stage is compliance, which, again, various RTOs
3294 have submitted their compliance proposal to us. Sometimes we
3295 accept them. Sometimes we reject them. Sometimes we ask
3296 them to modify their proposals.

3297 So we will ensure that all the RTOs, including, I
3298 assume, New England, complies with the requirements, the
3299 spirit and the requirements, of the particular rule, in this

3300 particular case, the DER rule, and to the extent they do not,
3301 we will continue to -- we have received, I assume, in New
3302 England. We have regulatory authority over all the various
3303 RTOs around the country, and we want to make sure that they
3304 do comply.

3305 *Mr. Welch. Commissioner Chatterjee, do you want to add
3306 anything to that?

3307 *Mr. Chatterjee. Yes. I want to echo what the chairman
3308 said and just make the point that while the FERC Order 2222
3309 was, I think, certainly historic in nature, the difference
3310 between it being a positive step forward and a truly landmark
3311 rulemaking that will change the energy landscape will be
3312 played out in the compliance and implementation process.

3313 And I think it is really incumbent. You have a lot of
3314 new entrants to the energy space who are not as familiar with
3315 dealing with FERC and dealing with the RTOs and the ISOs.
3316 They need to be brought into the fold and participate in the
3317 stakeholder processes because I think it is so important that
3318 the compliance filings that come to the Commission be strong
3319 so that this rulemaking can truly have the historic impact
3320 that it has the potential to have.

3321 *Mr. Welch. Thank you very much.

3322 You know, I know FERC is also considering the best way
3323 to incorporate innovative technologies such as demand
3324 response into competitive markets without violating State

3325 agencies' requirements.

3326 And obviously, demand response, such as energy
3327 efficiency, behind-the-meter technology, smart building
3328 innovation, that is going to continue to grow in importance,
3329 and it is all very local. So it has got a significant
3330 economic benefit. And throughout my time in Congress, I have
3331 worked with others for the deployment of smart meters, energy
3332 efficiency technology, and so on.

3333 Chairman Glick, how will FERC plan so that we can ensure
3334 that new technologies are absolutely able to participate in
3335 energy markets because there has got to be a market for that
3336 activity to make it widely deployed, while simultaneously
3337 protecting the ability of States to maintain authority over
3338 resources that operate on the distribution side?

3339 *Mr. Glick. So I appreciate the question, Mr. Welch,
3340 and in fact, on demand response I agree with you. Demand
3341 response has provided a significant number of benefits in
3342 terms especially on reliability and resilience. All you have
3343 to do is look at last summer in California. Demand response
3344 is really the unsung hero in keeping the lights on for most
3345 of the time.

3346 With regard to technologies, there is certainly a
3347 growing division between State regulation and Federal
3348 regulation because a lot of the technologies that we are
3349 talking about now are primarily subject to State oversight

3350 and not participating or seeking to participate in the
3351 wholesale markets.

3352 So we have been trying to work with the States on these
3353 various issues, and in fact, I will give you an example with
3354 regard to demand, distributed energy resources.

3355 We have made it very clear that we are not going to deal
3356 with the interconnection of those particular facilities to
3357 the grid. That is subject to State regulation.

3358 And we also made it clear that States have the ability
3359 to oversee the rules that are set out with regard to a
3360 distributed energy resource that participates both in the
3361 retail market and the household market, which is subject to
3362 our jurisdiction.

3363 So we are trying to reach out to the States as much as
3364 we can, continuing to dialogue with them.

3365 Obviously, there is some tension on some of the issues,
3366 but we have tried to eliminate all oversight just to the
3367 participation of those resources in the wholesale market and
3368 leave some of the issues behind the matter issues to the
3369 States.

3370 *Mr. Welch. Thank you very much.

3371 Mr. Chairman, I yield back.

3372 *Mr. Rush. The gentleman yields back.

3373 The chair now recognizes the gentleman from Alabama, Mr.
3374 Palmer, for five minutes. Mr. Palmer, you are recognized.

3375 *Mr. Palmer. Thank you, Mr. Chairman.

3376 I thank the witnesses for their participation and their
3377 patience and sticking here with us.

3378 I want to ask you, Mr. Glick, about inflation. Are you
3379 concerned about inflation?

3380 *Mr. Glick. I think everyone is, yes.

3381 *Mr. Palmer. If you are concerned about inflation, then
3382 you also have to be concerned about this administration's
3383 energy policy. Energy is perhaps the most inflationary part
3384 of our economy. It is an inflationary commodity in the
3385 consumer price index because it impacts everything.

3386 So are you concerned about that?

3387 *Mr. Glick. I am absolutely concerned about high energy
3388 prices, yes.

3389 *Mr. Palmer. Well, this mass exit from the use of
3390 natural gas and fossil fuels that my colleagues advocate
3391 toward a complete renewable power grid is going to
3392 necessarily increase energy costs across the board.

3393 I do not know how many engineers you have at FERC. We
3394 looked at the top 100 salaries, and 60 of them were
3395 economists, and I am fine with economists. I used to joke
3396 God made economists to make actuaries look interesting, but
3397 you do need some engineers to look at these because it is
3398 going to have a huge impact on families.

3399 And I am particularly concerned about the lower income

3400 families. I have brought this point up many times in this
3401 committee and on the Select Committee on the Climate Crisis
3402 about Pembroke Township in Illinois, 2,100 people; 80-plus
3403 percent are African American. They do not have a natural gas
3404 pipeline. There are activists such as the Reverend Jesse
3405 Jackson trying to get a pipeline in there.

3406 Yet I cannot find colleagues on the other side of the
3407 aisle willing to support that. Does it make sense to
3408 continue to deprive people of energy justice, if you want to
3409 use the word "justice," in pursuit of renewables?

3410 *Mr. Glick. Thanks, Mr. Palmer.

3411 First of all, if I understand, only four percent of our
3412 employees are actually economists. I do not know the
3413 statistic you looked at, but we can get back to you on that.

3414 *Mr. Palmer. Well, you have a lot more employees than
3415 the 100, but that is just the top 100 salaries.

3416 *Mr. Glick. Yes. All I know is I am not in one of the
3417 top 100 salaries.

3418 With regard to our job, our job, again, is to protect
3419 the public interest. That is our responsibility, to ensure
3420 that energy rates, whether it be through pipeline rates or
3421 wholesale electric rates, are just and reasonable.

3422 And that is the goal. That is the goal which we
3423 regulate.

3424 *Mr. Palmer. Well, I do not want to get off on that too

3425 far because we established the fact that inflation is a
3426 problem and energy is a big part of the inflationary
3427 equation.

3428 But I also want to point out something else about the
3429 fact that there was a report that came out a few years ago
3430 that we were within five percent of the Chinese in
3431 manufacturing cost, and it was really because of the fracking
3432 revolution. Natural gas prices had dropped precipitously.
3433 But we also have higher productivity.

3434 There is an issue here that I think we do not really
3435 take into consideration, and it is of great concern to me.

3436 Moving to 100 percent renewables, I think we need to
3437 look at this in the context of national security because
3438 anyone who knows anything about China knows they have zero
3439 intent of moving away from fossil fuels, whether it is coal,
3440 oil, or natural gas.

3441 And it is putting us in this pursuit of net zero, and
3442 even John Kerry admits that if the United States achieved its
3443 net zero goal, and we have had leading scientists that met
3444 that if we went to absolute zero, it will not stop climate
3445 change, and it particularly will not impact it because China
3446 is not going to participate.

3447 Should not that be part of your consideration when we
3448 are looking at these changes?

3449 Mr. Chairman, you are not muted. Suspending my time,

3450 Mr. Chairman, I think you are not muted.

3451 Reclaiming my time --

3452 *Mr. Rush. -- unmuted. Go ahead.

3453 *Mr. Glick. So, Mr. Palmer, I do not think I am expert
3454 enough to comment on the China comment, but I will say this.
3455 If you look at over the last ten years, hopefully electricity
3456 prices have gone down pretty significantly. In large part,
3457 you mentioned gas. Natural gas is certainly a big part of
3458 that, but also the competitiveness of the zero emissions,
3459 zero marginal cost technologies, such as wind and solar, have
3460 brought down costs as well.

3461 *Mr. Palmer. But that is only because we have heavily
3462 subsidized those, and ultimately the taxpayer pays for that.
3463 It may not show up on your utility bill, but they are paying
3464 for it.

3465 *Mr. Glick. Well, a lot of technologies have been
3466 subsidized. So has fracking as you mentioned as well. But
3467 after the development of those technologies that are
3468 subsidized, the subsidies do go away, and then those
3469 technologies are cost competitive.

3470 So I do believe that we can move forward in a clean
3471 energy future and do so in a way that is consistent with
3472 lower cost energy.

3473 *Mr. Palmer. I hear the tapping. That means my time
3474 has expired. I yield back, Mr. Chairman.

3475 *Mr. Rush. The gentleman yields back.

3476 The chair now recognizes the gentleman from Texas, Mr.
3477 Veasey, for five minutes.

3478 *Mr. Veasey. Mr. Chairman, thank you very much.

3479 And thank you, Chairman Glick, and all of the FERC
3480 Commissioners for joining us today.

3481 FERC obviously plays a key role in organizing energy
3482 markets and has a very important job in ensuring competitive
3483 and reliable energy for Americans.

3484 Obviously, everybody remembers the recent events in my
3485 home State of Texas where we had an unprecedented weather
3486 occurrence that happened there. A few months after a
3487 devastating storm which left over 700 Texans dead, I think a
3488 lot of people forget that. People were obviously wondering
3489 why they were asked to conserve energy here recently when we
3490 had some issues with the grid at the very beginning of our
3491 blistering summer heat.

3492 There are obviously a lot of benefits to ERCOT being
3493 independent, and obviously, there is a completely other side
3494 to that issue as well.

3495 But I wrote a letter to FERC in February and letting
3496 them know that I support and join the inquiry about FERC and
3497 NERC to investigate the operations of the bulk power system
3498 during the storm, and I think there is a need to have a real
3499 conversation about the benefits and challenges of greater

3500 interconnections between ERCOT and the rest of the country.

3501 There is certainly a certain number of legal and
3502 technical challenges, some infrastructure hurdles that will
3503 need to be overcome before we do that, but there was a recent
3504 report by the American Council on Renewable Energy, and they
3505 found that each additional gigawatt of transmission capacity
3506 connected with Texas Power grid with neighboring States in
3507 the Southeast could save nearly \$1 billion and kept the heat
3508 on for approximately 200,000 Texans during that storm that we
3509 just had.

3510 The report also found that additional transmission ties
3511 would have generated significant cost savings for consumers
3512 and reduced outages during extreme weather events by
3513 canceling out local fluctuations in the supply and demand of
3514 electricity in providing alternative sources of power in an
3515 emergency.

3516 And my question today is for Commissioner Clements.

3517 In your testimony, you mentioned the overload
3518 interconnection queues and costly project delays caused by a
3519 lack of transmission and state the need to build out cost
3520 effective, high voltage transmission across the country.

3521 You went on to contrast experiences in ERCOT with those
3522 of neighboring regional transmission organizations, such as
3523 Southwest Power Pool, and the Midcontinent Independent System
3524 Operator, both of which were able to import power from their

3525 neighbors.

3526 Commissioner Clements, can you expand on how greater
3527 transmission in Texas might have saved us from all freezing?

3528 *Ms. Clements. Sure. Thank you for the question,
3529 Representative, and I appreciate the tragic circumstances
3530 that citizens in your State, including I did not write down
3531 the numbers, experienced.

3532 The Commission has the liability jurisdiction over the
3533 whole country. So one road to ensuring safety is by our
3534 reliability authority.

3535 When it comes to high voltage transmission, as I
3536 mentioned earlier, the mid-Atlantic region in these cold
3537 weather events in February was able to share with the Midwest
3538 region, which was able to share with the Great Plains. It is
3539 because of the lack of interconnection to Texas that there
3540 was not a power sharing that could have helped the outages
3541 that took place.

3542 I think FERC will succeed in its regulatory goals of
3543 protecting customers and reliability if it finds a balance
3544 with respect to regional differences to allow Texans to be
3545 Texans, to allow the West to be the West, but finds that
3546 piece of interconnection and integration and facilitates that
3547 in a cost effective way that is built in the national
3548 interest, but also in individual space interest and cannot be
3549 accomplished simply within the State boundaries.

3550 *Mr. Veasey. Yes. No, absolutely. It makes a lot of
3551 sense.

3552 Also, I guess the flip side to that that people don't
3553 talk about a lot and obviously because we were in the cold,
3554 we need to address the fact that we did not have power, but
3555 most people know that in Texas we actually produce more wind
3556 than anyone else in the country; that we produce more wind
3557 than the European Union does percentage-wise.

3558 Do you think that there are benefits, such as the
3559 ability to export power during times of surplus when wind
3560 power might otherwise be curtailed?

3561 *Ms. Clements. Absolutely. That is a proven benefit of
3562 regional grid interconnection across the country.

3563 *Mr. Veasey. Yes. Thank you very much.

3564 Mr. Chairman, I yield back. Thank you.

3565 *Mr. Rush. The gentleman yields back.

3566 The chair now recognizes the gentlelady from Arizona,
3567 Ms. Lesko, for five minutes.

3568 *Ms. Lesko. Thank you, Mr. Chairman.

3569 Mr. Chairman, I ask unanimous consent to submit to the
3570 record the Wall Street Journal editorial dated July 11th,
3571 2021, titled "The California Power Jam," and the statement
3572 of the Arizona Corporation Commission Chairwoman Lea Marquez
3573 Peterson, dated June 30th, 2021, in response to FERC's June
3574 25th order allowing CISO, which is the California Independent

3575 System Operators, to prioritize electric utilities in
3576 California at the expense of utilities in Arizona and other
3577 States.

3578 *Mr. Rush. I would ask the gentlelady if she would
3579 defer until the conclusion of the hearing so that [inaudible]
3580 could have a chance to look at the documents that you
3581 requested.

3582 *Ms. Lesko. Yes. Thank you, Mr. Chair.

3583 I am going to read a portion of the Arizona Utility
3584 Regulator Chairwoman's statement.

3585 She says, "As a result of shortsighted energy policies,
3586 poor long-term planning, and extensive rolling blackouts in
3587 2020, CAISO petitioned FERC to make changes to its tariff
3588 related to transmission priority through California.

3589 For years, Arizonans have relied upon clean and reliable
3590 energy purchased from hydro-powered dams in Oregon flowing
3591 through power lines in California to cool our homes during
3592 the hot summer months.

3593 Despite overwhelming opposition from other States in the
3594 West, FERC sided with California and granted the change which
3595 will allow California to stop energy from flowing to Arizona,
3596 which could mean power shortages for Arizonans.''

3597 Commissioner Glick, how is the Commission's order
3598 consistent with its well established and longstanding
3599 requirements that transmission providers treat third parties

3600 in a manner comparable to how they treat themselves?

3601 And does the Commission believe that California load is
3602 more important than load outside the State, meaning Arizona?

3603 *Mr. Glick. Thank you very much for the question, Ms.
3604 Lesko.

3605 Actually last week I actually met with the chair of the
3606 Arizona Utility Commission, and although this is an ongoing
3607 proceedings, we did not talk about this particular
3608 proceeding, but she expressed some concerns about what is
3609 going on in California, and we agreed that we were going to
3610 continue our discussion.

3611 Congress in the 2005 Energy Policy Act essentially laid
3612 out that we are supposed to enable or allow utilities to
3613 serve Native load customers first, and pursuant to that, in
3614 our Order 890, we actually gave the authority or authorized
3615 the authority for utilities to essentially benefit Native
3616 load customers or brothers, and that's the statutory
3617 authority pursuant to which we acted in approving the
3618 California order.

3619 Now, that order is coming on a rehearing, but that was
3620 the reasoning that the Commission used in our particular
3621 order.

3622 *Ms. Lesko. Thank you, Chairman Glick.

3623 And, Commissioner Christie, explain to me your rationale
3624 for discriminating against non-California States that are

3625 paying in advance for a service and being denied that product
3626 per contractual obligations.

3627 *Mr. Christie. If you are referring to that case --

3628 *Ms. Lesko. I am.

3629 *Mr. Christie. Okay. Well, that is still pending in
3630 front of us, but I will say it was the law in effect that
3631 applied to that case and the facts of that case led to the
3632 results.

3633 I think it illustrates a bigger issue, I would say,
3634 Congresswoman Lesko. States in the West before they make a
3635 decision to enter an RTO have been with it long and hard if
3636 the president cons what they are getting into.

3637 I have been in States that have been in an RTA for the
3638 last 17 years. There are advantages, and there are
3639 disadvantages. In the Western States before joining an RTO
3640 or forming an RTO, States should thoroughly evaluate the
3641 advantages and disadvantages.

3642 And also, on resource adequacy for Arizona or any other
3643 States, FERC cannot order a single State to build a
3644 generating unit, and FERC cannot order a single State to shut
3645 down on a generating unit. Those resource adequacy decisions
3646 are largely at the State level, and I believe they should
3647 stay there.

3648 But it goes to the questions that States have to look at
3649 when they decide about their own generation and whether to

3650 join their RTO.

3651 *Ms. Lesko. Thank you, sir.

3652 I just want to say to all of the Commissioners I urge
3653 FERC to grant the request for rehealing and reverse your
3654 order.

3655 And with that I yield back.

3656 *Mr. Rush. The gentlelady yields back.

3657 The chair now recognizes the gentleman from Oregon, Mr.
3658 Schrader, for five minutes.

3659 *Mr. Schrader. Thank you very much, Mr. Chairman.

3660 And I thank the panel for coming. We are trying to
3661 serve many masters here, as I am sure you have heard from
3662 others from in and out of different hearings. So I apologize
3663 for not being here for the entirety.

3664 I will walk a little bit on Rep. Lesko's comments. I
3665 come from Oregon. We are a northern neighbor to California
3666 and obviously have some of the similar concerns. I guess I
3667 am going to frame things just slightly different.

3668 FERC recently announced it would review the rules for
3669 its transmission planning and cost allocation. I think that
3670 is a great idea.

3671 However, as you know, in the Pacific Northwest with the
3672 public utilities that we have or, excuse me, with the
3673 government-owned utilities, i.e., EPA, that we consider
3674 ourselves not necessarily subject to FERC and wanted some

3675 confirmation that we would not be forced into participating
3676 into some of the existing organized markets that Mr. Christie
3677 and others referred to with the process that you are
3678 undergoing.

3679 I guess I would ask the Honorable Ms. Clements if that
3680 is, indeed, your intent.

3681 *Ms. Clements. Sir, I think the reciprocity principles
3682 that are available to non-jurisdictional entities often is
3683 compelling in the sense that there are benefits to be gained
3684 by using interregional coordination and cooperation, but
3685 certainly to the extent that those entities are not
3686 interested in participating, we follow our jurisdiction rules
3687 relative to their participation.

3688 *Mr. Schrader. So we would not be forced by FERC to do
3689 that.

3690 *Ms. Clements. Correct.

3691 *Mr. Schrader. Very good, very good.

3692 Whereas the CAISO decisions that are going on at this
3693 point in time, concerned a little bit about the same thing,
3694 about discrimination favor of CAISO, should Oregon in
3695 particular try and get engaged in the marketplace there; that
3696 that sort of effort could be discrimination against other
3697 governmental-owned power sources or utilities and wanted to
3698 make sure that they would not be or CAISO would not have
3699 undue leverage, if you will, to undermine the marketplace in

3700 my State.

3701 *Ms. Clements. Yes, Representative. The question of
3702 how to get through this summer, that the issues that were
3703 being discussed, that case that we are covering, now the
3704 issue is what do we do. These changes are coming at us
3705 quickly. The length of forest fire season is getting longer.
3706 You know, the hydro reserves are going lower each summer.

3707 And so the question is how do we do regional planning in
3708 a way that respects the rights of States and stakeholders
3709 across the West, but is coordinated in such a fashion that we
3710 are equipped as a region; that you all are equipped as a
3711 region to effectively move forward.

3712 *Mr. Schrader. That is a good answer. You could run
3713 for my office with that answer. That was very good. No
3714 disrespect.

3715 We are just very sensitive when we did deregulation back
3716 in the day and Exxon was going to be a wonderful thing for my
3717 great State. It did not work out so well. So like Arizona
3718 and many other States in the region that are not California,
3719 with all due respect to that great State, very concerned
3720 about how that would play out.

3721 The last question alludes to a hearing. Siting
3722 transmission lines is difficult, and 52 percent of my State
3723 is owned by the Federal Government. So I am just curious if
3724 there is any initiative or any particular criteria or process

3725 by which you are going to smooth a way for siting of
3726 transmission lines across Federal lands in my great State and
3727 the rest of the country.

3728 Ms. Clements again. I am sorry.

3729 *Ms. Clements. Absolutely. The advanced notice of
3730 proposed rulemaking about transition with them and the
3731 interconnection with those asks a broad set of questions
3732 around how to best take out regional pooling processes
3733 forward in a way that does respect the State's jurisdiction
3734 over resource adequacy and policy preferences as well as the
3735 need for increased coordination in the interest of protecting
3736 customers and reliability.

3737 *Mr. Schrader. So it is still open to quite a bit of
3738 input at this point in time?

3739 *Ms. Clements. That is right. You look forward to
3740 reviewing the record and I look forward to working with my
3741 colleagues toward taking action from that record.

3742 *Mr. Schrader. Very good. With that I yield back, Mr.
3743 Chairman.

3744 *Mr. Rush. The gentleman yields back.

3745 The chair now recognizes the gentleman from Indiana, Mr.
3746 Pence, for five minutes.

3747 *Mr. Pence. Thank you, Chairman Rush and Ranking Member
3748 Upton, for holding this hearing.

3749 And thank you to the Commissioners for being here today.

3750 This committee is keenly aware of the ongoing energy
3751 transition as U.S. companies seek to develop new sources of
3752 generation to meet energy needs. The goals of your
3753 Commission and this committee is to ensure that any potential
3754 transition does not negatively affect the liability or
3755 affordability.

3756 As a proponent of the "all of the above" and "all of
3757 the below" energy strategy, I am encouraged by the
3758 developments in battery storage, advanced nuclear, and
3759 alternative liquid fuels.

3760 However, I am concerned that some of my colleagues and
3761 potential FERC actions might move too quickly and outpace the
3762 current state of technologies. Discussions about putting a
3763 tax on carbon could artificially price out fossil fuels,
3764 which could provide affordable home energy prices and
3765 reliable baseload electricity.

3766 For Hoosiers, that results in increased prices to heat
3767 our homes and cook our meals unless we switch to the
3768 electrical options.

3769 Earlier this year, I had the opportunity to sit down
3770 with the Midcontinent Independent System Operator, or MISO,
3771 whoever sees great reliability across the Midwest, including
3772 almost all of Indiana. They estimate that by 2030 a
3773 potential energy mix in the region that does not impact
3774 reliability could be 30 percent renewables and 55 percent

3775 fossil fuel.

3776 This is far from the emission reduction goals supported
3777 by the administration and my colleagues, and I have said many
3778 times, I am concerned we are setting ourselves up to
3779 accidentally fail.

3780 Pricing out natural gas with regulations and carbon
3781 taxes will have even further reaching consequences across the
3782 Indiana economy.

3783 Consider a Southeastern Indiana natural gas located in
3784 Milan, Indiana, a local distribution company that provides
3785 natural gas to residential agriculture and commercial
3786 customers. Since Indiana is geographically eye-sighted for
3787 natural gas production, interstate pipelines connect with
3788 Southeastern to provide a valuable economic driver to the
3789 surrounding community.

3790 Manufacturing and agriculture industries benefit from
3791 access to interstate pipelines from neighboring gas producing
3792 States like Ohio and Pennsylvania.

3793 Several States and regional transmission organizations
3794 have already introduced different variations of carbon
3795 pricing regulation in electricity markets.

3796 In a recent FERC policy statement, the Commission
3797 outlined considerations for entities that choose to enter
3798 into carbon priced regimes. The regulatory burden on fossil
3799 fuels could raise prices for a company like Southeastern

3800 until they have no choice but to pass those costs onto their
3801 customers, both commercial and residential.

3802 Meanwhile pipelines remain the safest and most reliable
3803 environmentally friendly way to move fuel. I personally
3804 shipped through pipelines, raid, trucking companies in my
3805 previous life. Nothing is safer than pipelines.

3806 I urge my colleagues to consider the broad implications
3807 before rapidly foregoing a 125 year old industry of energy
3808 delivery consumption.

3809 Chairman Glick, has your Commission built pro forma
3810 impacts on the affordability for consumers as the regulatory
3811 environment makes a transition away from current baseload
3812 generation from fossil fuels?

3813 Have you looked at what the different impacts may be?

3814 *Mr. Glick. No. We basically consider those issues on
3815 a case-by-case basis when the matter becomes before us as to
3816 whether a particular wholesale rate is just and reasonable or
3817 not.

3818 I just want to point out our technology is neutral. So
3819 we do not choose one technology or another nor do we actually
3820 establish carbon pricing. Those are for the States and for
3821 others.

3822 We did a policy statement that was facilitating carbon
3823 pricing, but certainly I do not believe we have the legal
3824 authority to impose carbon pricing on our own.

3825 *Mr. Pence. Well, I hope we do not get there, too.

3826 So I thank you and I yield back.

3827 *Mr. Rush. The gentleman yields back.

3828 The chair now recognizes the gentlelady from New
3829 Hampshire, Ms. Kuster, for five minutes.

3830 Ms. Kuster, you are recognized for five minutes.

3831 The chairman now recognizes the gentlelady from
3832 California, Ms. Barragan, for five minutes. Ms. Barragan,
3833 you are recognized for five minutes.

3834 The chair now recognizes Ms. Blunt Rochester for five
3835 minutes. Ms. Blunt Rochester, you are recognized for five
3836 minutes.

3837 *Ms. Blunt Rochester. Thank you, Mr. Chairman and
3838 Ranking Member Upton for calling this important hearing.

3839 I also want to thank Chairman Glick and all of the
3840 Commissioners for their testimony today.

3841 Earlier this year the Biden administration issued
3842 Executive Order 14008, which requires agencies to prioritize
3843 environmental justice and address the adverse safety and
3844 health effects of actions on low wealth communities and
3845 communities of color.

3846 Chairman Glick, what is FERC's current process for
3847 identifying and assessing the effects of its actions on low
3848 wealth communities and communities of color?

3849 And what additional actions can the Commission take

3850 particularly in the siting of natural gas pipelines and
3851 compressive stations to better protect these communities?

3852 *Mr. Glick. Thank you very much, Ms. Blunt Rochester.

3853 When I first came to the Commission and we were dealing
3854 with these gas pipeline siting cases, I started reading some
3855 of the environmental impact statements that we prepare in
3856 advance of our vote, and it became clear to me that we were
3857 not spending a significant amount of time on environmental
3858 justice.

3859 Each environmental impact statement has a section on it,
3860 but I think in my opinion we were giving it mostly lip
3861 service, and it became clearly to me that this is an
3862 important issue. A lot of these facilities, whether it be
3863 compression stations or pipelines or LNG facilities, are
3864 essentially sited in areas where there are environmental
3865 justice communities.

3866 So upon becoming chair in January, I appointed Montana
3867 Cole, who is our new Senior Counsel for Environmental Justice
3868 and Equity, and in particular, her responsibilities will be
3869 to work from a crosscutting basis across the agency to make
3870 sure not only are decisions with regard to pipelines taking
3871 into account impacts on the environmental justice
3872 communities, but all of our decisions because it is very
3873 important to have an impact.

3874 All of our decisions have an impact on these

3875 communities, and it is very clear from what we have been
3876 discussing today that many of these issues, while they are
3877 important to folks, a lot of people do not have necessarily
3878 the resources to follow through on a day-by-day basis. We
3879 are a very complicated agency in some respects.

3880 So we are going to reach out through the Office of
3881 Public Participation to these communities, but also make sure
3882 that in our decision-making process we take these concerns
3883 into account up front.

3884 *Ms. Blunt Rochester. Great. Thank you.

3885 And weather-related power outages cost Americans
3886 billions of dollars every year. We know that interregional
3887 transmission can increase the reliability of our power grid
3888 and help prevent outages that are both costly and deadly.

3889 My colleague Rep. Peters mentioned the study from the
3890 American Council on Renewable Energy that highlighted the
3891 benefits and cost savings of connecting the Texas power grid
3892 to Southeastern United States.

3893 These benefits from transmission exist across the
3894 country, including in my State of Delaware. Given the
3895 reliability benefits of interregional transmission, can you
3896 discuss whether FERC should direct the North American
3897 Electric Reliability Corporation to adopt a reliability
3898 standard or standards requiring greater interregional
3899 transfer capacity?

3900 *Mr. Glick. Well, thank you for that question.

3901 We are just towards the end of a joint inquiry with NERC
3902 looking at the causes of what occurred last winter with
3903 regard to Winter Storm Erie and especially the impact on
3904 Texas, and I am going to await the recommendations, but I
3905 expect the recommendations will include there be some sort of
3906 look at consideration of interregional transmission.

3907 Now, there are jurisdictional issues in terms of
3908 connecting the Texas grid to the rest of the country, but I
3909 believe at least with regard to NERC and FERC, we very much
3910 at last can field those issues as they impact on the
3911 reliability of the electric grid, most importantly, the bulk
3912 power system.

3913 *Ms. Blunt Rochester. Thank you.

3914 And, Commissioner Clements, pipelines have historically
3915 been built in low wealth communities and communities of color
3916 with limited resources. Often individuals, landowners, and
3917 members of these communities are unaware of how to advocate
3918 for themselves or intervene in FERC proceedings, and the
3919 chairman mentioned this as well.

3920 As you know, Congress first directed FERC to establish
3921 an Office of Participation in 1978, and more than 40 years
3922 passed before the Office of Public Participation was
3923 established.

3924 During this time, FERC proceedings were inaccessible to

3925 many members of these communities, and in addition to
3926 individuals with disabilities.

3927 I want to first applaud the Commission for finally
3928 taking the step to establish the Office of Public
3929 Participation. However, we all know it is not enough to just
3930 establish an office. It is essential that stakeholders have
3931 the tools and the ability to actually have that funding to
3932 meaningfully participate.

3933 Can you just as a follow-up, what tools do you think are
3934 necessary to help the public meaningfully participate and do
3935 you agree that intervenor funding is critical for realizing
3936 that success?

3937 *Ms. Clements. Thank you for the question.

3938 I see we are low on time and I would be happy to follow
3939 up, but I appreciate your recognition of the issue, and I
3940 also recognize the importance of potential intervenor
3941 funding.

3942 The statute requires the Commission to proceed with a
3943 rulemaking process to consider whether and how that would
3944 take place, and I am looking forward to ensuring that that
3945 takes place.

3946 *Ms. Blunt Rochester. Thank you so much, Mr. Chairman,
3947 for the extra time and we will follow up in writing, and I
3948 yield back.

3949 *Mr. Rush. The gentlelady yields back.

3950 The chair announces that there is a vote occurring on
3951 the floor, and the chairman desires now that the committee
3952 will be in recess pending the calling of the chair, the time
3953 undetermined right now.

3954 So the chair will call the committee to recess for an
3955 indefinite amount of time, until the vote on the floor
3956 concludes and there are members who are present either on the
3957 phone or in the committee room.

3958 The committee now stands in recess.

3959 [Recess.]

3960 *Mr. Rush. The subcommittee will now reconvene.

3961 And I want to thank members for returning to this
3962 hearing.

3963 And the chair now recognizes the gentlelady from New
3964 Hampshire, Ms. Kuster for five minutes.

3965 *Ms. Kuster. Thank you so much, Mr. Chairman. I
3966 appreciate you reconvening and giving us the opportunity.

3967 In Reno, Nevada, airlines and airports are beginning to
3968 face jet fuel shortages. With air travel down last year
3969 during the height of the pandemic, demand for jet fuel
3970 plummeted, reducing the share of this fuel in America's
3971 pipelines.

3972 Now that travel is increasing, airlines are short on
3973 fuel, impacting passenger flights and critical cargo.

3974 Chairman Glick, do you anticipate more widespread jet

3975 fuel shortages?

3976 Are shortages impacting the delivery of medicine?

3977 And do you commit to working with [audio malfunction] to
3978 address this problem in a timely manner?

3979 *Mr. Glick. Thank you for the question, Ms. Kuster.

3980 This is a matter of definite concern to us. So the way
3981 it works for regulated oil pipelines as well as essential gas
3982 pipelines, with regard to oil pipelines, if there is more
3983 demand than there is supply in capacity on a particular
3984 pipeline, the supply is pro rationed out to competing users
3985 of the pipeline, depending on their historic use.

3986 And as you know, because of the pandemic, the jet fuel
3987 use was way down last year, and so we got into a situation
3988 with regard to the Reno airport, as you mentioned, where we
3989 got a fall on Friday about this in the sense that the demands
3990 for jet fuel were far greater than the supply based on the
3991 pro rationed share that the airlines were able to get.

3992 So there are various opinions. We are looking at this.
3993 There was a filing made yesterday. It is an ongoing
3994 proceeding. So I am not allowed to talk about it, but
3995 essentially, there is a request for the Commission to use its
3996 emergency authority to reallocate some of the capacity on the
3997 line, and we are taking a look at that.

3998 But there are other options that the LNGs are looking to
3999 as well, including working to trucking infield from other

4000 parts of the region from the Bay Area. There is plenty of
4001 supply. Trying to get the fuel into Reno, Nevada, for
4002 instance, there is a lot of interest there, but the problem
4003 is there is not enough trucking capacity there, including
4004 truck drivers.

4005 So we are working with industry. We had a good meeting
4006 the other day with the airline industry, but it is a matter
4007 that is of concern in Reno now, but it could spread to other
4008 airports. So we are monitoring this very closely and trying
4009 to work with the airline industry and other interested
4010 stakeholders to try to figure out a solution going forward.

4011 *Ms. Kuster. Great. Well, thank you for that. I
4012 appreciate it.

4013 I am going to turn my attention to hydropower.
4014 Hydropower makes up more than [inaudible] percent of electric
4015 generation nationwide and is the United States' largest
4016 source of renewable energy.

4017 My bipartisan bill, the 21st Century Dams Act, lays out
4018 a bold plan to retrofit, rehabilitate and remove dams to not
4019 only increase clean energy production through retrofitting
4020 dams for hydropower production, but improve dam safety by
4021 rehabilitating dams.

4022 And when dam owners and communities agree, it is the
4023 best path forward, actually removing dams to return river
4024 ecosystems to their natural state.

4025 This bill will help us reduce carbon emission, create a
4026 more resilient system, support more than 450,000 American
4027 jobs, and improve the health of our Nation's rivers.

4028 Chairman Glick, can investments in hydropower aid our
4029 Nation's national efforts to move toward a distributed, clean
4030 energy grid?

4031 *Mr. Glick. Well, I think hydropower has a very
4032 important role to play as you move toward the clean energy
4033 future. Obviously, it is a zero-emission technology. It
4034 also plays an important role in integrating intermittent
4035 resources. How can integrated intermittent resources less
4036 cost effectively and efficiently?

4037 And I think I understand your bill has several
4038 components to it. I would say with regard to powering or
4039 repowering, repowering non-power dams, I think there is
4040 significant potential. The Department of Energy identified
4041 substantial additional capacity that could be added by adding
4042 hydropower to a non-powered dam, and it is something we are
4043 taking a look at. We actually have a program underway after
4044 the legislation was passed in 2018.

4045 I would also say that there are times when the licensee
4046 or the owner or the operator of a particular hydro facility
4047 finds it is more expensive to continue operating it,
4048 especially with regard to certain environmental conditions,
4049 and so they have come to the Commission seeking the

4050 permission to actually dismantle or eliminate the dam in
4051 order to improve environmental conditions in the area.

4052 And so we actually have a process for that, too, and we
4053 work with each individual licensee on a case-by-case basis.

4054 *Ms. Kuster. Great. Thank you.

4055 And we will look forward to working with you on that.

4056 So switching gears just a bit, I only have a few seconds
4057 left. I want to discuss the minimum price offer rule. MOPR
4058 [audio malfunction] the cost of clean energy resources.

4059 I just wanted to jump ahead here. You have [audio
4060 malfunction] and called the grid operators to reform or
4061 eliminate the rule.

4062 Could you comment briefly? My time is up, but I would
4063 love to hear your thoughts.

4064 *Mr. Glick. Thank you, Professor, and I will speak very
4065 quickly about it.

4066 Yes, I have been very opposed to the minimum offer
4067 price rule as it has been established in the Eastern RTO
4068 capacity market in large part because I think it is contrary
4069 to what the Federal Act tells us, which is the States and now
4070 FERC have authority over resource decision making, and that
4071 essentially cause State-supported resources to be at a
4072 competitive disadvantage.

4073 So I understand that various RTOs, New England, PJM, and
4074 New York, are actually looking at modifications for their

4075 program, and hopefully they will be filing them soon and we
4076 will be considering them as expeditiously as possible.

4077 *Ms. Kuster. Thank you so much for your comments.

4078 And with that, Mr. Chairman, I yield back.

4079 *Mr. Rush. The gentlelady yields back.

4080 The chair now recognizes the gentleman from Pennsylvania
4081 for five minutes. Mr. Joyce, you are recognized for five
4082 minutes.

4083 The chair now recognizes Mr. Joyce.

4084 The chair recognizes Mr. Long.

4085 Mr. Armstrong.

4086 The chair now recognizes the gentlelady from Texas, Mrs.
4087 Fletcher for five minutes.

4088 *Mrs. Fletcher. Well, thank you so much, Mr. Chairman,
4089 and thank you for giving me the opportunity to participate in
4090 today's hearing.

4091 And thank you to all of our witnesses. I appreciated
4092 hearing your thoughts and insights tonight, for staying in
4093 this hearing, and I would like to follow up with you on a few
4094 things.

4095 I do represent the 7th Congressional District in Houston
4096 and certainly am very keenly following a lot of the
4097 developments and thing happening and appreciate the chance to
4098 ask you a few questions.

4099 So I will get right to it, and I will start with

4100 Chairman Glick. It is important for my constituents and for
4101 people across the country to know that the Commission's rate-
4102 making policies properly compensate and incentivize emissions
4103 reduction investments in our natural gas infrastructure, such
4104 as replacing all of their machinery with newer, low, zero
4105 emissions technology and selling carbon capture equipment.
4106 That is certainly a topic at home. Upgrading pipelines to
4107 blend in hydrogen and renewable natural gas.

4108 These are all things that we are doing to address the
4109 impacts of climate change, and one of our goals is, of
4110 course, to bring down emissions as quickly as possible.

4111 So we really should not require natural gas
4112 infrastructure companies to go through a multi-year FERC
4113 proceeding that reevaluates all aspects of their rate simply
4114 to recover basic modernization and emissions investment.

4115 Does FERC have or is FERC considering an efficient
4116 mechanism for encouraging natural gas pipeline emissions
4117 reduction investment?

4118 And I will start with you, Chairman Glick, and if
4119 anybody else wants to weigh in, I would appreciate that.

4120 *Mr. Glick. Thank you, Congresswoman.

4121 I think with regard to our particular authority with
4122 regard to the natural gas pipelines and rate making, we have
4123 the authority to approve any prudently included investment
4124 that the company makes. We have to take that on a case-by-

4125 case basis.

4126 So clearly, if a pipeline company came in and said they
4127 had emissions reduction equipment and to the extent it is a
4128 prudent investment, we would allow recovery of that.

4129 *Mrs. Fletcher. Okay. And do you agree with me that it
4130 is important to continue investing in our country's natural
4131 gas infrastructure to achieve America's energy and climate
4132 goals?

4133 *Mr. Glick. I think there are certain cases where
4134 absolutely there would be an additional pipeline investment.
4135 I will give you an example. New England is a great example
4136 where they need additional natural gas pipeline
4137 infrastructure or capacity. They are going to meet certain
4138 demands during the week, for instance.

4139 I would say with regards to going back to your previous
4140 question. When we review or when we examine a certificate in
4141 a particular proposed pipeline, if there are actions that the
4142 company takes to reduce emissions, for instance, or make
4143 their pipeline more efficient, we certainly encourage that
4144 because we essentially could require mitigation of any
4145 adverse environmental impacts.

4146 So there are ways companies can make these investments
4147 that would promote development, promote their ability to get a
4148 certificate and move forward with the pipeline project.

4149 *Mrs. Fletcher. Okay. Well, thank you for that.

4150 And I think in answering my last question you also
4151 touched on the role that you think natural gas infrastructure
4152 can play in our energy future, and certainly right now it has
4153 and will continue in the future to help ensure reliability as
4154 more renewables are employed on the power grid as well.

4155 With the time I have left, I want you to touch on one
4156 very specific item because I think that the investment in
4157 infrastructure is really important.

4158 And we all know that building infrastructure projects
4159 have taken longer and longer in recent years. How much
4160 delay do you expect for recent Order 871 to add to pipeline
4161 development timeline, considering that most of these projects
4162 already take many years to design, permit and build?

4163 *Mr. Glick. I do not think Order 871 will provide much
4164 delay at all, especially with what that order requires. When
4165 you have got a certificate, if there are parties that have
4166 expressed and filed for a hearing about a particular
4167 decision, we require that that basically up until the party
4168 filing for the hearing would have the ability to have their
4169 request decided by the Commission before the company can move
4170 forward and utilize them in some name.

4171 But in that particular order we would put a 90-day time
4172 limit. So whatever happens first, either the Commission
4173 issues a rehearing order, which typically happens a lot
4174 sooner than 90 days, or if 90 days expires, then the pipeline

4175 can be moved forward and go to court and seek imminent domain
4176 authority.

4177 *Mrs. Fletcher. Well, thank you for clarifying that.

4178 I think there is a lack of clarity about what folks need
4179 to do in response to Order 871. So appreciate your insight
4180 that it should not cause delay, and we will continue that
4181 conversation.

4182 But as I am running out of time, I will thank you, Mr.
4183 Chairman, for allowing me to participate, and I will yield
4184 back.

4185 *Mr. Rush. The gentlelady yields back.

4186 The chair now recognizes the gentleman from
4187 Pennsylvania, Mr. Joyce for five minutes.

4188 *Mr. Joyce. First I want to thank you, Chairman Rush,
4189 for allowing me to waive onto this subcommittee hearing and
4190 thank all of the Commissioners for appearing here with us
4191 today.

4192 In the past decade American energy needs have continued
4193 to grow. Manufacturing in the United States uses over 30
4194 percent of the Nation's power. Electric car sales are
4195 climbing with a 17 percent growth from 2016 to 2020, and with
4196 them, their increasing drain in our grid.

4197 Likewise every American continues to depend on our grid
4198 to heat and cool their homes and enjoy the standards of
4199 living that we are accustomed to in this country.

4200 It is essential that our energy grid remains as reliable
4201 and dependable as possible. Regulatory agencies like FERC
4202 play a key role in this effort.

4203 As I discussed with Commissioner Wright of the NRC last
4204 week, maintaining a stable regulatory environment, a
4205 consistent strike zone, so to speak, is critical so business
4206 can invest with confidence on how to better serve America's
4207 energy needs.

4208 My first question is for you Chairman Glick. As the
4209 lead agency, what is FERC doing to streamline pipeline
4210 permitting and to bring more certainty and predictability
4211 into this process?

4212 *Mr. Glick. Thank you for the question, Mr. Joyce.

4213 I have spent about ten to 15 years in the private sector
4214 on several occasions, all with energy companies. The one
4215 thing I have learned and the most important thing that the
4216 government can do is provide regulatory certainty.

4217 It is hard to make investment decisions, especially when
4218 you are talking about billion dollar investment decisions,
4219 if you do not know where the government is going in terms of
4220 regulation, whether that be FERC or Congress or the NRC or
4221 any other agency.

4222 And so it is vitally important that we provide that
4223 level of certainty.

4224 I think with regard to the pipeline situation, I would

4225 say what we are trying to do is reduce the amount of
4226 litigation that occurs afterwards. We have seen now on a
4227 couple of occasions whether it be the NBP pipeline, the
4228 Atlantic Coast Pipeline or more recently the Fire Pipeline in
4229 Illinois and Missouri, where the courts have essentially
4230 found that the agency decisions that were made several years
4231 ago that were not sufficient. We did not essentially cross
4232 our Ts and dot our Is and do the analysis that is required.

4233 All of those cases got sent back. In one case, the
4234 pipeline was terminated because it was too expensive and too
4235 time consuming to redo, and there was another one that has
4236 been pending for several additional years because of the
4237 court decision, and there is a third one that is now pending
4238 before the Commission again.

4239 All it does is add billions of dollars of litigation.
4240 It adds billions of dollars of additional administrative
4241 expense and here are several additional years.

4242 But we are trying to provide certainty up front so that
4243 when pipeline companies come to the Commission, we do the
4244 right thing and they do not have to come back a second time.

4245 *Mr. Joyce. Chairman Glick, will you commit to working
4246 with Congress to make these aforementioned improvements?

4247 *Mr. Glick. Absolutely.

4248 *Mr. Joyce. Chairman Glick, how do you view natural gas
4249 power plants?

4250 Are they essential to back up weather-dependent
4251 renewables?

4252 *Mr. Glick. So as you noted, we are going to be
4253 experiencing significant increase in generation or
4254 intermittent generation, whether it be wind or solar in
4255 particular, and because of that, we are going to need more
4256 flexible resources to deal with that intermittency, and it
4257 looks like the resources could be natural gas plants. It
4258 could be storage. It could be hydro in some cases.

4259 But I think we are going to need all of those
4260 technologies in order to be able to deal with the variability
4261 that is going to increase on the grid.

4262 *Mr. Joyce. Commissioner Chatterjee, coming from
4263 Pennsylvania where there is an abundant supply of natural gas
4264 under the feet and under the homes of my constituents, would
4265 you comment on the role of natural gas as a backup energy
4266 source to renewables?

4267 *Mr. Chatterjee. Yes. Natural gas is currently at the
4268 backbone of our energy transition. We are in the midst of
4269 this transition, and it has been remarkable for consumers,
4270 for the economy, and for the environment, but we could not
4271 have made this transition to this accelerated deployment of
4272 renewables without the flexible backup that is natural gas.

4273 So natural gas and the natural gas revolution have
4274 fundamentally changed the energy dynamic in this country, and

4275 it has been an amazing development, and it is scary to think
4276 where we would be without natural gas.

4277 *Mr. Joyce. I agree. I think that the natural gas
4278 industry has supplied so much to our grid and will continue
4279 to do so.

4280 Commissioner Danly, could anti-pipeline policies have a
4281 negative impact on grid reliability?

4282 *Mr. Danly. Thank you for your question.

4283 Of course it can. We saw sadly in recent history what
4284 happens to the reliability of the electric system when
4285 natural gas supplies are cut short. During the storm in
4286 Texas this winter, in part, the failure of the grid to
4287 maintain system reliability, stability was due to the failure
4288 of natural gas to get to natural gas generators.

4289 *Mr. Joyce. My time has closed. Thank you, Chairman
4290 Rush, for allowing me to waive onto this important hearing,
4291 and I yield back.

4292 *Ms. Barragan. Mr. Chairman, I think you are on mute.

4293 *Mr. Rush. I was on mute.

4294 And the chair now recognizes a regular member of the
4295 full committee and subcommittee, Ms. Barragan from
4296 California. Ms. Barragan, you are recognized for five
4297 minutes.

4298 *Ms. Barragan. Thank you, Mr. Chairman, for calling
4299 this important oversight hearing on the Federal Energy

4300 Regulatory Commission.

4301 As the Biden administration and Congress work to hold
4302 polluters accountable and invest in environmental justice and
4303 economically disadvantaged communities, it is critical the
4304 Commission avoid doing harm by permitting more fossil fuel
4305 infrastructure in these communities.

4306 Chairman Glick, I appreciate your push to reform the
4307 Commission's certificate policy, the approval process, to
4308 ensure you are giving serious consideration of climate and
4309 environmental justice impacts before approving gas pipeline
4310 projects.

4311 How should the Commission factor climate impacts into
4312 the overall evaluation of a project?

4313 And what is the threshold in which a project's climate
4314 impact is too great to move forward?

4315 *Mr. Glick. Thank you for the question, Congresswoman.

4316 Our statutory requirement is that we find a proposed
4317 pipeline both as needed and that's in the public interest
4318 before we permit the project to move forward.

4319 And with regard to the public interest examination,
4320 essentially what we do is we consider the benefits of the
4321 project against its adverse impacts.

4322 And the courts have told us on several occasions now
4323 that among the potential adverse impacts that we need to
4324 consider is the potential greenhouse gas emissions associated

4325 with the proposed natural gas pipeline and, in particular,
4326 the impact of those emissions on climate change.

4327 So in fact, we do measure or we will weigh the impact of
4328 those greenhouse gas emissions when doing our certificate
4329 analysis.

4330 I cannot tell you at this point exactly what level of
4331 emissions is too much, but as I said in answer to a previous
4332 question, it is not just the emissions level. It is actually
4333 whether you can mitigate those emissions.

4334 There are a whole bunch of other potential adverse
4335 impacts, whether it be to species, to wetlands, to air
4336 emissions, to a whole bunch of other impacts associated with
4337 the pipeline. The Commission, when we consider a certificate
4338 proposal, tries to mitigate, and we very well could try to
4339 mitigate or require the pipeline developer to mitigate their
4340 greenhouse gas emissions before we make a final decision on a
4341 pipeline.

4342 We have to judge these issues on a case-by-case basis.

4343 *Ms. Barragan. So are you taking a look at any
4344 cumulative impacts, like what else is going on?

4345 Are you looking only at a specific project and not
4346 specific project?

4347 *Mr. Glick. So under our NIPA analysis we do consider
4348 cumulative impacts, which is required or had been required
4349 under the CEQ regulations, and we will continue to consider

4350 cumulative impacts. That, you know, includes greenhouse gas
4351 emissions impacts.

4352 I would say that the Commission up until recently
4353 actually had denied a request to consider the impact of
4354 greenhouse gas emissions on proposed pipelines. This is
4355 relatively new for the Commission. We are still working out
4356 the process, but we definitely will consider cumulative
4357 emissions or cumulative impacts associated with proposed
4358 pipeline projects in the same area.

4359 *Ms. Barragan. Okay. Is there anything else you could
4360 tell us about what you will do to ensure that the
4361 Commission's certificate policy on environmental justice
4362 reviews will be meaningful impacts to decision making so that
4363 it is not just another box to check?

4364 *Mr. Glick. No, I do not very much appreciate that.
4365 The reason I got interested in the subject, actually I read
4366 an environmental impact statement associated with an LNG
4367 facility in Southeast Texas, and there was a section in there
4368 on environmental justice.

4369 And basically the environmental impact statement said,
4370 "Well, there are only Hispanic people in this neighborhood.
4371 There are not any other folks, Caucasians or others in this
4372 particular neighborhood. So therefore, there is no
4373 environmental impact.'" There is no impact on environmental
4374 justice communities, which I found was just outrageous.

4375 And so I started reading up on the subject, and I
4376 realized in our particular process how we consider proposed
4377 natural gas pipelines and LNG facilities. We really do not
4378 have a thorough process.

4379 So what I have done at the Commission is I recently
4380 hired Montana Cole, who is our new Senior Counsel for
4381 Environmental Justice and Equity, and she is actually putting
4382 together a team throughout the Commission to address these
4383 issues and make sure that not only with regard to pipelines,
4384 but every other decision we make we take into account the
4385 potential impact on environmental justice communities before
4386 we, in fact, make the final decision.

4387 *Ms. Barragan. Well, thank you.

4388 I do know that the communities that are often on the
4389 front line in these communities are communities of color, low
4390 income, disadvantaged communities, Native American
4391 communities.

4392 In my final question, when do you anticipate the
4393 Commission will establish an updated certificate policy that
4394 takes climate change, environmental justice, and landowner
4395 rights into account?

4396 *Mr. Glick. Thank you for the question again.

4397 We are in the process of wading through the comments
4398 that we have received on the Notice of Inquiry, which has
4399 been vast. I am actually reformulating, revising our policy

4400 statement.

4401 It might help if we do it sooner rather than later in
4402 large part because the courts are telling us some of the ways
4403 and methodologies that would be used to determine need, for
4404 instance, which is not some of the other issues we consider.
4405 Is it consistent with a loss?

4406 And I think there is an urgency that we see to move
4407 forward. I cannot give you a specific timeline because I
4408 need to work with my colleagues, but hopefully much sooner
4409 rather than later.

4410 *Ms. Barragan. All right. Thank you. I am looking
4411 forward to that.

4412 With that, Mr. Chairman, I yield back.

4413 I believe you are on mute, Mr. Chairman.

4414 *Mr. Rush. And that concludes the witness questions.

4415 And I certainly would like to thank our witnesses for
4416 your patience, for your endurance, and for your participation
4417 in today's hearing.

4418 And I at this time remind members that pursuant to
4419 Committee rules, they have ten business days to submit
4420 additional questions for the record to be answered by the
4421 witnesses who have appeared.

4422 I ask each witness to respond promptly to any such
4423 question that you may receive.

4424 And before we adjourn, I request unanimous consent to

4425 enter the following documents into the record:

4426 A July 26, 2021 letter from Chairman Glick at FERC to
4427 Representative Butterfield on H.R. 3979;

4428 And, secondly, a news release from the Arizona
4429 Corporation Commission entitled "Chairwoman Marquez Peterson
4430 Alarmed by Federal Ruling Allowing California to [inaudible]
4431 to Arizona.''

4432 With no objection, the documents are entered into the
4433 record.

4434 [The information follows:]

4435

4436 *****COMMITTEE INSERT*****

4437

4438 *Mr. Rush. And without any more witnesses, without any
4439 more comments, the subcommittee now stands adjourned.
4440 [Whereupon, at 3:43 p.m., the subcommittee was
4441 adjourned.]