

**Chair Jeff Duncan**  
**Opening Statement—Subcommittee on Energy, Climate, and Grid Security:**  
**“Powered Up: State Utility Regulators on Challenges to Reliable, Affordable Electricity.”**  
**February 14, 2024**  
*As prepared for delivery*

Thank you for being here today and welcome to the Energy, Climate, and Grid Security Subcommittee hearing titled “Powered Up: State Utility Regulators on Challenges to Reliable, Affordable Electricity.”

This hearing continues the Committee’s focus on affordable and reliable electricity. During this Congress, we have worked to understand what is driving the growing reliability crisis in this nation.

We have heard from FERC and grid operators on the very real threats facing reliability.

Today, we will hear from state public utility commissioners — the utility regulators that answer to the ratepayers in their states.

State commissions and utilities use integrated resource plans to look at costs and benefits of the entire electricity portfolio over an extended period of time.

They use these plans to ensure there’s enough electricity and that rates are fair and affordable.

The ability of many states to do such orderly planning has been impacted by changes to the electric sector over the past 20 years.

The introduction of retail choice as well as RTO and ISO capacity markets has affected the ability of some state utility commissions to exercise their responsibility for ensuring affordability and reliability to protect their ratepayers.

Threats to electric grid reliability are growing due to environmental regulations, policies from state legislatures and offices, bans on fossil-fuel generation, and market distortions.

These factors are contributing to premature retirements of our most reliable and dispatchable resources. Because of the interconnected nature of the grid, the problems can be farther reaching than they were before.

Some may say that more renewables and transmission can solve this problem. However, this increases costs and complexity—and may even intensify certain risks in states reliant on borrowing power from others.

The full system costs of renewables are higher because of the need for extensive back-up power--basically you must overbuild the systems to make sure there is power when you need it.

Building more transmission also raises utility costs for American ratepayers. And these transmission lines may only have electricity flowing through them part of the time.

Despite this, several states and regions carry on with their ideological objectives under a seemingly false sense of security that their neighbors can continue to save them.

Just look at states like California and regions like New England. They have some of the most ambitious environmental goals; but they rely upon electricity imports from their neighbors as part of their planning.

Over the last two years, the California ISO imported about 15% of its total supply. And New England imported about 15% of all its electricity last year. Where are retail electricity rates highest? California and New England.

Even with all the warnings, the Biden Administration continues its rush-to-green agenda with regulations like the EPA's Clean Power Plan 2.0, which threaten to regulate reliable generation out of existence.

American ratepayers must pay for the fallout from these retirements. And who has to justify those costs? The state utility commissions.

The North American Electric Reliability Corporation, NERC, monitors grid reliability and develops standards. They continue to warn us that over two thirds of the country is running into a shortage of generation capacity, which will have dire consequences for grid reliability.

When an electric generator plans to retire and a study shows that the retirement would violate NERC reliability criteria, no one insists that it stay online.

Some states don't do so because they prioritize environmental policies over preventing blackouts. The RTOs and ISOs can't make the states do it. And FERC – the agency with jurisdiction over reliability – has not yet addressed this gap, despite the longstanding problem.

For decades, people knew that when the lights went out, the state commissions and utilities were responsible. Now, who is responsible is not so clear, but we know who is blamed... the state utility commissions.

We must listen to state utility experts on the reliability challenges they are facing. We must understand what Congress needs to do to prevent further retirement of reliable resources and to keep electricity affordable.

Today will continue this process. I welcome the witnesses and now recognize Ranking Member DeGette for five minutes.