

Chair Jeff Duncan
**Opening Statement—Subcommittee on Energy, Climate, and Grid
Security:**
**“The Fiscal Year 2025 Federal Energy Regulatory Commission
Budget”**
July 24, 2024
As prepared for delivery

Thank you to the five commissioners for appearing before the Energy, Climate, and Grid Security Subcommittee to discuss the recent activities of the Federal Energy Regulatory Commission.

Chairman Phillips and Commissioner Christie, it is good to have you back. Commissioners Rosner, See, and Chang, congratulations on your recent confirmations.

Chairman Phillips, I'd like to take a moment to commend you for your efforts to clear some of the backlog of major natural gas pipeline projects, as well as your recent vote in support of U.S. LNG exports.

America is blessed with significant natural resources, and FERC plays a key role in dictating the trajectory of our energy economy.

Despite our abundance of fossil fuel, nuclear, and renewable energy resources, consumers have been hammered by soaring energy costs, particularly electricity.

The latest inflation data from June shows that electricity price Inflation exceeds the Consumer Price Index by 47%, and electricity rates have increased by approximately 20% since President Biden took office.

FERC's mission is to, and I quote, “[a]ssist consumers in obtaining reliable, safe, secure, and economically efficient energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.”

Despite the positive steps forward on natural gas pipelines and LNG facilities, we are concerned the Commission is failing to adhere to this mission in other aspects.

No portion of FERC's mission lends itself to being an environmental regulator.

Yet, we are concerned the Commission has strayed from its responsibility as an economic regulator, to an entity focused on assisting the build-out of so-called “green-energy” technologies.

This is happening despite continued alarms from the North American Electric Reliability Corporation and grid operators.

NERC's 2024 Summer Reliability Assessment highlighted five regions of the country that are at risk of insufficient operating reserves in above-normal weather conditions. Grid operators around the nation are sounding the alarm.

FERC's recent Order 1920 on regional transmission planning and cost allocation – which Energy and Commerce Republicans have opposed, will drive up costs and make the grid less reliable.

I understand we will hear a different opinion on the Order from our Democratic colleagues today. That is fine, this Committee is a place of debate.

However, it is important to clarify that a recent letter, sent by 32 State Utility Commissioners supporting Order 1920, represents just 13 percent of the utility commissioners in the country. Additionally, of those 32, just one of them is elected by the people they serve.

One of Republicans' main concerns with Order 1920 is that it pursues a skewed “categories of factors” approach to transmission planning. Prioritizing blue-state renewable portfolio standards, “green” power subsidies designed to shift the generation mix, corporate emissions reduction commitments, and the Biden administration's goal of achieving a carbon-free power sector by 2035.

The ultimate purpose here is clear – prioritize those projects meant to serve an environmental agenda while creating a set of seven broad benefits designed to assist transmission developers in socializing costs across a broader rate base.

Republicans are not opposed to critical transmission projects that are needed to keep the lights on and utility bills affordable.

However, we are opposed to agency actions that will raise prices on consumers without reliability or cost benefits.

Transmission is an increasingly costly component of electricity rates.

The nation's largest grid operator, PJM, has reported that the transmission component of wholesale power costs has tripled over the last decade and now makes up almost one-third of wholesale power costs.

Order 1920's “categories of factors” for transmission planning skirts this reality by not mentioning a factor every member of Congress and Public Utility Commissioner should care about – reducing costs on ratepayers.

This concerning transmission planning policy is occurring in concert with a slew of EPA regulations that will result in reliable generation closing before the end of its useful life.

Members of the Committee on Energy and Commerce have heard time and again how EPA's actions such as the Clean Power Plan 2.0, revised particulate matter standard, interstate transport for ozone, mercury and air toxics rule, coal ash disposal, and effluent limitation guidelines will

increase costs on utilities, push them to retire reliable assets, and ultimately increase energy costs on the American people.

Chairman Phillips, publicly you have emphasized that you care deeply about affordability and reliability.

I take you at your word and view this as an opportunity to have a candid discussion about how FERC's actions are impacting these two essential goals.

Thank you to Chair Rodgers for holding today's hearing, I look forward to today's questions.