

Written Testimony of Commissioner Allison Clements

Federal Energy Regulatory Commission

Before the

**U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy, Climate, and Grid Security**

**“Oversight of FERC: Adhering to a Mission of Affordable and
Reliable Energy for America”**

June 13, 2023

Chairman Duncan, Ranking Member DeGette, Chair Rodgers, Ranking Member Pallone, and Members of the Subcommittee, thank you for the opportunity to testify this morning. Our energy system has always been the backbone of the U.S. economy and continues to provide the basis for our nation’s global economic success and security. In the past decades, we have seen that system change, grow, and develop to meet the needs and expectations of the American people. And in this important moment, that system is at another crossroad.

Our energy system faces new extreme weather challenges like winter storms, heat waves, drought, hurricanes, and wildfires. We are also living with new geopolitical and economic realities: Russia’s war in Ukraine, economy-wide inflation, and new cyber and physical security threats to the grid.

At the Federal Energy Regulatory Commission (FERC), our plain responsibility is to work towards reliable and affordable energy for all Americans. Today I will highlight recent actions taken by FERC to improve reliability and cost affordability while elevating engagement with the public, including landowners and environmental justice communities.

1. Securing Energy Reliability and Affordability

First, FERC has been actively responding to the changing needs of the grid in the face of extreme weather events. We must do all we can to avoid costly, devastating outages like those experienced during Winter Storm Uri and Winter Storm Elliott, when Americans most need the system to perform. Since Winter Storm Uri in February 2021, FERC has made progress on several recommendations, including the issuance of new cold weather reliability standards.¹ Last summer, FERC issued a proposed rule to address some aspects of extreme weather.² I am also looking forward to an upcoming report from FERC staff about Winter Storm Elliott that might recommend additional actions we should take.

Second, FERC is considering opportunities to take a tailored, regional approach to some nearer-term reliability concerns. Later this week, we will be hosting a forum to examine reforms that may be needed to PJM's wholesale markets.³ Next week, FERC will be hosting its second New England gas-electric winter reliability forum in Maine, to address the reliability threats that the region may face for the next few winters and in the long term.⁴

Third, FERC has been considering reforms that directly impact consumer costs, including at the cost management technical conference that we held in October 2022 and the recommendations contained in that docket.⁵ As we anticipate increasing levels of transmission investment in the next decade and beyond, it is important FERC ensures that someone is

¹ See Docket No. RD23-1.

² See Docket No. RM22-10.

³ See Docket No. AD23-7.

⁴ See Docket No. AD22-9.

⁵ See Docket No. AD22-8.

“minding the store” as investments are made and customer dollars are spent. I have been attempting to ensure that we ask questions like: is this transmission project a prudent investment to begin with? Has it received adequate scrutiny by its state authorities? Is it appropriately spending customers’ money? Was there a more cost-effective alternative?

Fourth, I want to highlight FERC’s outstanding notices of proposed rulemaking (NOPR or NOPRs) on transmission and interconnection reform, both of which fall at the intersection of reliability and affordability.⁶ A major regional transmission line can decrease customer costs by avoiding the need for multiple, less cost-effective local lines, and by providing for the delivery of lower-cost energy to homes and businesses. And it’s equally important to have efficient interconnection queues that, by ensuring new resources are interconnected to the system in a timely and cost-efficient manner, will reduce customer costs in the long run and lower risk for project developers.⁷ Issued on a bipartisan basis, these two NOPRs take important first steps to secure customers the most bang for their buck by optimizing transmission investment dollars.⁸

⁶ *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028 (2022); *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194 (2022).

⁷ According to recent data, approximately 10,000 projects, or 2,040 gigawatts of power generation, are in queues waiting to connect to the U.S. power grid, which is more than double the installed capacity of the entire U.S. power plant fleet (approximately 1,250 gigawatts). See Joseph Rand et al., Lawrence Berkely National Laboratory, *Queued Up: Characteristics of Power Plants Seeking Transmission Interconnection*, at 3, 10 (Apr. 2023), https://emp.lbl.gov/sites/default/files/queued_up_2022_04-06-2023.pdf.

⁸ Regions that have proactively adopted a forward-looking, multi-value transmission planning process have already seen some of these benefits. For example, Tranche 1 of MISO’s Long Range Transmission Planning (LRTP) projects is estimated to cost \$10.4 billion but provide \$37.0 billion in financially quantifiable benefits over 20 years. See Midcontinent Independent System Operator, *LRTP Tranche 1 Portfolio Detailed Business Case*, at 13, 59 (Mar. 2022), <https://cdn.misoenergy.org/20220329%20LRTP%20Workshop%20Item%20002%20Detailed%20Business%20Case623671.pdf>.

FERC’s list of actions to improve reliability and affordability does not end there. Our Staff held a workshop in December 2022 on the opportunities for establishing a minimum interregional transfer capacity requirement.⁹ Our initiatives have also encouraged the deployment of grid-enhancing technologies (GETs), which seek to increase the efficiency of our existing grid, particularly when their use would reduce the immediate need to build a more costly transmission line.¹⁰ We continue to regulate and scrutinize the rates utilities are charging customers for transmission costs and that oil and natural gas pipelines are charging customers for transportation. And we continue our critical work to assess the public need for, and impacts of, natural gas pipeline and LNG infrastructure.

The collective aim of these initiatives is to ensure energy reliability for Americans under changing circumstances while maintaining just and reasonable costs for customers.

2. Engagement with the Public, Landowners, and Environmental Justice Communities

The work that FERC does is complex and challenging, and we rely on the submissions and participation of a broad variety of stakeholders, including industry, trade associations, think tanks, state and local officials, Tribal Nations, landowners, and environmental justice communities.

Our new Office of Public Participation (OPP) has received praise from stakeholders all around the country for the good work they have done in facilitating public input and involvement in our proceedings. My thanks go to the inaugural Director Elin Katz, who built the office up

⁹ See Docket No. AD23-3.

¹⁰ GETs reforms are included in several dockets, including the Regional Planning NOPR; the Generator Interconnection NOPR; the final rule in Order No. 881, *Managing Transmission Line Ratings*, 177 FERC ¶ 61,179 (2021); and the notice of inquiry in *Implementation of Dynamic Line Ratings*, 178 FERC ¶ 61,110 (2022); among other dockets.

beginning in 2021, and Acting Director Nicole Sitaraman, who has taken the reins this year.

Better participation leads to stronger decisions and more lasting outcomes. I am pleased with all that OPP has already accomplished, and I look forward to what it will further accomplish under Director Sitaraman's leadership.

I want to end by highlighting the Commission's engagement with environmental justice communities this year at a roundtable hosted at our headquarters in March. We heard useful perspectives that remind me of the importance of engaging early and effectively with front-line and fence-line communities, both to avoid, minimize, and mitigate impacts on them, and to ensure the legal durability of the Commission's decisions.

It remains my honor and privilege to serve the American people and I am pleased to answer any questions you may have.

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Testimony Summary Points

- The United States energy system has always been the backbone of the U.S. economy and the basis for our nation’s global economic success and security. New changes and challenges we face today, including extreme weather and geopolitical and economic realities, require our system to evolve and grow to meet the needs and expectations of the American people.
- FERC has focused on securing reliable energy for all Americans, including implementing recommendations in response to Winter Storm Uri, issuing proposed rules addressing certain aspects of the extreme weather challenge to our system, and holding technical conferences about the efficacy of current regional electric wholesale market design.
- FERC has also focused on cost affordability, including continuing our review of public utility rates and establishing a cost management record to ask how FERC can ensure that someone is “minding the store” as transmission investments are made and customer dollars are spent.
- FERC’s two outstanding notices of proposed rulemaking on transmission reform, relating to regional transmission planning and generator interconnection, are also foundational to the long-term reliability and cost affordability of our evolving grid.
- FERC relies on the submissions and participation of a broad variety of stakeholders, including environmental justice communities. Our Office of Public Participation has played a critical role in facilitating public input and involvement in our proceedings.