

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Full Committee Ranking Member Frank Pallone, Jr.

Hearing on “Powering America’s Economy, Security, and Our Way of Life: Examining the State of Grid Reliability”

September 28, 2023

Today the Committee is discussing grid reliability on a day that House Republicans' own reliability is in question. There is nothing reliable about a government shutdown – it creates a lot of unnecessary uncertainty. A reckless shutdown would hurt American families, damage our economy, and threaten our safety. If extreme Republicans get their way, a shutdown would cut off pay for our troops, jeopardize veterans’ programs, and interrupt disaster preparedness.

As far as grid reliability is concerned, vital programs at the Department of Energy will be forced to shut down. And the Federal Energy Regulatory Commission (FERC) will have to wind down approvals for electricity rates under the Federal Power Act, which will slow the buildout of the electric grid.

If my Republican colleagues are serious about reliability, they would reject the extreme elements of their party and join us in keeping the government open. Turning to the topic of today’s hearing, roughly 25 years ago, FERC issued Order 888 to bring competition to electricity markets across the country. The Regional Transmission Organizations, or RTOs, before us today are a direct result of that order. The developments of the last 25 years have made clear that power markets have promoted competition that has lowered wholesale energy prices and made the grid cleaner, all while ensuring reliability.

In fact, some of the major blackouts we saw this past winter occurred in the Carolinas and in the Tennessee Valley Authority’s service territory – which are both not served by a wholesale market – while the grid in the neighboring PJM territory was stressed but was able to prevent any major outages.

In fact, the only reason we even knew about PJM’s grid stress at all is because of RTO transparency requirements. Meanwhile, many of the utilities that operate outside of RTOs are a total black box, leaving customers in the dark about when, or if, they would have to implement rolling blackouts.

This is not to say that the RTOs and organized markets are perfect. Their governance structures are impenetrable and often favor their incumbent utilities. I have serious concerns that consumer perspectives are too often ignored, or that formal procedures for customer feedback do

not actually translate into changes. I am interested in improving RTO governance, and hope that can be done in a bipartisan way.

Having said that, the RTOs before us today have been a marked improvement over the opaque, vertically integrated grid operators they broadly replaced. I also believe that proactively planning for the needed buildout of the grid and complying with FERC's recent Order 2023, which reformed the interconnection process, will help build on those advances. I look forward to hearing what each of the grid operators is doing to make those necessary advances.

Finally, as we talk about reliability, it is important that we recognize that electric infrastructure is only one part of the reliability conversation. Currently, the majority of our power comes from fossil fuels, and if that fossil fuel infrastructure isn't reliable, then neither is the electric system that is built on top of it.

Last week, a joint FERC and NERC examination of the reliability issues from Winter Storm Elliot concluded that natural gas outages were a major contributor to the outages that caused blackouts throughout parts of the country. This included both natural gas power plants themselves, but also at the production wells and throughout the pipeline system in the Carolinas and Tennessee.

This demonstrates that natural gas has serious reliability challenges. FERC's current Chairman and its previous Chairman have both called for Congress to pass mandatory standards for natural gas reliability. If we are really concerned about grid reliability and stability, then it is past time for us to address this issue.

After all, climate change is fueling extreme weather events all across the nation. This presents dire reliability challenges to the grid that are only exacerbated by unreliable fossil fuel infrastructure. Fortunately, the Bipartisan Infrastructure Law invested \$20 billion into strengthening the nation's power grid and making it more resilient during future extreme weather events. Republicans should join us in building upon these investments rather than opposing them and threatening a government shutdown. It's a better path forward to ensuring electric reliability.

Thank you, and I yield back.