

Testimony of Chairman Willie Phillips
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, and Ranking Member Pallone, and members of the Subcommittee. Thank you for inviting us here today to testify regarding the Federal Energy Regulatory Commission (FERC or Commission) and our work on behalf of the American people.

The Commission’s jurisdiction is broad. Pursuant to the Federal Power Act, the Natural Gas Act, the Interstate Commerce Act, and other statutes, it is our responsibility to ensure that rates for the wholesale sale and transmission of electricity, as well as the transportation of oil and natural gas by pipeline, in interstate commerce are just and reasonable. In addition, we are responsible for ensuring that the nation’s bulk power system remains reliable. And, last, but by no means least, we are also responsible for siting vital energy infrastructure, including interstate natural gas pipelines, facilities for exporting or importing Liquefied Natural Gas, hydroelectric generating facilities, and, in certain limited circumstances, electric transmission facilities. By exercising these authorities in a prudent and responsible manner, the Commission can help ensure that our country produces energy that is reliable, affordable, and sustainable.

Earlier this year, President Biden designated me as Chairman of the Commission, and I am honored to appear before you for the first time in that capacity. In January, at my first open meeting as Chairman, I laid out three principal priorities: reliability, electric transmission, and environmental justice. I am happy to report that, in a few short months, we have made substantial progress on all three fronts.

I will begin with reliability since that is—and always must be—job number one. We face unprecedented challenges to the reliability of our nation’s electric system. Foreign and domestic actors are testing our cyber defenses every day. Physical threats to the grid are on the rise. And extreme weather of all kinds is threatening power to customers across the country.

That is why, under my leadership, the Commission has taken at least one major action to promote reliability *every* month since I became Chairman.

- In January, we finalized a rule requiring the North American Electric Reliability Corporation (NERC) to develop enhanced cybersecurity standards regarding internal network security protocols.
- In February, we approved in part and directed additional enhancements to a series of winter preparedness measures filed by NERC that were designed to help prevent a repeat of the grid impacts we saw from 2021’s Winter Storm Uri.
- In March, we approved a new reliability standard to further protect our electric system supply chain from hostile actors.
- In April, we issued another final rule, this time implementing the requirement in the Infrastructure Investment and Jobs Act (IIJA) that the Commission establish a system of incentives to reward certain cybersecurity investments.
- Finally, in May, we issued an order that focused on the rapidly changing resource mix, including the projected, unprecedented addition of inverter-based resources (IBRs) over the next decade. The order approved NERC’s workplan, which describes how it will identify and register owners and operators of IBRs that are connected to the Bulk-Power System. These actions represent the ‘blocking and tackling’ that is absolutely necessary to ensure that our electric grid remains secure, reliable, and resilient.

My second priority, electric transmission, is itself a reliability imperative. Transmission plays a critical role in ensuring the electric system remains reliable, while also facilitating the interconnection of new resources. And transmission enables us to further increase our energy security and strengthen our nation’s grid.

To those ends, we are working as quickly as possible on a number of important rulemakings.

- First, my highest priority in the near term is to finalize a proposed rule that will greatly improve our processes for interconnecting new electric generating resources, reducing the time it takes to bring those resources online.

- In addition, we are working to finalize a second proposed rule on how to plan and pay for badly needed regional electric transmission facilities.
- Finally, we are also working to finalize a third proposed rule to implement the backstop siting authority that Congress gave the Commission in the IJA.

It is my hope that, collectively, these measures will represent the Commission's most significant action to promote the development of needed electric transmission in at least a generation.

My third priority is environmental justice. For me, environmental justice is personal. I grew up in an environmental justice community in Alabama, so I have seen firsthand what it means for a community to bear more than its fair share of pollution and the other costs of industrial development. But I have also seen the benefits that investment can provide to historically underserved communities in the form of jobs, tax revenue, and community benefits. Having seen both sides, it is my goal as Chairman to do all that we reasonably can to ensure that environmental justice communities affected by the Commission's decisions do not bear too great a share of the burdens or too small a share of the benefits that new energy infrastructure can provide. Here, too, we have made significant strides.

- In March, we announced the hiring of a new Senior Counsel for Environmental Justice and Equity.
- Later that month, we held the Commission's first ever Roundtable on *Environmental Justice and Equity in Infrastructure Permitting*, where we heard from varied stakeholders about how the Commission can better address environmental justice when exercising its permitting authority.
- The Commission also took the unprecedented, bipartisan step of imposing, on our own initiative, a requirement that project developers file with the Commission a plan for protecting environmental justice communities from certain cumulative air pollution impacts.

Finally, on that point, I would be remiss not to mention the significant strides we have made with respect to permitting. Our country urgently needs more energy infrastructure of all kinds. As Russia's war in Ukraine has made clear, energy infrastructure is essential to any country's national and geostrategic security. What we, as a nation, must do is make sure that we bring our abundant energy resources online and deliver their output to consumers. I am proud of the steps that the Commission has taken to streamline our permitting processes, so that we can more

efficiently issue our decisions while, at the same time, continuing to enhance their legal durability.

Thank you again for the opportunity to testify today. I look forward to answering your questions.

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Testimony Summary Points

- FERC has a number of responsibilities, including ensuring that rates for the wholesale sale and transmission of electricity, as well as the transportation of oil and natural gas by pipeline, in interstate commerce are just and reasonable; ensuring that the nation’s bulk power system remains reliable; and siting vital energy infrastructure.
- Earlier this year, I was honored that President Biden designated me as Chairman of the Commission. Since then, I have established three principal priorities in my new role—reliability, electric transmission, and environmental justice—and have made progress on all three fronts.
- In my view, reliability must be job number one. Under my leadership, the Commission has taken at least one major action to promote reliability *every* month since I became Chairman. These include new reliability standards, winter preparedness measures, and actions that address the rapidly changing resource mix.
- On electric transmission, FERC is working as quickly as possible on a number of important rulemakings. My highest priority reform in the near term is to improve our interconnection processes.
- Finally, environmental justice is personal to me. I have seen firsthand what it means for a community to bear more than its fair share of the costs of development. That is why FERC convened the first ever Roundtable on *Environmental Justice and Equity in Infrastructure Permitting*, and I am committed to continuing to focus on this important issue.