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6 THE FISCAL YEAR 2025

7 FEDERAL ENERGY REGULATORY COMMISSION BUDGET

8 WEDNESDAY, JULY 24, 2024

9 House of Representatives,

10 Subcommittee on Energy, Climate, and Grid Security,

11 Committee on Energy and Commerce,

12 Washington, D.C.

13

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16 The Subcommittee met, pursuant to call, at 9:33 a.m. in
17 Room 2123, Rayburn House Office Building, Hon. Jeff Duncan
18 [Chairman of the Subcommittee], presiding.

19 Present: Representatives Duncan, Latta, Guthrie,
20 Griffith, Walberg, Palmer, Curtis, Lesko, Pence, Weber,
21 Allen, Balderson, Pfluger, Rodgers (ex officio); DeGette,
22 Peters, Fletcher, Matsui, Tonko, Veasey, Kuster, Schrier,

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23 Castor, Sarbanes, Cardenas, and Pallone (ex officio).

24

25 Also present: Representatives Joyce and Miller-Meeks.

26 Staff Present: Sarah Burke, Deputy Staff Director; Nick
27 Crocker, Senior Advisor and Director of Coalitions; Sydney
28 Greene, Director of Operations; Nate Hodson, Staff Director;
29 Tara Hupman, Chief Counsel; Sean Kelly, Press Secretary;
30 Peter Kielty, General Counsel; Emily King, Member Services
31 Director; Elise Krekorian, Counsel; Drew Lingle, Professional
32 Staff Member; Mary Martin, Chief Counsel; Brandon Mooney,
33 Deputy Chief Counsel; Kaitlyn Peterson, Clerk; Karli Plucker,
34 Director of Operations (shared staff); Peter Spencer, Senior
35 Professional Staff Member; Dray Thorne, Director of
36 Information Technology; Waverly Gordon, Minority Deputy Staff
37 Director and General Counsel; Margaret McConville, Minority
38 Press Intern; Sanjana Miryala, Minority Intern; Kristopher
39 Pittard, Minority Professional Staff Member; Kylea Rogers,
40 Minority Policy Analyst; Andrew Souvall, Minority Director of
41 Communications, Outreach, and Member Services; Tuley Wright,
42 Minority Staff Director, Energy, Climate, and Grid Security;
43 and C.J. Young, Minority Deputy Communications Director.

44

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45 *Mr. Duncan. The Subcommittee on Energy, Climate and
46 Grid Security will now come to order.

47 The chair recognizes himself for five minutes for an
48 opening statement.

49 First off, I apologize for being a few minutes late.

50 I want to thank you to the five commissioners for
51 appearing before the Energy, Climate and Grid Security
52 Subcommittee today to discuss the recent activities of the
53 Federal Energy Regulatory Commission.

54 Chairman Phillips, Commissioner Christie, welcome back,
55 it is good to have you.

56 Commissioners Rosner, See, and Chang, congratulations on
57 your recent confirmations, and we are glad you are here
58 today, as well.

59 Chairman Phillips, I would like to take a moment to
60 commend you for your efforts to clear some of the backlog of
61 major natural gas pipeline projects, as well as your recent
62 vote in support of U.S. LNG exports. And I am glad you got
63 your wife back from overseas, and we were happy to
64 accommodate that.

65 So America is blessed with significant natural
66 resources, and FERC plays a key role in dictating the

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67 trajectory of our energy economy. Despite our abundance of
68 fossil fuel, nuclear, and renewable energy resources,
69 consumers have been hammered by soaring energy costs,
70 particularly electricity. The latest inflation data from
71 June shows that electricity price inflation exceeds the
72 Consumer Price Index by 47 percent, and electricity rates
73 have increased by approximately 20 percent since President
74 Biden took office.

75 FERC's mission is to -- and I quote -- "assist consumers
76 in obtaining reliable, safe, secure, and economically
77 efficient energy services at a reasonable cost through
78 appropriate regulatory and market means and collaborative
79 efforts.'" Despite the positive steps forward on natural gas
80 pipelines and LNG facilities, we are concerned that the
81 Commission is failing to adhere to this mission in other
82 aspects. No portion of FERC's mission lends itself to being
83 an environmental regulator, yet we are concerned the
84 Commission has strayed from its responsibility as an economic
85 regulator to an entity focused on assisting the build-out of
86 so-called green energy technologies. This is happening
87 despite the continued alarms from the North American Electric
88 Reliability Corporation and other grid operators across the

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89 country.

90 NERC's 2024 Summer Reliability Assessment highlighted
91 five regions of the country that are at risk of insufficient
92 operating reserves and above-normal weather conditions. Grid
93 operators around the nation are sounding the alarm. FERC's
94 recent Order 1920 on regional transmission planning and cost
95 allocation, which Energy and Commerce Republicans have
96 opposed, will drive up costs and make the grid less reliable.

97 Now, I understand we will hear from a different opinion
98 from the -- on the order from our Democratic colleagues
99 today, and that is fine. This committee is a place for
100 debate on all issues that we cover. However, it is important
101 to clarify that a recent letter sent by 33 state utility
102 commissioners supporting Order 1920 represents only a small
103 fraction of the 238 utility regulators around the country.

104 One of Republicans' main concerns with Order 1920 is
105 that it pursues a skewed, categories-of-factors approach to
106 transmission planning, prioritizing blue state renewable
107 portfolio standards, green power subsidies designed to shift
108 the generation mix, corporate emissions reduction
109 commitments, and the Biden Administration's goal of achieving
110 a carbon-free power sector by 2035. The ultimate purpose

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111 here is clear: prioritize those projects meant to serve an
112 environmental agenda while creating a set of seven broad
113 benefits designed to assist transmission developers and
114 socializing costs across a broader rate base.

115 Republicans are not opposed to critical transmission
116 projects that are needed to keep the lights on and utility
117 bills affordable. But unfortunately, American consumers have
118 seen their utility rates go up. And with this rule they are
119 going to see even higher rates because that cost will be
120 shifted onto certain ratepayers. However, we are opposed to
121 an agency -- to agency actions that will raise prices on
122 consumers without reliability or cost benefits.

123 Transmission is an increasingly costly component of
124 electricity rates. The nation's largest grid operator, PJM,
125 has reported that the transmission component of wholesale
126 power costs has tripled over the last 10 years, and now makes
127 up almost one-third of wholesale power cost. Order 1920's
128 categories of factors for transmission planning skirts the --
129 this reality by not mentioning a factor every member of
130 Congress and public utility commissioner should care about,
131 and that is reducing cost for the ratepayers.

132 This concerning transmission planning policy is

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133 occurring in concert with a slew of EPA regulations that will
134 result in reliable generation closing before the end of its
135 useful life, and I think it is going to create a reliability
136 crisis in this country.

137 Members of the Committee on Energy and Commerce have
138 heard time and again how low EPA's -- how EPA's actions, such
139 as Clean Power Plan 2.0 Revised Particulate Matter Standard,
140 the Interstate Transport for Ozone, Mercury, and Air Toxics
141 Rule, coal ash disposal and effluent elimination --
142 limitation guidelines will increase costs on utilities, push
143 them to retire reliable assets, and ultimately increase
144 energy costs on the American people.

145 I will just say that we are going to have a reliability
146 crisis, and we have a constant need -- because demand for
147 power is going up -- of dispatchable energy build-out versus
148 retirement.

149 Chairman Phillips, publicly you have emphasized that you
150 care deeply about affordability and reliability, and we do,
151 as well. I take you at your word, and view that this is an
152 opportunity to have a candid discussion about how FERC's
153 actions are impacting those two essential goals.

154 So I want to thank Chair Rodgers for allowing us to hold

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155 this hearing today, and I look forward to today's questions.

156 [The prepared statement of Mr. Duncan follows:]

157

158 *****COMMITTEE INSERT*****

159

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160 *Mr. Duncan. And with that, my ranking member is on her
161 way, so how do you all want to play this?

162 We will go to the ranking member of the full committee,
163 Mr. Pallone, for his opening statement. Then I will come
164 back to Chair Rodgers. Mr. Pallone is recognized for five
165 minutes.

166 *Mr. Pallone. Thank you, Mr. Chairman. I want to
167 welcome also all five FERC commissioners here this morning,
168 especially Commissioners Rosner, See, and Chang, who were
169 just sworn in over the last month, and who haven't yet
170 appeared before the committee. And I am pleased that FERC is
171 back to its full complement of five commissioners.

172 Now, FERC's role is to ensure that Americans have access
173 to reliable and affordable energy. For nearly a century FERC
174 and its predecessor, the Federal Power Commission, have been
175 charged with ensuring that electricity and gas prices remain
176 affordable. But how the Commission ensures that rates are
177 just and reasonable has evolved over the decades. Over a
178 quarter century ago FERC issued Order 888, bringing
179 competition to power markets across the country and lowering
180 prices while ensuring that the bulk power grid remains
181 reliable. FERC then issued Orders 890 and 1000, which aimed

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182 to eliminate discrimination and increase transparency in grid
183 planning. And finally, just two months ago, FERC issued
184 Order 1920, which builds upon those three earlier rules to
185 focus on grid planning for the long term.

186 FERC's authority to take these actions is clear. The
187 Federal Power Act is explicit in conveying authority to FERC
188 over the transmission of electricity in interstate commerce,
189 and FERC's actions have repeatedly been upheld in the courts.
190 In fact, courts have long deferred to FERC on its rate-making
191 authorities without relying upon Chevron deference that the
192 far-right majority of the Supreme Court threw out last month.

193 Now, failing to plan is planning to fail. And the basic
194 principle of Order 1920 is that grid planning is essential to
195 maintaining just and reasonable rates. I agree, and I have
196 been encouraged by the reception the rule has received from
197 nearly every corner of the political world except from
198 congressional Republicans. It seems Republicans would prefer
199 that their constituents be slapped with higher power bills
200 because utilities are not required, for example, to plan for
201 the impacts of severe weather on the grid.

202 But more broadly, I am deeply concerned that FERC's
203 independence, which is critical to its ability to set rates,

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204 is under threat. During the Trump Administration, Secretary
205 of Energy Rick Perry ran roughshod over FERC's independence
206 by pressuring it to adopt a rushed proposal that would have
207 increased power prices to pay old, polluting coal plants to
208 stay online. Thankfully, FERC unanimously repelled that
209 attack on its independence.

210 But if Republicans get their way next time, it will be
211 much worse. Trump's Project 2025 is a plan to consolidate
212 power in the White House, gut checks and balances, and
213 eliminate the independence of agencies like FERC. Trump's
214 Project 2025 calls independent commissions like FERC
215 "constitutionally problematic."

216 And I would like my GOP colleagues -- I would like to
217 remind them that Trump himself posted on his own website that
218 he wants to bring independent regulatory agencies back under
219 presidential authority, and that means that the next time a
220 Republican president pressures FERC with a disastrous idea
221 that would increase electricity prices for Americans, that
222 FERC won't be able to fight back, the president would just
223 fire any commissioner who disagreed with him. And Trump's
224 Project 2025 is a way for extreme Republicans to take control
225 over Americans' lives and freedoms.

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226 Trump has proposed requiring FERC to submit any proposed
227 regulations for review, forcing every compliance order, every
228 tariff revision, and every request to adjust rates to the
229 White House for review. It is not enough they are using the
230 Supreme Court to destroy the government's ability to
231 function; they want to now use the power of the White House
232 to do it, too. And that is dangerous, considering that Trump
233 has absolutely no problem putting polluters over people.

234 So I certainly hope that all of the commissioners before
235 us today agree that FERC's independence is vital to its
236 mission. But the reality is that, even if FERC is under
237 attack -- or the reality is that there, like so many
238 agencies, independent agencies are under attack from extreme,
239 far-right Republicans, and much has been made of Commissioner
240 Christie's dissent to Order 1920, and I have to say I
241 disagree with it, and I think it misses the mark. But he has
242 a fundamental right to file that dissent, despite the
243 chairman's disagreement.

244 If Republicans get their way, there might not be any
245 more dissents on FERC orders. I like the fact that you can
246 file a dissent and you don't get fired, frankly, but that may
247 change. And commissioners that refuse to follow the party

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248 line may simply be ousted from the Commission entirely under
249 what Trump is proposing.

250 So the issues FERC deals with are complex, yet they
251 impact every American's monthly energy bill. And that is why
252 Congress chose to have an independent agency deal with these
253 issues, rather than one firmly embedded within the
254 presidency. And I think it is vital that we keep it that
255 way.

256 [The prepared statement of Mr. Pallone follows:]

257

258 *****COMMITTEE INSERT*****

259

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260 *Mr. Pallone. So with that, Mr. Chairman, I yield back.
261 Thank you.

262 *Mr. Duncan. The gentleman yields back. I now
263 recognize the chair of the full committee, Mrs. Rodgers, for
264 five minutes.

265 *The Chair. Thank you, Mr. Chairman, good morning.
266 Good morning, everyone.

267 Just listening to the ranking member, I am thinking I am
268 concerned about the independent agencies being currently
269 attacked by well-funded far left. So we are doing our job
270 today in the Energy and Commerce Committee as the elected
271 representatives of the people in Congress. This isn't about
272 the Administration, this is about us and an independent
273 agency that is before us. And I am really pleased that all
274 five commissioners are here today. I would like to offer a
275 warm welcome to the newest members also.

276 FERC was established by Congress as an independent
277 agency within the Department of Energy through the Department
278 of Energy Organization Act of 1977. And while FERC is an
279 independent agency, it still answers to Congress, and must
280 carry out the mission that Congress directs it to. Congress
281 established FERC as an economic regulator to ensure that

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282 electricity, natural gas, and oil is delivered to the
283 American people safely, securely, and at a reasonable price.
284 In order to achieve this, we need solutions that bring down
285 costs for Americans who are currently suffering under the
286 burden of exploding costs across the board, including rising
287 electric and utility rates.

288 Expanding energy with an all-of-the-above strategy will
289 ensure Americans won't have to worry about rationing energy
290 in the summer or winter months, or having to make tough
291 choices about whether to pay the electric bill or buy
292 groceries for their family. That requires FERC, all of you,
293 to adhere to the core mission, especially as America's energy
294 and economic security is increasingly under attack.

295 Over the past four years this Administration, what we
296 have seen from this Administration and the Democrats, has
297 really wreaked havoc on a nation's economy, energy prices,
298 and our grid and pipeline infrastructure. The Administration
299 and Democrats have chosen to prioritize the interests of
300 radical environmental activists at the expense of the
301 American people, eliminating jobs and investments for
302 American energy workers, making us dangerously dependent on
303 the Chinese Communist Party for our energy supply chains, and

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304 forcing early retirement of our most affordable and reliable
305 power plants.

306 Given FERC's independence and mission, you must step up
307 and take action to protect consumers. But sadly, it seems
308 FERC has lost sight of its mission. FERC has the
309 responsibility to ensure that rates for the interstate
310 transmission of electricity and natural gas are "just and
311 reasonable.'" It also has a responsibility to issue timely
312 permits for pipelines, hydropower projects, and LNG export
313 facilities when they are in the public interest of Americans.
314 The Commission must do more to exercise your responsibility
315 as an independent agency and refocus on the core
316 congressionally-directed mission. After all, we do believe
317 in a government of the people, by the people, for the people.

318 FERC also recently announced a new transmission rule
319 which advanced along partisan lines. The new rule will raise
320 energy prices and trample on states' authority over energy
321 infrastructure. It will force some states to shoulder the
322 cost for transmission lines with no actual benefits for their
323 own communities, especially in rural areas.

324 The Commission has also slow-walked permitting for
325 pipelines and LNG facilities, which directly impact the

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326 supply and price of natural gas. At a time when more than
327 half the nation is at an elevated risk for blackouts, we must
328 do more to unleash American energy rather than throttle it.
329 That means starting with meaningful infrastructure permitting
330 reforms that reduce energy costs for Americans, and ensure
331 the U.S. can reach its full energy potential.

332 I cannot say this enough: energy is foundational to
333 everything we do. It is what keeps the lights on; it heats
334 our homes; it cools our homes; powers hospitals, businesses,
335 transportation. It has been energy -- it has been American
336 energy, access to affordable and reliable energy over the
337 past 100 years, that has made America the leader, raised our
338 standard of living for Americans all over this nation, driven
339 technological innovation, and improved the health and well-
340 being of all Americans. We need to continue protecting and
341 building on that legacy.

342 Today's hearing is an opportunity for the members to
343 hold FERC accountable, understand how recent actions like the
344 new transmission rule will impact people's financial security
345 and our nation's energy security. I thank you again for
346 being here. This is an important discussion on behalf of
347 every person in this nation.

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348 [The prepared statement of The Chair follows:]

349

350 *****COMMITTEE INSERT*****

351

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352 *The Chair. I yield back.

353 *Mr. Duncan. The gentlelady yields back. Ranking
354 Member DeGette is running -- because of the time change --
355 running behind, so she is going to submit her opening
356 statement for the record.

357 [The prepared statement of Ms. DeGette follows:]

358

359 *****COMMITTEE INSERT*****

360

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361 *Mr. Duncan. So we are going to move right into our
362 witnesses, and that -- so that concludes members' opening
363 statements.

364 The chair would like to remind members, pursuant to
365 committee rules, all members' opening statements will be made
366 part of the record.

367 Again, I want to thank all the witnesses for being here
368 today and taking the time to testify before the subcommittee.

369 Each witness have an opportunity to give an opening
370 statement, followed by a round of questions from the members.

371 There are a set of lights in front of you. As you give
372 your statements -- and this is probably for the new
373 commissioners -- green, you are good to go; yellow, time to
374 start wrapping up; red, I am going to give you a little
375 leeway, but you probably need to wrap up, and I don't want to
376 have to raise the gavel. So let's keep it within five
377 minutes in the essence of time.

378 Our witnesses today are the commissioners of the Federal
379 Energy Regulatory Commission, the Honorable Chairman Willie
380 Phillips.

381 Welcome back, Mr. Chairman.

382 The Honorable Mark Christie, commissioner.

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383 Welcome back, Mr. Christie.

384 And the Honorable David Rosner, the Honorable Lindsay
385 See, and the Honorable Judy Chang, new commissioners to FERC.

386 Welcome to the committee hearing. We appreciate you
387 being here.

388 I will now recognize Chairman Phillips for a five-minute
389 opening statement.

390

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391 STATEMENT OF THE HON. WILLIE L. PHILLIPS, CHAIRMAN, FEDERAL
392 ENERGY REGULATORY COMMISSION; THE HON. MARK C. CHRISTIE,
393 COMMISSIONER, FEDERAL ENERGY REGULATORY COMMISSION; THE HON.
394 DAVID ROSNER, COMMISSIONER, FEDERAL ENERGY REGULATORY
395 COMMISSION; THE HON. LINDSAY S. SEE, COMMISSIONER, FEDERAL
396 ENERGY REGULATORY COMMISSION; AND THE HON. JUDY W. CHANG,
397 COMMISSIONER, FEDERAL ENERGY REGULATORY COMMISSION

398

399 STATEMENT OF WILLIE L. PHILLIPS

400

401 *Mr. Phillips. Chairman Duncan, Ranking Member DeGette,
402 Chair Rodgers, Ranking Member Pallone, and members of the
403 subcommittee, thank you for inviting us here today to testify
404 regarding the Federal Energy Regulatory Commission and our
405 work on behalf of the American people. I am particularly
406 pleased to appear before you alongside my three new
407 colleagues, as well as Commissioner Christie, as part of a
408 full, five-member bipartisan Commission.

409 FERC's mission is to ensure that Americans have access
410 to reliable, safe, secure, and economically efficient energy
411 at a reasonable cost. Energy is the single most important
412 commodity we produce as a nation. Access to reliable and

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413 affordable supplies of energy is necessary for American
414 families, and for our nation's economy to remain the largest
415 and most dynamic in the world. With that in mind, I am
416 pleased to share with you some of the most important steps
417 that the Commission has taken to ensure reliability and
418 affordability during my year-and-a-half tenure as chair.

419 Let's begin with electric transmission. The electric
420 transmission grid is the backbone of the American economy and
421 an essential aspect of our national security. Electricity
422 demand continues to grow, and ensuring that we have a robust,
423 well-planned electric transmission grid is a reliability
424 imperative. It is also an affordability imperative. The
425 grid is what gives those same consumers access to diverse,
426 low-cost sources of electricity that are necessary to ensure
427 energy bills remain just and reasonable.

428 Earlier this year, to address those imperatives, the
429 Commission issued Order Nos. 1920 and 1977. Together, these
430 two rulemakings represent a tremendous step forward in how we
431 plan, pay for, and permit the electric transmission
432 infrastructure we need so badly for the reliability and
433 affordability of our grid. Order No. 1920 requires utilities
434 to plan today for the factors that we know will drive

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435 tomorrow's reliability and affordability needs, while
436 requiring that customers pay for new transmission only to the
437 extent that they benefit from that infrastructure.

438 Let me say that again: If you don't benefit, you don't
439 pay, period.

440 Order No. 1977 implements Congress's amendments to the
441 Federal Power Act and the Infrastructure Investment and Jobs
442 Act, which clarified the Commission's limited role in siting
443 electric transmission in a manner that respects and
444 accommodates states' primary role in siting electric
445 transmission.

446 Those two rulemakings build on the success of Order No.
447 2023, the generator interconnection rulemaking we issued last
448 summer. Order No. 2023 took several important steps so that
449 generating resources can interconnect to the grid in a timely
450 and cost-effective manner, including a shift to a first-
451 ready, first-served model and the establishment of firm,
452 steady deadlines.

453 In addition, in the years since we last appeared before
454 the committee, the Commission has taken several other
455 critically important actions to ensure reliability and grid
456 security. That includes approving new mandatory reliability

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457 standards for inverter-based resources, approving new
458 mandatory reliability standards covering generators and cold
459 weather preparedness operations. We have worked to further
460 investigate and promote best practices regarding physical
461 security, cybersecurity, extreme weather events, and black
462 start capabilities, among others.

463 It is also important that electricity market mechanisms
464 are designed to address electric reliability. That is why we
465 held two forums on resource adequacy, and we have approved
466 various market reforms that ensure that generating resources
467 are appropriately compensated for the reliability benefits
468 they provide to the system.

469 As I have mentioned and maintained since the day I
470 joined the Commission, reliability is and it always must be
471 the Commission's job number one. I am confident that these
472 and other actions we have taken over the past year put that
473 promise into practice.

474 Finally, I will close by noting that we have continued
475 our efforts to streamline the Commission's permitting
476 processes and timely approve new projects. When assessing
477 whether an infrastructure project is in the public interest,
478 the Commission considers environmental impacts, including

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479 those related to environmental justice. As chairman I have
480 made it a priority that environmental justice communities and
481 landowners are able to meaningfully participate in our
482 processes and have their voices heard. I am happy to report
483 that the Commission is continuing to do everything we can
484 within our authority to facilitate the development of
485 infrastructure we need to unlock the nation's energy
486 resources.

487 Thank you so much for your time. I look forward --

488

489

490

491 [The prepared statement of Mr. Phillips follows:]

492

493 *****COMMITTEE INSERT*****

494

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495 *Mr. Duncan. Thank you, Chair Phillips.

496 Commissioner Christie, you are recognized for five

497 minutes.

498

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499 STATEMENT OF MARK C. CHRISTIE

500

501 *Mr. Christie. Chair Duncan, Ranking Member DeGette --

502 *Mr. Duncan. Maybe pull that mike just a little closer

503 for the --

504 *Mr. Christie. Okay.

505 *Mr. Duncan. Thank you.

506 *Mr. Christie. How is that? Okay.

507 Okay, Chair Duncan, Ranking Member DeGette, Ranking
508 Member Rodgers, who has left, and -- no, Chair Rodgers,
509 Ranking Member Pallone, who is still here, and members of the
510 subcommittee, thank you for the opportunity again. I have
511 been here on FERC three years, and I think this is the third
512 time I have been here. So thank you again for the privilege
513 of appearing in front of you.

514 I will deliver essentially the same message I have been
515 delivering previously in previous appearances and also on the
516 other side, and that is we, as the United States, are heading
517 for potentially catastrophic consequences in terms of the
518 reliability of our electric power system. I am not trying to
519 be melodramatic in using a term like "potentially
520 catastrophic," but I think everyone would agree when we have

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521 power outages that go on for hours or days, that is
522 catastrophic. It is -- not only has severe economic
523 consequences but, as we saw during Uri in Texas, Winter Storm
524 Uri, it actually is life-threatening.

525 So what is the essence of this threat? What is leading
526 us to these potentially catastrophic consequences? It really
527 boils down to two things: one is on the supply side and one
528 is on the demand side. On the supply side, we are losing
529 dispatchable generating resources with many years of useful
530 lives remaining. They are retiring far too quickly, and they
531 are retiring in quantities that threaten our ability to keep
532 the lights on. Now, the supply problem is not the addition
533 of intermittent resources like wind and solar. The supply
534 problem is the subtraction of the dispatchable resources like
535 coal and gas at a pace that is really just simply not
536 sustainable.

537 Now, it is not just my opinion. The nation's largest
538 grid operators, PJM, SPP, MISO, have all been warning about
539 this, and they have also been warning, all three of the
540 largest grid operators, that the EPA's new power plant rule
541 is going to exacerbate this problem. It is going to cause a
542 lot more dispatchable resources to close or shut down. So

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543 this is what we are heading for. And let me just illustrate
544 an example of what I am talking about.

545 So last week, eight days ago, right here in PJM -- and
546 we are in PJM, that electricity keeping the lights on is
547 being dispatched by PJM -- PJM last Tuesday at 5:35 was the
548 hottest day of their -- of that heat wave. PJM was
549 dispatching 153 gigawatts of power to meet load. Of that 153
550 gigawatts last Tuesday -- Tuesday, a week from yesterday --
551 86 percent of the power that was keeping the lights on in PJM
552 to hit that peak was either gas, nuclear, or coal, 86
553 percent. And these are the resources, particularly coal,
554 that PJM is warning us -- okay, so remember that number, 153
555 gigawatts it took to meet peak -- PJM is saying they are
556 going to lose 40 to 50 gigawatts of that capacity in just the
557 next 3 to 4 years. So the arithmetic is just -- it doesn't
558 work, okay?

559 Now, that is on the demand side. On the supply side,
560 everyone -- on the demand side everyone knows what is
561 happening with the tremendous increases in demand that we are
562 seeing from data centers, including artificial intelligence,
563 which, you know, dramatically ramps up the demand, as well as
564 cryptominers. So it is really supply and demand. On the

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565 supply side we are losing the dispatchable resources we need.
566 On the demand side we are seeing load increases like we have
567 never seen in the last 20 years. So the numbers are just
568 simply not adding up.

569 Now, PJM again is telling us that in the queues, in all
570 the -- in PJM's queue, as well as most of the queues, 97
571 percent of the resources that are in the queues are
572 intermittent. So simply clearing the queues doesn't really
573 solve the problem that we have because a -- one gigawatt of
574 an intermittent resource is simply not equal to one gigawatt
575 nameplate of a dispatchable resource.

576 So really, the problem we are facing is loss of supply,
577 increase in demand. And that is what is leading us -- and
578 all the RTOs, all of them, have been very clear about this.
579 NERC, the North American Energy Reliability Organization,
580 also has been very clear about this. We are simply coming to
581 a situation where we are not going to have enough power to
582 meet the demand increases that we are seeing.

583 And so, with that, I will be happy to answer questions
584 about reasons this is coming, what can be done about it. But
585 that is the core problem. I mean, we are heading for a --
586 and again, I don't like to be melodramatic, but we are

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587 heading for potentially catastrophic circumstances where we
588 simply cannot meet demand. And that means we don't keep the
589 lights on. And that will be definitely catastrophic.

590 Thank you, Mr. Chair.

591 [The prepared statement of Mr. Christie follows:]

592

593 *****COMMITTEE INSERT*****

594

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595 *Mr. Duncan. Thank you, Commissioner Christie.

596 Commissioner Rosner, welcome, and you are recognized for

597 five minutes.

598

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599 STATEMENT OF DAVID ROSNER

600

601 *Mr. Rosner. Thank you, Chair. Well, good morning,
602 Chairman Duncan, Ranking Member DeGette, Chair Rodgers, and
603 Ranking Member Pallone, and also members of the
604 subcommittees. I am humbled to appear before you today
605 alongside my colleagues to testify on behalf of the Federal
606 Energy Regulatory Commission regarding its important work for
607 the American people.

608 As a new commissioner, I am proud to join with my
609 colleagues to uphold FERC's tradition as an independent,
610 expert body that continuously strives to live up to
611 Congress's vision for an independent, bipartisan regulator of
612 our increasingly complex energy system. FERC's leaders and
613 civil servants work tirelessly to guide the Commission's
614 decisions towards sound, legally durable outcomes that hold
615 true to the agency's statutory authority and make our country
616 and our allies more energy secure.

617 The Commission's core responsibility, it is job number
618 one, is to ensure the reliable operation of the country's
619 electrical grid. None of our economic or policy priorities
620 can be achieved without energy reliability. Consumers expect

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621 it, they deserve it, and it is FERC's most sacred duty to
622 ensure it.

623 It is undeniable that the U.S. energy system is in
624 transition, and that the pace of change on both the supply
625 and demand side is unprecedented. Maintaining reliable
626 operation of the electric grid at reasonable cost to
627 consumers as this transition unfolds is both a challenge and
628 an opportunity for the Commission and for the country. It is
629 a task that I am both honored and humbled to take on. This
630 means many things, but especially it means that the
631 Commission must remain vigilant and respect the realities of
632 the resources that power our economy today.

633 But that alone is not sufficient. The Commission must
634 also keep its eye on the horizon to ensure that its legacy of
635 providing reliable, safe, secure, and affordable energy to
636 all Americans continues. That means continuing to faithfully
637 implement the Commission's longstanding policy of resource
638 and fuel neutrality to allow the next generation of
639 technologies to play their role in the energy system. It
640 means continuing to harden the energy system to withstand
641 evolving threats to reliability including weather, physical,
642 and cyber risks. And it means continuing to ensure energy

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643 affordability, safety, and reliability through timely review
644 of needed energy infrastructure while considering the views
645 from all parties. And finally, it also means protecting
646 consumers by honoring the Commission's obligation under the
647 Federal Power Act to ensure rates are just and reasonable.

648 I look forward to working with my fellow commissioners
649 on these important issues.

650 That concludes my remarks today, Mr. Chairman, and I
651 look forward to your questions.

652 [The prepared statement of Mr. Rosner follows:]

653

654 *****COMMITTEE INSERT*****

655

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656 *Mr. Duncan. Thank you, Commissioner Rosner.

657 Commissioner See, you are recognized for five minutes.

658

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659 STATEMENT OF LINDSAY S. SEE

660

661 *Ms. See. Good morning, Chair Duncan, Ranking Member
662 DeGette, Chair Rodgers, Ranking Member Pallone, and all the
663 members of the subcommittee. Thank you for inviting me and
664 my fellow commissioners at FERC to appear before you today.
665 I am grateful for the opportunity to testify, and especially
666 that I am able to do so as part of the newly full, five-
667 member Commission.

668 As one of those --

669 *Mr. Duncan. Yes, could you pull the mike up just a
670 little bit? We transcribe everything, and want to make sure
671 everyone can hear.

672 *Ms. See. Of course.

673 *Mr. Duncan. Thank you.

674 *Ms. See. Is this better? There we go. All right.

675 Well, as one of those newest commissioners here, it is
676 an honor and a pleasure to serve with my distinguished
677 colleagues, both the two who have served so well for the past
678 few years, and the two who were sworn in immediately before
679 and after me this past month. My three weeks now officially
680 on the job have also deepened my respect for the FERC staff

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681 and their expertise and commitment to the Commission's
682 mission. I am humbled by the chance to add my experience to
683 the mix as I join my new colleagues, and I am eager to jump
684 into the timely and critical issues facing the Commission
685 today.

686 And as I get started doing just that, staffing up my
687 office and preparing to vote on the Commission's upcoming
688 matters, I am keeping at the center of my vision the same
689 focus you have heard from all of my colleagues: reliability
690 and affordability are the Commission's most important jobs.
691 Keeping the lights on is an economic necessity, and it is
692 essential to American's day-to-day lives, health, and
693 security. I take that mission seriously as I am beginning to
694 analyze the important and complex matters ahead of me as a
695 commissioner.

696 I am also mindful that my colleagues and I are taking on
697 that task in a time of dynamic change. New technologies and
698 generation sources are offering real promise at the same time
699 many baseload plant retirements are raising real alarms. And
700 the increasing demand loads from data centers,
701 electrification, and other consumer and policy-driven changes
702 heighten the stakes for what ensuring reliability needs to

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703 look like in today's markets and tomorrow's. I appreciate
704 the subcommittee's focus on all of these changing realities.
705 They are and will remain areas of intense focus for me, too,
706 as I continue diving into my new role as a commissioner.

707 I am mindful that how FERC goes about this work is
708 critical, too. My prior role as a state attorney gave me
709 great respect for the balance in the energy sector between
710 Federal and state authority. The state's decisions on
711 generation and local distribution matters reflect important
712 local priorities and strengths, and I had the opportunity to
713 see firsthand the way that Federal regulations can affect
714 real Americans, both for good and sometimes for bad. So I
715 aim to bring those lessons with me as I transition now to the
716 Federal side, approaching FERC's different responsibilities
717 with both support for the states as they carry out their
718 functions, and an eye for how their decisions affect the
719 nation's overall energy mix and needs.

720 I also take seriously the changing legal landscape
721 facing the Commission and other Federal agencies today. I
722 believe accountability matters as my colleagues and I do the
723 public's work. So, for instance, in response to the Supreme
724 Court's recent decision limiting agency discretion in

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725 reducing the margin of error for agency orders, I welcome the
726 important check judicial review offers in our separation of
727 powers system.

728 But perhaps most importantly, when it comes to how I
729 view my -- as a commissioner on the front end when it comes
730 to making decisions, as opposed to that scope of judicial
731 review on the back end, I continue to view my duty as
732 fundamentally the same. As a commissioner, my responsibility
733 is to approach the law and the facts before me with a fair
734 and open mind, striving to reach the best results with my
735 colleagues in each case. And that approach mirrors my
736 overall philosophy in not going beyond the authority Congress
737 has entrusted to FERC, but not constricting that authority
738 either.

739 Understanding jurisdictions limits should lead to more
740 clarity on what matters most. And especially given the many
741 urgent issues facing the Commission and the energy sector,
742 many of which we have already discussed -- and I know that we
743 will be fleshing out more today -- it is an understatement to
744 say that plenty of mission-critical work falls within FERC's
745 statutory lanes. So I am eager to work with my colleagues as
746 we respond to all of these changes.

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747 As one of the newest members of this non-partisan,
748 independent Commission, I deeply appreciate the different
749 perspectives and sets of experience we bring with us, and I
750 am confident we will be up to the task.

751 I also look forward to discussing more of these issues
752 with you all today, and working with you and your staffs in
753 the months ahead. So thank you again for the opportunity to
754 be here, and I look forward to answering your questions.

755 [The prepared statement of Ms. See follows:]

756

757 *****COMMITTEE INSERT*****

758

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759 *Mr. Duncan. Thank you, Commissioner.
760 Commissioner Chang, you are recognized for five minutes.
761

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762 STATEMENT OF JUDY W. CHANG

763

764 *Ms. Chang. Good morning, Chairman Duncan, Ranking
765 Member DeGette, Chair Rodgers, and Ranking Member Pallone,
766 and members of the subcommittee. Thank you very much for the
767 invitation to testify this morning, and thank you for the
768 valuable oversight role that you undertake. This is my first
769 opportunity to testify before this subcommittee, and I am
770 honored to appear here today with my colleagues as part of a
771 fully-staffed Commission.

772 To just briefly introduce myself, I recently joined the
773 Commission after more than two decades working in the energy
774 industry in a variety of roles. I did spend my formative
775 years in developing countries, which provided me with a deep
776 appreciation and -- for the value of reliable and resilient
777 grid. This value is even more critical today, as our country
778 experiences and anticipates rapidly growing electricity usage
779 from manufacturing facilities and data centers, plus
780 electrification of transportation and heating, just as
781 Commissioner Christie had just mentioned. We must meet these
782 demands while keeping our systems resilient to increasingly
783 frequent extreme weather events as we are witnessing around

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784 the country.

785 This is a major challenge, and has been a focus of the
786 Commission for some time now, and I commit to help address
787 these topics. I have deep experience in analyzing the
788 economics and the public policy implications around our
789 energy systems. I have worked with private companies,
790 including all types of public utilities across the country,
791 and in developing strategies for meeting the energy needs of
792 customers. I had held a leadership role in Massachusetts's
793 state government, where I experienced firsthand the
794 importance of having adequate infrastructure, efficient
795 market mechanisms and frameworks, and viable approaches to
796 grow our economy while navigating policies and programs that
797 reduce greenhouse gas emissions.

798 Drawing on my background and professional experience in
799 both the private sector and in state government, I appreciate
800 the foundational importance of ensuring the reliability and
801 the affordability of our energy systems. These imperatives
802 are, for good reasons, front and center in every utility
803 executive and government leader's mind, and they are
804 prerequisites for a robust economy and the successful
805 execution of the energy transition in which this country

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806 finds itself today.

807 The Federal Energy Regulatory Commission, given its
808 responsibilities in the electric, gas, and oil sectors, plays
809 a crucial role in ensuring both reliability and affordability
810 of our energy systems. As a commissioner, one of my
811 priorities is to ensure a robust and reliable transmission
812 system, including the use of advanced technologies to deliver
813 affordable energy for all consumers. This is paramount to
814 the economic growth of our nation, and this is how the United
815 States will continue to lead the world and compete on the
816 global stage in technological innovation and infrastructure
817 development.

818 I also commit to working closely with my colleagues and
819 collaboratively with them to ensure that we provide clear,
820 timely, and thoughtful guidance for the industry to develop
821 and retain the energy infrastructure needed to advance our
822 economy and reliably serve the American people.

823 Again, thank you very much for having me here today, and
824 I am happy to answer any questions that you may have.

825 [The prepared statement of Ms. Chang follows:]

826

827 *****COMMITTEE INSERT*****

828

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829 *Mr. Duncan. Thank you, and thank all the commissioners
830 for your testimony. We will now move into the question-and-
831 answer portion of the hearing, and I will begin the
832 questioning. I recognize myself for five minutes.

833 FERC Order No. 1920 makes sweeping and controversial
834 changes to the regional transmission planning and cost
835 allocation rules over the objections of the National
836 Association of Regulatory Utility Commissioners and dozens of
837 individual states.

838 Opposition by NARUC is significant, and they represent
839 the interests of all 50 states, and they only engage on
840 regulatory matters based on resolutions passed by its 238-
841 member commissioners. They wrote, "Opposition is a serious
842 blow to Order 1920, and it is concerning that FERC dismissed
843 serious flaws with such blatant disregard."

844 I would like to insert for the record NARUC's request
845 for a rehearing, which FERC recently denied.

846 With unanimous consent, so ordered.

847 [The information follows:]

848

849 *****COMMITTEE INSERT*****

850

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851 *Mr. Duncan. I would also like to -- now that FERC has
852 denied a rehearing, at last count 19 states have filed for
853 appeal in Federal court: Alabama, Alaska, Arkansas, Florida,
854 Georgia, Kansas -- the list goes on, including my state of
855 South Carolina, Texas, Utah, West Virginia.

856 Chairman Phillips, I want to ask you about Order 1920.
857 Do you think that it is "just and reasonable" to force
858 residents in one state to pay for the renewable electricity
859 mandates of another state?

860 *Mr. Phillips. Thank you for the question, Chair
861 Duncan.

862 First of all, let me be clear. We had -- we just
863 received a letter, I think it was, 2 days ago from 33
864 commissioners around the country, geographically diverse,
865 bipartisan, both Republicans and Democrats, praising Order
866 No. 1920.

867 I was a state regulator for over seven years. I have
868 never, never seen that many commissioners come together and
869 say the same thing and praise anything. So this alone is
870 evidence. And I have been traveling all around this country,
871 and I can tell you that I have received such great feedback.
872 There are so many people excited about the work that FERC is

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873 doing to expand our grid, to meet the reliability, and
874 affordability challenges that we have.

875 You talked about cost. Our Order No. 1920 adheres to
876 our cost causation principle, which has decades-long been
877 recognized by the courts and bipartisan majorities of the
878 Commission. That is, that costs have to be allocated roughly
879 commensurate with the benefits.

880 Again, to put it another way --

881 *Mr. Duncan. So I --

882 *Mr. Phillips. -- if you don't benefit, you don't pay.

883 *Mr. Duncan. Just -- so in your opinion it is okay for
884 residents of other states to have higher rates to pay for
885 transmission and green initiatives and other mandates in
886 other states?

887 *Mr. Phillips. That is a great question, and I think it
888 is important to correct the record a little bit. That is not
889 what Order No. 1920 does.

890 *Mr. Duncan. That is what cost allocation is, Mr.
891 Chairman. The letter you mentioned, that is just a small
892 fraction of the 238 utility regulators around the country.

893 I am going to move on, in essence of time. Do you
894 believe the Federal Power Act authorizes FERC to override

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895 states on regional planning cost allocation?

896 *Mr. Phillips. When it comes to cost allocation, costs
897 are roughly allocated -- roughly commensurate with benefits.
898 That is our cost causation principle. Nothing has changed.
899 No one has rewritten the rule book when it comes to cost
900 allocation.

901 *Mr. Duncan. Thank you for that.

902 Commissioner Christie, you offered a strong dissent to
903 Order 1920. Will you comment on the ways the order violates
904 the Federal Power Act?

905 *Mr. Christie. I don't think it is going to produce
906 just and reasonable rates, and that is our duty under the
907 Federal --

908 *Mr. Duncan. Your mike, please.

909 *Mr. Christie. Overall, I don't think it is going to
910 produce just and reasonable rates, and that is our core duty
911 under the Federal Power Act. The Federal Power Act is, at
912 its very essence, a consumer protection statute. And our job
913 is to be a consumer protection agency. I don't think this
914 rule fulfills that role.

915 Let me mention to you, if I -- you have a little bit of
916 time, about the context of this rule. So this rule was not

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917 adopted in a vacuum. It was adopted two years after we did a
918 proposed rule. And the proposed rule gave the states a far
919 more robust role than what ended up in the final rule.

920 And with regard to NARUC, I would also say this. I was
921 a state regulator for 17 years, and I participated in all the
922 NARUC processes, and I know how NARUC works. And NARUC works
923 by consensus, and it works by vote. And NARUC files its
924 comments in proceedings at FERC. And they filed very well
925 considered -- it took them a long time to get their comments,
926 they go through multiple committees, and when they come out
927 with a position, that is NARUC's position, and they represent
928 the overwhelming majority of state regulators.

929 There is no question that the overwhelming majority of
930 state regulators do not like Order 1920. They have been very
931 clear about that. The reason they don't like it is the
932 reason I don't like it, which is because the state role that
933 was promised in the proposed rule, which I voted for -- I
934 voted for it, the chair voted for it, every member of FERC
935 voted for it, it was a bipartisan compromise -- the state
936 role was effectively gutted from the proposed rule 2 years
937 ago to what ended up in Order 1920. So that is why the state
938 regulators don't like it, and that is why I don't like it,

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939 and for a number of other reasons.

940 And we can go into -- we could spend many hours talking
941 about detail, because there is a lot of detail. But
942 fundamentally, it takes away the state regulators' ability to
943 protect their consumers. And the reason I am so adamant
944 about the state role is because, as a state regulator for 17
945 years, I know that state regulators are the front line and
946 the last line of defense for consumers, and that is why it is
947 so important that state regulators have the authority to play
948 the role that they were promised in the proposed rule and
949 which was taken away in the final rule.

950 *Mr. Duncan. Thank you for that. I am out of time. I
951 am going to have some additional questions that I will submit
952 on gas pipelines and the position of FERC, but that will be
953 submitted. I ask you guys to respond.

954 [The information follows:]

955

956 *****COMMITTEE INSERT*****

957

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958 *Mr. Duncan. I will now recognize and welcome the
959 Ranking Member DeGette for five minutes.

960 *Ms. DeGette. Thank you very much, Mr. Chairman.
961 Chairman Phillips, now it is true that transmission
962 siting is going to be critical to our nation's electrical
963 grid over the next decade, isn't it?

964 *Mr. Phillips. Yes.

965 *Ms. DeGette. And the Regional Planning Rule Order
966 1920, that marks the first time the Commission has ever
967 squarely addressed the need for long-term transmission
968 planning. Isn't that correct?

969 *Mr. Phillips. That is correct, in the way we addressed
970 it.

971 *Ms. DeGette. Now, so the chairman was saying to you
972 that Order 1920 makes some states pay for other states, and
973 you said that is not true and you tried to explain why and he
974 wouldn't let you. So would you like to clarify your answer
975 on that, sir?

976 *Mr. Phillips. Certainly. We rely upon the
977 longstanding cost causation principle that FERC has adhered
978 to for decades. It has been recognized by the courts. We
979 know that costs have to be allocated roughly commensurate

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980 with the benefits, the benefits to our consumers. That is
981 the rule that we -- that is the foundation of our cost
982 causation rule in Order No. 1920.

983 *Ms. DeGette. So you are not essentially robbing Peter
984 to pay Paul. You are figuring out the causation, and then
985 you are allocating it according to that.

986 *Mr. Phillips. Absolutely, just as we did under Order
987 No. 1000. Yes, ma'am.

988 *Ms. DeGette. Okay. Now, you testified that 33 state
989 regulatory commissioners recently submitted a letter in
990 support of the regional planning rule. Is that correct?

991 *Mr. Phillips. That is correct.

992 *Ms. DeGette. Mr. Chairman, I ask unanimous consent to
993 put that letter into the record.

994 *Mr. Duncan. Without objection, so ordered.

995 [The information follows:]

996

997 *****COMMITTEE INSERT*****

998

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999 *Ms. DeGette. Thank you.

1000 Now can you, Mr. Chairman, can you share your
1001 perspective on how the transmission siting rule and the
1002 regional planning rule will support the reliability and
1003 security of our power grid, which is so deeply needed?

1004 *Mr. Phillips. Certainly. Order No. 1920 is, at its
1005 heart, about reliability. We know that what is happening
1006 right now, what we are doing to build out our system, it is
1007 not going to get us where we need to go. We know that there
1008 are drivers putting pressure on our system. Some of them
1009 have been mentioned. We have data centers, AI, quantum
1010 computing, the return of industrial manufacturing. These are
1011 all things that we know -- demand is going up. And
1012 Commissioner Christie is right, there is a concern about
1013 retirements going down. By building out the transmission
1014 that we know we are going to need over a long term, a 20-year
1015 time horizon, you have no choice but to identify solutions to
1016 address these problems.

1017 *Ms. DeGette. And if we don't identify these solutions,
1018 what is going to happen?

1019 *Mr. Phillips. We will be facing a difficult, difficult
1020 reliability problem in our country.

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1021 *Ms. DeGette. We are already facing issues with our
1022 grid, which we see in times of extreme weather and other
1023 times all the time now, right?

1024 *Mr. Phillips. That is right. We --

1025 *Ms. DeGette. So if we don't address this, is it going
1026 to get better on its own?

1027 *Mr. Phillips. It is not. And we have to weigh the
1028 cost of inaction.

1029 *Ms. DeGette. Why is addressing cost sharing in the
1030 manner that the regional planning rule does so crucial to the
1031 future of our grid?

1032 *Mr. Phillips. It is important. Right now, we know if
1033 we do nothing costs are going to continue to go up. I was a
1034 state regulator, as I mentioned, for many years. I saw the
1035 cost for transmission go up every single year. It was -- it
1036 seemed that it was out of our control. We are taking
1037 control. We, the Commission, under 1920, we are looking out
1038 over the long term, doing what we know the reality on the
1039 ground requires.

1040 *Ms. DeGette. Thank you.

1041 Commissioner Rosner, I am wondering if you can talk to
1042 me a little bit about interregional transmission, because to

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1043 me that is really one of the most important things we can do
1044 to enhance electrical reliability and to make power more
1045 affordable.

1046 *Mr. Rosner. Thank you for the question, Congressman.
1047 Interregional -- I guess I would say that I agree with
1048 NERC, that interregional transmission is a key solution to
1049 some of the reliability challenges that the country is
1050 facing. That alone is not enough. We also need generation
1051 on those lines.

1052 *Ms. DeGette. Great. And Commissioner Chang, I just
1053 want to ask you if you can magnify that and tell me what
1054 steps do you think might be necessary towards interregional
1055 transmission to improving that.

1056 *Ms. Chang. Thank you for your question.
1057 Interregional transmission will be important, as it has
1058 been in the past, and our current regulation and the process
1059 used by many grid operators limits the way interregional
1060 transmissions are being developed. So I definitely look
1061 forward to having an opportunity to work with my colleagues
1062 to really start thinking more seriously about interregional
1063 transmission planning.

1064 And I think, you know, starting with regional makes a

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1065 lot of sense, and then we will tackle and really grow the
1066 ability for regions to interchange and increase their
1067 interchange amongst adjacent regions.

1068 *Ms. DeGette. Thank you.

1069 I have a question here about the roundtable that
1070 Chairman Phillips convened on environmental justice and
1071 equity in infrastructure permitting decisions, but I am out
1072 of time, Mr. Chairman, so I will submit that for the record
1073 and look forward to your answer. Thank you.

1074 I yield back.

1075 *Mr. Duncan. I was giving you a little leniency, but
1076 yes, she will submit that for the record.

1077 [The information follows:]

1078

1079 *****COMMITTEE INSERT*****

1080

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1081 *Ms. DeGette. Do you want to hear the answer?

1082 *Mr. Duncan. No, I will now recognize the chair of the
1083 full committee, Chair Rodgers, for five minutes.

1084 *The Chair. Clearly, we are facing a growing grid
1085 reliability crisis that is jeopardizing our economy and our
1086 safety. According to the North American Electric Reliability
1087 Corporation, two-thirds of the nation is facing an elevated
1088 risk of outages. The nation's grid operators agree that
1089 causes are state renewable mandates, bans on natural gas,
1090 lack of pipeline capacity, and new EPA regulations that will
1091 close power plants.

1092 Chairman Phillips, do you agree with our nation's grid
1093 operators?

1094 *Mr. Phillips. Yes, I share the concern about the
1095 reliability challenges that we have ahead.

1096 *The Chair. You testified in previous hearings that you
1097 had very limited interaction with EPA in the development of
1098 new regulations for power plants. What steps have you taken
1099 to improve coordination and communications between FERC and
1100 EPA?

1101 *Mr. Phillips. So I am glad to report that last fall we
1102 had a technical conference at FERC, where we invited EPA,

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1103 their leadership, as well as utility leadership around the
1104 country to talk about their potential rules. We took
1105 feedback, gave it to them, submitted it in their record, and
1106 EPA actually changed the final rule to include a reliability
1107 emergency off-ramp based upon the feedback that they got from
1108 FERC.

1109 *The Chair. Are you concerned about the new EPA
1110 regulations and their impact on closing power plants across
1111 this country?

1112 *Mr. Phillips. We are always concerned about
1113 reliability. It is job number one.

1114 To be clear, we provided feedback. That feedback was
1115 incorporated. We believe FERC is doing all that we can to
1116 protect the reliability of our grid.

1117 *The Chair. Thank you.

1118 Chairman Christie, do you believe there is more work
1119 that we could do to improve coordination between FERC and
1120 EPA?

1121 *Mr. Christie. I think we should have weighed in much
1122 more with EPA than we did. We sent them a transcript of a
1123 hearing, and I think that was it.

1124 The problem with the power plant rule -- and again, the

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1125 grid operators, PJM, SPP, ERCOT, MISO, they all filed comment
1126 at EPA, and they were very blunt about what the rule was
1127 going to do, the EPA power plant rule. They were very blunt
1128 it was going to materially degrade reliability. So they
1129 stood up and let EPA know that. We submitted a transcript
1130 which had some testimony that went both ways.

1131 But the worst testimony was from Mr. Goffman of EPA when
1132 I asked him, "Have you done any analysis of whether
1133 generating units can finance the compliance," because if you
1134 can't finance compliance it doesn't matter what the timelines
1135 are.

1136 And he essentially admitted, "No, we haven't done any
1137 serious analysis of whether they can finance compliance,"
1138 because if you can't finance compliance, these generating
1139 units are going to close down. So I think that that is going
1140 to have a tremendously deleterious effect on our grid
1141 reliability.

1142 *The Chair. Thank you.

1143 Hydropower, the original source of renewable energy,
1144 produces far superior power to weather-dependent Chinese
1145 solar panels and batteries. Hydropower keeps the lights on,
1146 powers our economy in the Pacific Northwest. Seventy-five

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1147 percent of our electricity is hydro in Washington State. It
1148 is reliable, it is renewable, and it is imperative when the
1149 wind isn't blowing, the sun isn't shining. So we see EPA
1150 shutting down power plants, and we also see efforts by this
1151 Administration to tear out dams in the Pacific Northwest.
1152 None of this makes sense to me.

1153 Chairman Phillips, as you know, I have led an effort for
1154 multiple congresses to reform FERC's hydropower licensing
1155 process to preserve our existing fleet and expand hydropower
1156 production where it can. I think you agree that the FERC
1157 licensing process could be modernized. I wanted to ask,
1158 since hydropower is so critical to grid reliability,
1159 especially in a state like Washington State, what is FERC
1160 doing to prioritize the relicensing of these existing
1161 hydropower facilities?

1162 *Mr. Phillips. Thank you, Madam Chair. I too agree,
1163 and I support our hydro facilities around the country,
1164 including pumped storage, as well.

1165 We know that there are a lot -- we have over -- almost a
1166 third of our hydro facilities around the country will be up
1167 for relicensing between now and 2030. We are aware of it.
1168 We are working hard to staff up. We are hiring. Everybody

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1169 here and everybody watching, FERC is hiring and we want you
1170 to come and be a part of our team. But we are getting
1171 prepared, and we are ready to address this need.

1172 *The Chair. Thank you. Clearly, it is critical
1173 infrastructure. The Columbia-Snake River system is critical
1174 infrastructure, amazing investments made by the Federal
1175 Government.

1176 What specific actions do you believe, Chairman Phillips,
1177 Congress can take to simplify the process and ensure
1178 reasonable timeframes for decisions, and that these decisions
1179 are met?

1180 *Mr. Phillips. So I have made streamlining our
1181 processes regarding infrastructure across the board a
1182 priority, and we have seen those timelines come down with
1183 regard to hydro. We instituted -- I call it a fast lane. It
1184 is like an expedited process.

1185 *The Chair. Okay, I am going to interrupt real quick,
1186 because I -- and I want to hear more. We can talk about that
1187 separately. What would you say to those who suggest we
1188 should tear out the dams in favor of solar power?

1189 *Mr. Phillips. I am not aware of anyone making that
1190 particular request, but I am an all-of-the-above. I have an

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1191 all-of-the-above approach. I believe we need every tool that
1192 we can get to help America address our concerns and continue
1193 to be the leader in the world when it comes to energy.

1194 *The Chair. Thank you. I look forward to working with
1195 you.

1196 I yield back.

1197 *Mr. Duncan. I think we have had a hearing where that
1198 comment was actually made by someone.

1199 But Ranking Member Pallone is recognized for five
1200 minutes.

1201 *Mr. Pallone. Thank you, Mr. Chairman.

1202 And for the sake of time -- and I want to cover a lot --
1203 I am just asking my questions of you, Chairman Phillips, and
1204 I wanted to start off by talking a little bit about Order
1205 1920 and FERC's authority.

1206 In the Federal Power Act Congress directed FERC to
1207 ensure power rates are just and reasonable. It also
1208 explicitly granted FERC regulatory authority over interstate
1209 transmission. And while it grants FERC discretion on how to
1210 best carry out those responsibilities, that is not deference,
1211 it is an explicit grant of power to the agency. So Chairman
1212 Phillips, could you talk about how the Commission's authority

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1213 to issue Order 1920 flows from these facts that I mentioned?

1214 *Mr. Phillips. Yes, sir. Under the Federal Power Act
1215 the Commission is tasked with having jurisdiction over
1216 electric transmission rates, interstate rates, and the
1217 practices that affect those rates. It is clear that Order
1218 No. 1920 concerns long-term regional planning and cost
1219 allocation. Those are practices that impact transmission
1220 rates.

1221 *Mr. Pallone. And building upon that, in South Carolina
1222 Public Service Authority versus FERC the D.C. circuit
1223 explicitly found that FERC had the authority to issue Order
1224 1000, which also dealt with regional grid planning. So
1225 again, Chairman Phillips, given that Order 1920 deals with
1226 regional grid planning over the long term, is there any
1227 reason to suspect that Order 1920 would be on different legal
1228 footing from Order 1000?

1229 *Mr. Phillips. No, Order No. 1920 builds upon Order No.
1230 1000.

1231 *Mr. Pallone. All right. Now I want to turn to a topic
1232 I discussed in my opening statement, and that is FERC's
1233 independence. And Chairman Phillips, could you briefly
1234 discuss why it is so important to FERC's core

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1235 responsibilities that the Commission retain its independence?

1236 *Mr. Phillips. You know, I talk all the time,
1237 Congressman, about how FERC is an independent agency, and
1238 that we guard that independence jealously. I think it is a
1239 part of our trust relationship with the public that they know
1240 that, when it comes to FERC, that we will act independently
1241 and in the best interest of the public.

1242 *Mr. Pallone. All right. And then finally, I wanted to
1243 ask -- you have spoken a lot about how the electric sector is
1244 only as reliable as its least reliable component, and how the
1245 lack of mandatory gas reliability standards could threaten
1246 electric reliability. So studies have shown that natural gas
1247 plants and pipelines are disproportionately vulnerable to
1248 failure, with significant outages occurring during Winter
1249 Storms Elliott and Uri. So again, Chairman Phillips, could
1250 you talk about how gas reliability impacts electric
1251 reliability, and if you think Congress should enact
1252 legislation to mandate reliability standards for gas?

1253 And actually, I thought -- I didn't think I would have
1254 this much time, so you have two minutes if you would like.

1255 *Mr. Phillips. So thank you for the question.

1256 When it comes to reliability of our system, again, it is

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1257 job number one. We make the -- when it comes to our gas,
1258 natural gas, you don't have to look any further than Winter
1259 Storm Uri, Winter Storm Elliot, some of the extreme weather
1260 events that we have seen on our system that have caused
1261 unplanned outages. You can call them unplanned, but when
1262 something happens every other year you cannot call it
1263 unexpected. It is critical that we maintain the reliability
1264 of our gas.

1265 We have these two systems. We have the electric side
1266 and the gas side, and we treat them as if they are completely
1267 separate. But in reality, they are increasingly
1268 interdependent upon each other. Now, we have an ERO, an
1269 Electric Reliability Organization for the electric side. We
1270 don't have a reliability organization that is required to
1271 maintain the reliability of our gas side.

1272 I believe that is a gap in our reliability regime, and I
1273 believe that there should be some agency responsible for that
1274 gap. It doesn't have to be FERC; it could be like NERC, an
1275 independent agency that has delegated authority. But someone
1276 has to fill that gap. It is too important to the -- our end
1277 users and our consumers that we make sure that when you go
1278 over and hit that switch, that the lights come on, and that

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1279 is what this is about.

1280 That is also why Order No. 1920 is so important. And I
1281 am so excited about the work that got us here for 1920,
1282 because we are going to bring on more of the resources that
1283 we know we need for our system.

1284 *Mr. Pallone. All right. Thank you so much.

1285 Thank you, Mr. Chairman.

1286 *Mr. Duncan. The gentleman yields back. I will now go
1287 to Mr. Guthrie from Kentucky for five minutes.

1288 *Mr. Guthrie. Thank you, thank you.

1289 So Commissioner Christie, I want to talk about your
1290 opening statement. The example that you gave us is stark,
1291 and it is real. And this is the greatest catastrophe --
1292 could be one of the greatest catastrophes in American history
1293 that we can avoid if we react to it. And so when you bring
1294 those examples -- I am sure they had those kind of examples
1295 in Europe. We know they just had elections in Europe and
1296 almost everybody in power, regardless of your political
1297 party, was thrown out. And a big part of it was their
1298 climate policy. I know my family is in the manufacturing
1299 business. People in similar industries in Germany have three
1300 times the power costs that we have here in the United States.

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1301 It is absolutely uncompetitive. And so it is a big concern.

1302 And, you know, they put in a lot of these policies based
1303 on the fact -- predictions years ago that there would be no
1304 polar ice caps by 2016. I think we still have polar ice
1305 caps. There would be -- the Earth would be uninhabitable by
1306 2023. Obviously, that is not true; we are here. And so when
1307 they take these -- I call it climate exaggerators, and they
1308 take those comments, and they put in policies that hurt their
1309 economies, I can tell you that the German -- people in the
1310 German Government are begging us to send more exports of
1311 natural gas and liquid natural gas because of what they have
1312 done to their own economy. So it is a concern.

1313 And then we look at China. We did the Paris Accords,
1314 which essentially exempted China. And when it got to the
1315 time that China was supposed to participate, where they kind
1316 of committed somewhere in the future, Secretary Kerry's
1317 enforcement mechanism was we will shame them into it if they
1318 choose not to. That was the enforcement mechanism. That is
1319 what -- that is a quote from Secretary Kerry.

1320 So here we are with China. Here we are, our great
1321 global competitor who view themselves as the -- you know,
1322 China means Middle Kingdom, the center of the world, and that

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1323 is what they are trying to do. And that is where they are
1324 trying to go. And we are competing with a country that has
1325 increasing -- what, an average of two power plants per week?

1326 So as we -- as the economy that -- of the future demands
1327 more power, as you said, and we are providing less supply,
1328 those two things cannot work. And so my question, knowing
1329 that, I know what Congress needs to do -- I feel strongly
1330 about Congress -- how can FERC address these challenges of
1331 electricity needs, from your perspective?

1332 *Mr. Christie. Well, the first role, of course, is
1333 primarily as a rate regulator under the Federal Power Act.

1334 One thing that is important to understand is we are a
1335 reliability regulator from the standpoint of setting
1336 standards for NERC. Well, NERC sets the standards, we
1337 approve them. The states are the ones who decide what
1338 generating units get built and what generating units get
1339 retired. That is a state matter. FERC's role is largely to
1340 say, because we regulate the regional transmission
1341 organizations, if there is a reliability problem on the
1342 horizon, we are sort of like -- it is our job to point it out
1343 and say, "Look what is coming."

1344 Now, in regulating the markets we have a direct

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1345 regulatory authority. And if the markets are one of the
1346 reasons that we are losing dispatchable resources, that we
1347 are not building sufficient dispatchable resources, then that
1348 implicates FERC's reliability authority because we are
1349 regulating the markets, and their market designs and rate
1350 structures can determine what -- in those -- where you have a
1351 market.

1352 Now, a large part of this country are not in an RTO
1353 market. The Southeast is not in an RTO market. They are in
1354 what is called an IRP type of structure. And those decisions
1355 in the non-RTO regions are clearly up to state regulators
1356 because they approve the integrated resource plan which
1357 determines what their utilities build or don't build.

1358 So FERC's role is -- from reliability is, number one,
1359 raise the alarm when we see the trends that we see; secondly,
1360 regulate the national standard setter, which is NERC; and
1361 then thirdly, in our regulation of the markets look at how
1362 those markets are affecting not only prices but also how they
1363 are affecting reliability.

1364 *Mr. Guthrie. Okay, thank you. Thank you for that.

1365 And Commissioner See and maybe Commissioner Christie, I
1366 doubt I will have time, but I want an answer to this, as

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1367 well. Chevron. We have heard some people already here on
1368 this committee apologize that the Supreme Court gave us back
1369 our -- the authority that we should exercise. So just in
1370 Chevron -- I am not going to regurgitate what Chevron is, but
1371 where might there be opportunities for Congress to be more
1372 explicit in legislating and affecting your authorities?

1373 *Ms. See. I think one of the things that the Supreme
1374 Court said in the decision that did away with Chevron
1375 deference is that certainly this is Congress's responsibility
1376 when Congress is clear in a statute.

1377 Sorry, I will try this again.

1378 *Mr. Guthrie. Okay.

1379 *Ms. See. When Congress is clear in a statute that it
1380 wants an agency to exercise its expertise and discretion, it
1381 can say so. And the Supreme Court was clear that courts can
1382 and must respect that. So I think there is certainly room
1383 for Congress to speak clearly when it comes to that sort of
1384 agency, expertise, and discretion, even in light of that
1385 decision.

1386 *Mr. Guthrie. Okay, thank you.

1387 Mr. Christie, I don't have time left, so I will yield
1388 back.

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1389 *Mr. Duncan. The gentleman yields back. I will now go
1390 to my friend from California, Mr. Peters, for five minutes.

1391 *Mr. Peters. Thank you, Mr. Chairman.

1392 And I want to thank you -- start out by thanking you,
1393 Chairman Phillips, for the strong action as chair over the
1394 past year. Orders 1920 and 1977, focusing on transmission
1395 planning and backstop siting for national interest
1396 transmission will be essential for industry to improve
1397 reliability, build resilience to extreme weather events, and
1398 add necessary generation resources to meet America's
1399 electricity needs into the future. Now, that is not my
1400 opinion, that is a quote from the North American Reliability
1401 Corporation, the national entity in charge of ensuring a
1402 reliable and secure grid.

1403 And I just want to say, like, we are facing an
1404 undeniable spike in the need for electricity. And when we
1405 talk about "all of the above," it has got to include
1406 transmission, not just generation. I don't think we should
1407 be in this false battle between the two. We are going to
1408 need both. And we also know that a robust grid that is
1409 interregional can provide benefits in terms of reliability
1410 and cost competition for consumers.

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1411 So I think we should take advantage of being the United
1412 States of America. I think sometimes my colleagues look at
1413 the -- in the energy context, and read it as the Untied
1414 States of America. But united is better.

1415 And I want to just emphasize that these rules do not
1416 mandate a single transmission line gets built, or provide any
1417 new authority to impose costs. I appreciate your assurance,
1418 Chairman Phillips, that the people who benefit from these
1419 investments will be the ones who pay for them. And so this
1420 talk about everybody paying for California's crazy
1421 experiments is not true. Cost allocation should take care of
1422 that. And if we want to be bold and maybe over exuberant,
1423 that is our cost to bear, and that is fair. But it simply
1424 ensures that region, states, and utilities take all relevant
1425 facts into account when planning ahead.

1426 There were some good reforms left on the cutting room
1427 floor. For example, FERC has never used its backstop
1428 authority for national energy transmission, which you updated
1429 in Order 1977, because it requires unnecessary and
1430 duplicative environmental reviews at FERC and DoE, and that
1431 takes legislation to fix. We should fix it.

1432 FERC also declined to start environmental reviews for

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1433 qualifying lines concurrent with state reviews. And there is
1434 no reason you should have to wait for a state to finish its
1435 review and deny the permit, or for a state to sit on an
1436 application for a year. These and other inefficiencies add
1437 time and cost to proposed lines, on top of how hard it
1438 already is to permit large, linear infrastructure-like
1439 transmission and pipelines. Our Speed and Reliability Act
1440 would correct these inefficiencies and cut at least five
1441 years from the existing siting and permitting process for
1442 high-impact transmission lines, and I am thrilled that it is
1443 now bipartisan, and I thank Representatives Garbarino and
1444 Curtis for supporting this common-sense policy.

1445 I was also excited to see the core components of this
1446 bill and my BIG WIRES Act included in the bipartisan Senate
1447 permitting deal. Permitting reform is not dead. We got a
1448 great start from the Senate. We have got some work to do
1449 here to keep it bipartisan and to pass it through. So I
1450 would invite all members of the committee to support these
1451 bills and join me in finding other ways to make permitting
1452 work smarter.

1453 Chairman Phillips, now that you have pushed out a strong
1454 rule on regional planning, I want to turn attention to the

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1455 interregional transmission planning. The Fiscal
1456 Responsibility Act directed NERC to complete a study on the
1457 benefits that interregional transmission would bring to
1458 reliability. It is clear to me, however, that the benefits
1459 of interregional transmission and potential minimum transfer
1460 requirements have already been well documented.

1461 In your view, does the Commission need to wait for the
1462 results of that study to move forward on a potential
1463 rulemaking on interregional transmission or minimum transfer
1464 requirements?

1465 *Mr. Phillips. No, and we are not waiting. I have
1466 directed our staff to continue with our proceeding. In
1467 parallel, NERC will deliver their study at the end of the
1468 year. We will pick up the ball, carry it to the finish line.

1469 *Mr. Peters. Great. And existing interregional
1470 transmission planning, to say the least, is not living up to
1471 its full potential. It is clear the more we can do to ensure
1472 regions are working collaboratively to minimize -- maximize
1473 reliability and minimize costs, particularly through finding
1474 a balance between new transmission, new generation, and
1475 innovation.

1476 Chairman Phillips, could a rulemaking on minimum

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1477 transfer requirements which would ensure that regions can
1478 transfer a certain amount of energy among each other reduce
1479 customer costs and improve reliability?

1480 And how would that work?

1481 *Mr. Phillips. I completely agree with the benefits of
1482 interregional. It is the next step on our transmission
1483 reform journey. We are turning to that now, and I look
1484 forward to working with my colleagues to determine what is
1485 the best course of action to address it. But it is
1486 critically important to the reliability of our system.

1487 *Mr. Peters. I want to just thank you, finally, for
1488 giving me the assurance about Order 1920 not providing new
1489 authority to allocate costs of transmission. We have been up
1490 against this allegation that other states are going to pay
1491 for each other and without respect to benefit, and that is
1492 not the case. I appreciate your assurance on that, and hope
1493 we can use that information to move forward.

1494 Mr. Chairman, I yield back.

1495 *Mr. Phillips. Thank you.

1496 *Mr. Duncan. Thanks, Mr. Peters. Now we are going to
1497 do one more Republican, and then we are going to recess.
1498 They have called votes on the floor. Chairman Griffith is

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1499 recognized for five minutes.

1500 *Mr. Griffith. All right, Commissioner Christie.

1501 February 18, 2000, you are giving me advice and counsel on

1502 the floor of the Virginia House of Delegates. I have been

1503 taking your advice for more than a quarter of a century.

1504 Give me advice on the cost of allocation for electric

1505 transmission lines that was referenced in your previous

1506 comments and in Order 1920.

1507 *Mr. Christie. First, you have never filed a

1508 malpractice claim, so I take that as the advice must have

1509 been --

1510 *Mr. Griffith. I do note that we also both had a lot

1511 more hair.

1512 *Mr. Christie. At least -- the advice was at least not

1513 actionable, and you are right about the hair.

1514 Let me address this thing about the cost allocation,

1515 because I have heard this repeatedly, the sound bytes about,

1516 well, no one is going to be forced to pay for somebody else's

1517 -- state's policy. Clearly, Congressman Peters in

1518 California, that is not the case. I don't know who said

1519 that. California is in your own ISO and New York is in its

1520 own ISO. So it is -- the issue is not in the single-state

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1521 ISOs. No, no one is going to pay for California's policies
1522 or New York's because you are in a single-state ISO.

1523 The problem is in the multi-state RTOs. And I spent 17
1524 years as a Virginia regulator in PJM, and it absolutely will
1525 result in the socialization of public policy costs from one
1526 state to others. And here is how it will do that.

1527 First of all, Order 1000 said that you can cost allocate
1528 public policy projects separately from reliability projects.
1529 This rule says no, you cannot. That is a major radical
1530 change from Order 1000. So it didn't build on Order 1000, it
1531 is a radical break from Order 1000.

1532 Now, that was important because then what the rule says
1533 is we are going to throw public policy projects into the same
1534 bucket with reliability projects, and then we are going to
1535 mandate one cost allocation formula for all those projects.
1536 Now the thing about the benefits and the sound byte that,
1537 well, no one is going to pay for the benefits they don't get,
1538 there is no transparency.

1539 What the rule says is -- first it mandates -- and states
1540 have no ability to approve this or not approve it -- it
1541 mandates a list of factors that have to be used in the
1542 planning of the projects that get into the regional plan,

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1543 where the money starts to flow. And among those factors that
1544 are mandated are state mandatory renewable portfolio
1545 standards. So it is mandating state public policies be used
1546 in the planning.

1547 On the other end of the process, it mandates benefits.
1548 And by mandating benefits -- and again, states have no
1549 ability to say yes or no, or we don't agree, or we -- with
1550 these mandated benefits. What the mandated benefits do is
1551 there is a disconnect between the factors and the benefits
1552 which has -- which is going to have the inevitable result of
1553 spreading the costs of public policy projects, which are
1554 mandated at the front end in the planning factors, it is
1555 going to spread the costs across multiple states in the
1556 multi-state regions. Again, it is not a problem in
1557 California, it is not a problem in New York. It is the
1558 problem in the multi-state regions like PJM.

1559 And my position was in the NOPR if you want to include
1560 public policy projects with reliability projects in the same
1561 bucket, which Order 1000 did not require, then I think that
1562 the state's policy maker, the policy makers or regulators,
1563 ought to have the authority on the public policy part to say
1564 whether they agree with the cost allocation or not. Not to

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1565 veto and not to say, "Dictate a cost allocation," but the
1566 states ought to have the ability to say, okay, if we are
1567 going to throw these in one bucket, which Order 1000 did not
1568 do, then the states have got to have the ability to say, "Is
1569 this good for our consumers?"

1570 This whole thing is about really -- again, I get back to
1571 my original point. State regulators are the front line and
1572 the last line of defense for their consumers.

1573 *Mr. Griffith. All right, and I get that, and you did a
1574 great job of explaining it, and I appreciate it. And let me
1575 break it into terms that I can understand.

1576 So when Dominion Power builds their plant in Saint Paul
1577 -- you are on State Corporation Commission, that plant was
1578 built in APCo territory, Appalachian Power territory, as
1579 opposed to Virginia Power territory -- the customers in Wise
1580 and Russell and in APCo territory in southwest Virginia
1581 didn't have to pay for Richmond to have power, did they?

1582 *Mr. Christie. No, they didn't because, as a customer
1583 of Dominion, which I am and still am, we paid for the network
1584 upgrades to interconnect that plant. So -- but the cost
1585 stayed within Virginia. That is the important point.

1586 And in PJM, PJM has been doing a good job of planning

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1587 reliability lines for the entire 17 years I was there. Those
1588 reliability lines are cost allocated according to a formula
1589 across all of PJM, and everybody pays in PJM, and no one
1590 really complains across the whole 13-state region about the
1591 cost allocation for the reliability projects because we are
1592 getting benefits from those.

1593 What this rule does -- and it is a fundamental break
1594 from Order 1000 and the construct we had before -- is it says
1595 we are now going to make you pay for public policy projects
1596 because we are going to hide them in this bucket with the
1597 reliability projects, and then we are going to mandate an ex-
1598 ante -- what is called an ex-ante cost allocation, and
1599 whether the states agree or not. And the states can even
1600 agree on a different formula, and the rule says the
1601 transmission provider can just ignore it. So I don't think
1602 that is fair, quite frankly.

1603 And again, if you separated out the public policy
1604 projects, which is the way it has been done in PJM for the
1605 last decade -- let me say one more thing. PJM is a good
1606 example, okay?

1607 *Mr. Griffith. You got -- time is up.

1608 *Mr. Christie. Okay, well --

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1609 *Mr. Griffith. Hopefully, somebody else will give you
1610 another chance. I appreciate your wise counsel, as always.
1611 And I yield back.

1612 *Mr. Christie. Okay.

1613 *Mr. Duncan. The gentleman yields back.

1614 We are now going to stand in recess until probably
1615 around 11:15, but it will be within 10 minutes of the last
1616 vote being called. So the committee will stand in recess.

1617 [Recess.]

1618 *Mr. Duncan. All right, I am going to call the
1619 subcommittee back to order. I appreciate your patience on
1620 the vote series there.

1621 And we will now recognize the gentlelady from Texas,
1622 Mrs. Fletcher, for five minutes.

1623 *Mrs. Fletcher. Thank you, Chairman Duncan, and thanks
1624 to you and Ranking Member DeGette for organizing today's
1625 hearing. Thank you to Chairman Phillips and all of the
1626 commissioners for being here today and taking the time to
1627 testify.

1628 FERC is at its best when it has a full complement of
1629 five commissioners, and I am glad that we have a full
1630 Commission before us today. FERC's work is vital to ensuring

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1631 that every American has access to reliable and affordable
1632 energy through the projects it authorizes.

1633 And its work is particularly important to the people
1634 that I represent in Houston, which, as we all know, is the
1635 energy capital of the world. I have heard from many of them
1636 that -- many times over the last year, in particular -- items
1637 on FERC's docket have taken longer to be processed than in
1638 the past. And I am sure that you know that companies rely on
1639 their expected timelines when negotiating with their
1640 customers, and that the uncertainty around permitting, which
1641 has a lot of layers and a lot of challenges, but --
1642 uncertainties in the permitting and tariff approval process
1643 can otherwise create issues delivering reliable and
1644 affordable energy to consumers.

1645 So it is with that in mind, Mr. Chairman, that I would
1646 like to direct a few questions to you first. First of all,
1647 in your view, does FERC have the necessary budgetary
1648 resources to meet expected timelines in processing matters on
1649 its docket?

1650 *Mr. Phillips. Thank you for the question.

1651 Yes, I do believe that we have the resources that we
1652 need. We have outstanding staff. I think we have the best

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1653 staff in all of government -- present company excluded, of
1654 course. And to be clear, we do know that we have industry
1655 that poach our staff because they are so good. So to the
1656 extent that Congress can provide resources so that we could
1657 have salaries that are, you know, equal to those of industry,
1658 that would be very welcome.

1659 *Mrs. Fletcher. Well, Mr. Chairman, you anticipated my
1660 second question that I was going to ask you about whether you
1661 needed additional hiring authority for certain positions, as
1662 well as whether you needed additional funding to have
1663 competitive salary commensurate with private industry,
1664 because I know it is hard to attract and retain the talented
1665 technical staff that you need to get the sufficient amount of
1666 expertise.

1667 So in addition to funding for salaries, is there
1668 anything else that you might need us to be -- other
1669 authorities that you might need us to provide?

1670 *Mr. Phillips. We are ready, willing, and able to
1671 implement -- and I defer to Congress when it comes to, you
1672 know, any changes to our statutory authority. What I ask is
1673 this, is that to the extent that you ask us to do something
1674 new, to be clear. Because we know that FERC is one of the

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1675 most litigated agencies in all of government, and I think
1676 that is critically important.

1677 *Mrs. Fletcher. Okay. Well, thank you so much, Mr.
1678 Chairman. I want to turn quickly to a question about the
1679 recently-released Equity Action Plan to address environmental
1680 justice concerns in the pipeline certification and siting
1681 process.

1682 In my view, increased community involvement and
1683 engagement early in the process, and a directed outreach
1684 program is going to provide a greater opportunity for
1685 community input into the permitting and siting process, and
1686 really make it possible to lay a solid foundation for future
1687 decisions and allow projects to move forward. Mr. Chairman,
1688 can you tell us when FERC plans to publish the external
1689 guidance for the EAP infrastructure proceedings?

1690 *Mr. Phillips. So environmental justice -- I issued
1691 three top priorities when I first was named chairman, and
1692 environmental justice was one of them. I am extremely proud
1693 of the record that we have had. You know, we have had the
1694 first-ever roundtable. We established a working group within
1695 our OGC focused on environmental justice. We selected a new
1696 environmental justice senior counsel, and we continue to do

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1697 work. We are working on outward-facing public guidance on
1698 environmental justice, and I expect to issue that in the very
1699 near future.

1700 *Mrs. Fletcher. Okay. Well, thank you for that. I
1701 think we are all looking forward to seeing that, and I do
1702 think it is important to engage communities, and I think that
1703 there is a great opportunity to help bring people together
1704 early in the process and be able to move projects that are
1705 critical forward.

1706 And, you know, before I yield back my time I want to say
1707 something about this and some of the things we have talked
1708 about this morning, because in Texas we are no strangers to
1709 the reliability challenges that each of you have talked about
1710 this morning and that you addressed in your testimony,
1711 especially as the result of extreme weather events.

1712 And I appreciate your acknowledgment of Winter Storm
1713 Uri, Chairman Phillips and also Commissioner Christie, as
1714 well as your, I think, very clear explanation of the supply
1715 and demand challenges that are in front of us, and some of
1716 the drivers of those challenges. And I don't say this
1717 lightly, but I do want everyone here to remember that, as we
1718 do this work, during Winter Storm Uri in Texas, less than an

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1719 hour from where I live, Americans froze to death inside their
1720 own homes when the power went out. The things that we are
1721 talking about here are issues of life and death, and they are
1722 critically important. So I thank you for your work.

1723 And, Mr. Chairman, I thank you for your work on this
1724 committee. It is really important that we get this right and
1725 that we work together to get it done. Thank you.

1726 *Mr. Duncan. Agreed. Thank you so much. I will now go
1727 to Mr. Walberg from Michigan.

1728 *Mr. Walberg. Thank you, Mr. Chairman, and thanks the
1729 panel for being here. It is great to have all the
1730 commissioners in front of us, and a full group.

1731 The Environmental Protection Agency's finalized
1732 greenhouse gas emissions standards on fossil fuel generators
1733 require existing coal-fired power plants planning to operate
1734 past 2039 and new or substantially modified natural gas
1735 plants that generate at least 40 percent of their maximum
1736 annual capacity to capture 90 percent of their carbon dioxide
1737 emissions by 2032. This requirement will impose billions of
1738 dollars of requirements on generators and other entities to
1739 construct carbon capture systems, build out CO2 pipelines,
1740 and permit sequestration sites.

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1741 Companies will not pursue these technologies, I believe,
1742 if they are a cost that cannot be recovered. And so,
1743 Commissioners Rosner, Chang, and See, in your opinions, will
1744 the costs of carbon capture facilities and associated
1745 infrastructure borne -- and associated infrastructure be
1746 borne by taxpayers?

1747 *Mr. Rosner. Thank you for the question, and here is
1748 where I will start.

1749 There is strength in diversity, and we saw that in the
1750 last couple of winters where we had winter storms, where if
1751 we didn't have all the resources on the system running we
1752 would have had greater problems than we had. So I am an all-
1753 of-the-above person. I think it is essential.

1754 To your question about the specific cost of those
1755 facilities, that is something that I would have to get back
1756 to you. But as a general matter, I think we need them all.
1757 Thank you.

1758 *Mr. Walberg. Commissioner See, will it be borne by
1759 taxpayers, the cost?

1760 *Ms. See. I agree, these are also very important issues
1761 when we are looking at both what it takes to power the nation
1762 today and looking at promising technology in the future.

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1763 I think we look at these rules in particular, there is a
1764 lot of areas of potential concern when we see the
1765 consequences that they may have, and we are looking at the
1766 whole regulatory landscape on the existing power sources that
1767 we have. This is an important issue, one that I am committed
1768 to looking at closely to the extent that it affects FERC's
1769 jurisdiction, and working closely with my colleagues on.

1770 *Mr. Walberg. Commissioner Chang, will the cost be
1771 borne by ratepayers?

1772 *Ms. Chang. Yes, thank you for your question. This is
1773 a great concern regarding both the cost and the reliability
1774 of the system, and I am beginning to look into the potential
1775 implications of some of the rules that you had just
1776 mentioned. And I look forward to having an opportunity to
1777 work with my colleagues to really dive in to understand the
1778 near-term and longer-term implications. Thank you.

1779 *Mr. Walberg. I thought it was a simple question.

1780 As a follow-up, many existing generators will likely
1781 close their operations because of the EPA's rule. New
1782 generation sources are unlikely to be in the footprint of
1783 existing generators. As new members of the Commission, do
1784 you believe it is just reasonable and not unduly

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1785 discriminatory or preferential for ratepayers to bear the
1786 transmission rates that will be required because of this
1787 forced generation shift? I strongly believe -- Commissioner
1788 Rosner?

1789 *Mr. Rosner. Well, thank you for the question, sir, and
1790 here is what I think.

1791 I think that, you know, I am a yes-and. I think we need
1792 everything we have today. That is quite clear. And I think
1793 we need some new things. And I think when we build new
1794 things, we need to make sure that we are building the least-
1795 cost set of resources, and that we are compensating those
1796 resources in response to the services that they actually
1797 provide. Thank you.

1798 *Ms. See. In my role as a new commissioner I am looking
1799 very closely at costs when it comes to the Commission's
1800 authority for just and reasonable rates. I think those are -
1801 - these are important factors to take into account.

1802 I certainly have respect for other agencies and their
1803 responsibilities, but as an energy regulator I think it is
1804 important to look at consequences for reliability and
1805 otherwise for some of these rules that you are talking about.
1806 And that is something that I think is important for us, as

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1807 commissioners, to continue to look closely at for all of the
1808 reasons you mentioned and others.

1809 *Mr. Walberg. Ms. Chang?

1810 *Ms. Chang. Thank you for the question.

1811 I take the economics of these energy systems, including
1812 generation and transmission, very seriously. Historically,
1813 we have built in this country generation and then
1814 transmission to bring the power from generation to very near-
1815 by load centers. And as the resources shift, we -- FERC and,
1816 really, the industry -- need to look at the -- essentially,
1817 the platform and the network that is needed to support the
1818 generation that we need not just today, but into the future.
1819 Thank you.

1820 *Mr. Walberg. Well, I agree with all of that, but I
1821 think there is an answer that was missing here for
1822 ratepayers.

1823 And I have another question for Commissioner Christie,
1824 but I will submit that in concern about the idea of a shell
1825 game that is going on. So Mr. Chairman, I yield back and I
1826 will submit that question later.

1827 [The information follows:]

1828

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1829 *****COMMITTEE INSERT*****

1830

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1831 *Mr. Duncan. The gentleman yields back. I will now go
1832 to Mr. Tonko for five minutes.

1833 *Mr. Tonko. Thank you, Chair Duncan.

1834 It is wonderful to see a full complement at FERC, and I
1835 congratulate and welcome the newly sworn-in commissioners.
1836 So thank you for your service. I would also like to
1837 recognize and thank Chair Phillips for his leadership on
1838 Order 1920. It is much appreciated.

1839 Having better, longer-term planning of our transmission
1840 system at a time of tremendous change and evolving risks to
1841 our electric infrastructure is common sense. It should not
1842 surprise anyone that groups from across the political
1843 spectrum have praised this order, including Republican former
1844 Chair Chatterjee. This is a reasonable approach, I believe,
1845 that will undoubtedly result in a more reliable and
1846 affordable electricity system. So again, I thank you, Chair
1847 Phillips.

1848 We know there are many different tools to improve the
1849 reliability and affordability of our grid, including getting
1850 better performance out of our existing infrastructure through
1851 the adoption of cost-effective grid-enhancing technologies
1852 and advanced reconductoring. So Mr. Chair, why was it

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1853 important that Order 1920 requires grid planners to consider
1854 these types of alternatives to new transmission?

1855 *Mr. Phillips. Thank you so much for the question.

1856 We require in Order No. 1920 that grid planners consider
1857 grid-enhancing technologies, and this is why it is so
1858 important. It is because we know that we can't just build
1859 our way to where we need to go, so it is going to provide
1860 more reliability sooner, and lower costs for customers.
1861 Because when you talk about things like advanced
1862 reconstructing, actually replacing the lines, the wires
1863 within an existing transmission facility, you can save up to
1864 60 percent of efficiency and just as much when it comes to
1865 cost. It is critically important.

1866 *Mr. Tonko. Thank you. These technologies are
1867 continuing to improve, as we all know. New innovations are
1868 becoming commercially available, and I would encourage the
1869 Commission and grid planners to continue to update their
1870 understanding of these technologies so that the most
1871 beneficial, cost-effective options are properly considered.

1872 I also want to ask about FERC's workforce. Yesterday we
1873 had a hearing with the Nuclear Regulatory Commission, and the
1874 NRC acknowledged that a significant portion of its workforce

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1875 is eligible for retirement. And I know that you had answered
1876 some of the questions of my colleague, Congresswoman
1877 Fletcher, but, Chair Phillips, we know that FERC is
1878 consistently rated as a top place to work in the Federal
1879 Government. But does FERC also have the same retirement
1880 risks?

1881 And can you give us a sense of the long-term plan to
1882 maintain that robust workforce that we require?

1883 *Mr. Phillips. Thank you. We have an outstanding
1884 workforce, as I said. We are consistently rated as one of
1885 the best places to work in government. I believe we have a
1886 great culture at FERC. We do have a lot of our senior
1887 leaders that are at or near retirement. And even beyond
1888 that, I get emails every week, every other week of someone
1889 who is critical to our mission who has been -- taken a job
1890 somewhere else. This is something that we need to continue
1891 to focus on.

1892 *Mr. Tonko. Well, it is an arena that is under
1893 transformation, so it makes it even more exciting and
1894 compelling to establish a work career there.

1895 In recent years at NRC there have been major efforts
1896 supported by broader hiring authorities to reduce the

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1897 percentage of employees eligible for retirement by recruiting
1898 that next generation of NRC staff. Now, I know that in the
1899 exchange with Congresswoman Fletcher you talked about making
1900 it -- responded to the ease by which you can recruit that
1901 staff. But what about competitive compensation?

1902 When we look at some of these issues, obviously, we want
1903 the best that we can get at a time of, again, transformation
1904 and perhaps more reliance on FERC as an authority. But what
1905 about that competitive compensation?

1906 *Mr. Phillips. It is a huge issue that we have. We
1907 know that our staff is recognized as the best. There are
1908 companies out there that are constantly looking to approach
1909 them, to bring them inside their organizations, and they are
1910 willing to pay them more than we could ever pay. And a lot
1911 of the staff at FERC, they don't do it for the pay. Let me
1912 be honest. They do it because they want to support the
1913 mission. But to be clear, it helps us to retain the staff we
1914 need if we can pay them competitively.

1915 *Mr. Tonko. Well, I do not believe it matters whether
1916 you care about transmission, electricity markets, hydropower,
1917 or pipelines; we should all want FERC as an entity to have
1918 the personnel necessary to carry out its responsibilities.

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1919 We are in a critical stage of energy innovation. So if there
1920 are barriers for FERC to hire and adequately compensate
1921 scientific, and technical, and engineering, legal, and other
1922 specialized roles, we should try to address them as has been
1923 done with NRC.

1924 And so I look -- stand ready to assist in that effort.
1925 And with that I thank you all.

1926 And Mr. Chair, I yield back.

1927 *Mr. Duncan. The gentleman yields back. I will now go
1928 to the gentleman from Texas, Mr. Weber, for five minutes.

1929 *Mr. Weber. Thank you, Mr. Chairman.

1930 And Chairman Phillips, as you probably know, I represent
1931 a significant portion of the LNG export industry with
1932 Freeport LNG. We have seven ports -- the upper Gulf coast of
1933 Texas, one-third of the Gulf Coast. Freeport LNG, Golden
1934 Pass, Port Arthur LNG, as well as many employees of Cheniere
1935 Energy over in Louisiana, that other foreign country, which
1936 is just across the Sabine Neches.

1937 However, we are concerned about FERC's overlapping,
1938 duplicative, and sometimes conflicting requirements with
1939 other agencies. I hear from our LNG people and our energy
1940 people all the time, and it is extremely important. For

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1941 example, FERC appears to be asking operators to implement
1942 additional emergency response measures along the waterway
1943 that go way beyond what is actually required -- now, we are
1944 talking about waterway, we are talking about exporting LNG
1945 out from the Gulf Coast -- that is actually required by the
1946 Coast Guard. And they do a jam-up job of actually making
1947 sure that we export LNG safely, cleanly, responsibly.

1948 So FERC also requires semi-annual operations reports,
1949 which ask for exactly -- much of it is the same information
1950 in PHMSA's required annual operations report. Earlier this
1951 year I authorized -- I authored a bipartisan bill requiring
1952 FERC, PHMSA, and the Coast Guard to produce additional
1953 memorandums of understanding -- let's get this tied together
1954 -- seeking to mitigate regulatory overlap and duplication so
1955 that there is not quite so much paperwork involved. I don't
1956 know if you are aware of that.

1957 So my question is, how is FERC coordinating with other -
1958 - those other agencies to reduce that regulatory overlap?

1959 And would you support that proposal, my proposal for
1960 FERC, PHMSA, and Coast Guard to produce additional
1961 interagency agreements to address duplicative and conflicting
1962 agency requirements?

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1963 Does that sound like it could save some man hours, some
1964 effort, and some money?

1965 *Mr. Phillips. I will say this: We have been focused
1966 at FERC on bringing down the timelines to actually permit
1967 infrastructure that we know we need.

1968 When it comes to working with our sister agencies, this
1969 is something that we do on a staff level all the time. Are
1970 there opportunities for improvement? Absolutely. I haven't
1971 had a chance to review the legislation that you are talking
1972 about, but I would be able to provide technical assistance
1973 and I will make my staff available to you, sir.

1974 *Mr. Weber. Well, we want you to do more than just look
1975 into it. We want you to, of course, act because it is
1976 important. And so I appreciate your response there.

1977 I would go to all the rest of the commissioners here
1978 with my second question. Despite the Biden Administration's
1979 acknowledgment of the importance of natural gas in supporting
1980 global energy security, DoE announced a ban on LNG exports.
1981 You all are aware of that. This pause impacts United States
1982 energy's infrastructure development, especially in my
1983 district along the Gulf Coast, where we produce 65 percent of
1984 the nation's jet fuel, 80 percent of the nation's military

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1985 grade fuel, and 3 LNG plants. We have actually got Port
1986 Arthur LNG, which is on the drawing board, if you will. They
1987 have phase one, now they want to go phase two also, and they
1988 have a big, red flag, a stop sign. So what we are -- earlier
1989 this month a Federal court in Louisiana granted a request, as
1990 you all probably know, from 16 states to stay DoE's ban,
1991 effective immediately.

1992 A simple yes-or-no question, and I will -- actually, I
1993 will start down here with Commissioner Chang: Does the U.S.
1994 have a fundamental interest to advance needed infrastructure
1995 to match our country's abundant natural gas supply with
1996 international demand? It is a yes or no.

1997 *Ms. Chang. Thank you for that question. I do think
1998 the U.S. has a critical role to play in international and
1999 global energy issues, including the --

2000 *Mr. Weber. So, yes, the U.S. has a --

2001 *Ms. Chang. -- export of LNG --

2002 *Mr. Weber. -- fundamental interest.

2003 Commissioner See?

2004 *Ms. See. Yes, matching infrastructure with demand is
2005 important.

2006 *Mr. Weber. Okay.

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2007 *Mr. Rosner. Yes.

2008 *Mr. Weber. And we don't want to be the minority down
2009 here.

2010 Commissioner Christie?

2011 *Mr. Christie. Yes. And if I could add something to
2012 your earlier question, this chairman has done a great job on
2013 handling section 3 and section 7 applications under the
2014 Natural Gas Act. He has shown tremendous leadership.

2015 *Mr. Weber. Don't tell him that, he is going to want a
2016 raise.

2017 [Laughter.]

2018 *Mr. Christie. Well, that is up to you all.

2019 *Mr. Weber. Yes, yes.

2020 *Mr. Christie. For the rest of us, too, by the way.

2021 *Mr. Weber. So --

2022 *Mr. Christie. But he has done an absolutely fantastic
2023 job in moving these applications --

2024 *Mr. Weber. We are running out of time, I have got to
2025 get to him.

2026 *Mr. Christie. Okay.

2027 *Mr. Phillips. First of all, I want to thank my friend,
2028 Commissioner Christie, for what he said.

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2029 And the answer to your question is yes.

2030 *Mr. Weber. Thank you. Yes or no, do domestic LNG
2031 facilities bolster international energy supply that is
2032 competitive, accessible, and environmentally friendly?

2033 I am down to seven minutes. I think you all would
2034 agree.

2035 And my last one is, does U.S. LNG export capacity afford
2036 our nation a competitive advantage? I think so.

2037 Mr. Chairman, I yield back.

2038 *Mr. Duncan. The gentleman yields back. And I now go
2039 to Ms. Kuster for five minutes.

2040 *Ms. Kuster. Thank you, Mr. Chairman. I am going to
2041 dive right in.

2042 We all know that hydropower and pumped storage are
2043 critical to our clean energy future. And I want to ask a few
2044 questions that I asked Secretary Granholm when she came
2045 before this committee in May.

2046 First, do you agree -- and this -- we will just go right
2047 down the line -- that hydropower is a key part of our clean
2048 energy system?

2049 *Mr. Phillips. Yes, absolutely.

2050 *Mr. Christie. Yes.

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2051 *Mr. Rosner. Yes.

2052 *Ms. See. Yes.

2053 *Ms. Chang. Yes, absolutely.

2054 *Ms. Kuster. Great, thank you. Should Congress work to
2055 ensure that the relicensing process is not driving reliable,
2056 dispatchable, clean energy projects offline?

2057 *Mr. Phillips. Yes.

2058 *Mr. Christie. Yes.

2059 *Mr. Rosner. Yes.

2060 *Ms. See. Yes.

2061 *Ms. Chang. Yes.

2062 *Ms. Kuster. Thank you very much. And do you think it
2063 is prudent for Congress to empower FERC to work with agencies
2064 and stakeholders in the relicensing process to resolve
2065 inconsistent or conflicting licensing terms?

2066 *Mr. Phillips. Yes.

2067 *Mr. Christie. Yes.

2068 *Mr. Rosner. Yes.

2069 *Ms. See. Yes.

2070 *Ms. Chang. Yes.

2071 *Ms. Kuster. Thank you very much.

2072 All right, Commissioner Christie, this next question is

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2073 for you. In the Western Navajo Pumped Storage 1 and 2 order,
2074 FERC denied an application for a preliminary project for two
2075 new pumped storage facilities that had not adequately
2076 consulted with the tribe on whose reservation the projects
2077 would be sited. Should Congress do more to ensure that
2078 tribal consent in the FERC hydropower licensing process?

2079 *Mr. Christie. I think that is for the chairman.

2080 *Ms. Kuster. That is for you.

2081 *Mr. Phillips. Sorry.

2082 *Ms. Kuster. No worries.

2083 *Mr. Phillips. Thank you so much. We take very serious
2084 our trust responsibility when it comes to our tribal nations.
2085 What we did when we issued that rejection for the preliminary
2086 permit is consistent with what we have done with other
2087 Federal land managers for over a decade. This doesn't close
2088 the door. We can still have our applicants come back with a
2089 full application.

2090 And to be clear, I don't think this is going to slow
2091 down the process at all. But we have to do more when it
2092 comes to our relationship with our tribal nations.

2093 *Ms. Kuster. Great, thank you.

2094 Commissioner See, do you agree with Commissioner

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2095 Christie, Congress should do more to ensure tribal consent in
2096 the hydropower licensing process?

2097 *Ms. See. I think the tribe's voice is critical in
2098 these processes. I think it is very important to receive
2099 that input, and that is something that is very important to
2100 me as I am getting up to speed and learning this new
2101 position. I certainly welcome any additional clarification
2102 or direction from Congress, and would be committed to working
2103 to implement that, as well.

2104 *Ms. Kuster. Great. Thank you so much.

2105 Moving on, in New England there are many small, 100-
2106 plus-year-old hydropower facilities that may have outlived
2107 their useful life. It may be more economical for those asset
2108 owners to surrender their licenses than operate the
2109 facilities that are potentially hazardous to the community
2110 and no longer profitable. Should FERC consider ways to make
2111 it easier for obsolete facilities to make end-of-life
2112 decisions?

2113 *Mr. Phillips. Yes, absolutely. When we know that we
2114 have a decreasing number of these requests regarding small
2115 hydro, they are critically important but we should find ways
2116 to streamline our processes for these facilities.

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2117 *Ms. Kuster. Great. Thank you very much. It is clear
2118 that Congress and the Administration agree on many issues,
2119 and I look forward to working with FERC and my colleagues on
2120 this committee to get a bipartisan hydropower licensing
2121 reform bill signed into law. That is something that has been
2122 a priority for me.

2123 Last, I want to mention one of our hydropower producers
2124 in New England -- this is called Great River Hydro -- is
2125 working with you on certification of incremental hydropower
2126 generation for production tax credits. I know our staffs
2127 have been in touch on the issue, and I look forward to
2128 working with you and Great River Hydro to ensure that we are
2129 able to continue to grow our renewable energy portfolio in
2130 New England.

2131 All right, one minute. I would like to talk a little
2132 bit about the Natural Gas Act. While the Federal Power Act
2133 allows FERC to order refunds when it determines utilities are
2134 overcharging for electricity, the Natural Gas Act does not
2135 allow the same refunds when companies are caught overcharging
2136 for natural gas, meaning large, interstate pipelines can
2137 over-recover billions of dollars in excessive rates that
2138 should be flowing back to everyday Americans. We are very

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2139 focused on lowering costs for everyday Americans.

2140 Chairman Phillips, does this lack of refund authority
2141 impact the energy rates that Americans pay?

2142 And if Congress granted FERC the authority to issue
2143 refunds, would FERC exercise this authority to protect
2144 consumers and keep prices just and reasonable?

2145 *Mr. Phillips. Affordability is a top priority. It is
2146 always top of mind. I have a personal relationship growing
2147 up -- we call -- before "energy poverty" was a term.

2148 To be clear, we defer to Congress in their judgment on
2149 what to do with regard to refunds. I think accountability is
2150 important. If Congress gives us that authority, we will
2151 faithfully execute it.

2152 *Ms. Kuster. Great, thank you. And I will just close
2153 by saying I am proud that in this Congress Senators Hyde-
2154 Smith and Blumenthal are leading a charge to solve the
2155 problem. And I am very supportive of the Making Pipelines
2156 Accountable to Consumers and Taxpayers Act. Both the
2157 Industrial Energy Consumers of America and the American
2158 Public Gas Association have written to the committee using it
2159 to fix this issue, and I will insert their letters in the
2160 record.

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2161 And with that, Mr. Chairman, I yield back.

2162 *Mr. Duncan. The gentlelady yields back. I will now go
2163 to Utah's Mr. Curtis for five minutes.

2164 *Mr. Curtis. Thank you, Mr. Chairman.

2165 FERC's stated mission is to assist consumers in
2166 obtaining reliable, safe, secure, and economically efficient
2167 energy at a reasonable cost. That is awesome. I would like
2168 to simplify that a little bit to we need affordable,
2169 reliable, clean energy. And I think the market is actually
2170 driving that, in my opinion, actually quicker than government
2171 is, and those three things will be paramount as we move
2172 forward.

2173 To get there we all know we need to innovate. We need
2174 to find abundant, affordable, reliable, clean energy sources.
2175 And this is becoming increasingly challenging. In Utah we
2176 have a data center, AI data center that wants to come in, and
2177 they are asking for 1.5 gigawatts of energy 24/7, with
2178 backup. And my local utility likes to remind them it took
2179 them a 100 years to get 1 gigawatt for Wyoming. And these
2180 are the challenges, right, that we face and that we are
2181 looking for. And I think it is important that we are clear.
2182 Like, we don't want to hamper this growth, and we want to

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2183 figure out how to do that. And we need more energy.

2184 One of the ways that has been suggested to do this is
2185 collocating facilities. And I think more and more I hear
2186 people talking about, you know, a small nuclear reactor next
2187 to a data center. And Commissioner Christie, I would like to
2188 ask you about particularly -- there are differences in
2189 collocating. Some could work and some couldn't. I don't
2190 know if you have read an article by Michael Kormos that I
2191 would like to submit for the record on the topic. Do you
2192 have any thoughts on this, when it is good, when it is bad,
2193 and how we can make this work?

2194 *Mr. Christie. I do have thoughts, Congressman, but we
2195 have a pending case that is a really big case, and it is
2196 pending right now. And so to give you my thoughts, I am
2197 afraid somebody would accuse me of pre-judging it. But it is
2198 a -- that is a humongous issue --

2199 *Mr. Curtis. Yes.

2200 *Mr. Christie. -- the issue of collocation, and --

2201 *Mr. Curtis. I am at a loss because I have never had a
2202 witness give as good a reason not to answer my question as
2203 you just gave me.

2204 [Laughter.]

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2205 *Mr. Christie. I am afraid I have to, because that case
2206 is a huge case that comes out of PJM, and it is just -- it is
2207 one we are going to have to act on. And there is no way I
2208 can even talk generically about the issue of collocation
2209 without --

2210 *Mr. Curtis. All right. I would love to just put down
2211 a marker this is a conversation we need to have, right? And
2212 --

2213 *Mr. Christie. I agree with you on that.

2214 *Mr. Curtis. And hopefully, we can do that forward and
2215 find answers to some of these difficult questions.

2216 And Mr. Chairman, I would like to submit that Kormos
2217 report for the record.

2218 Well, in the little bit of time I have I want to talk
2219 about -- we get it. Permitting for new transmission is just
2220 incredibly difficult and slow. So that puts an added
2221 emphasis on making our current transmission more productive,
2222 more efficient. And there is technology such as advanced
2223 conductors that can double capacity. I am curious if anybody
2224 would like to comment on that or what we are doing, FERC is
2225 doing, to try to -- Chairman, you are ready to jump in on
2226 that. I would love to have your comments on that.

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2227 *Mr. Phillips. I love to talk about grid-enhancing
2228 technology, sir.

2229 Both in our Order No. 2023, which is our interconnection
2230 queue reform order, as well as Order No. 1920, we require our
2231 transmission providers to consider grid-enhancing
2232 technologies like advanced reconductoring, both in the
2233 interconnection process and in the planning phase for new
2234 transmission. We know that we can't build our way to where
2235 we need to go. We have to get as much as we can out of the
2236 existing system.

2237 *Mr. Curtis. That is very good. Good.

2238 Yes, Commissioner Christie.

2239 *Mr. Christie. I would just say, Congressman, grid-
2240 enhancing technology, speaking generically, have tremendous
2241 potential. What I have been told by engineers in the field
2242 is there are -- and, of course, there is a whole array of
2243 what are now called GETs, that is their acronym, so you can't
2244 even really talk about it too generically -- but what
2245 engineers have told me is there are times they work and times
2246 they don't; there are places they work and places they don't.

2247 And so what is important is, when you deploy GETs -- and
2248 again, you are going to charge consumers for the cost. So

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2249 number one, both from a consumer cost standpoint and from a
2250 reliability standpoint, we have to make sure that the
2251 deployment at the times and the places are driven by
2252 engineering decisions so that we are using them where and
2253 when they work, and you are not sticking consumers with the
2254 cost just to, you know, to buy something that may not work a
2255 large part of the time. So it is a decision that needs to be
2256 driven by engineers.

2257 *Mr. Curtis. So I think that is fair. I would also
2258 like to point out thank you for not just assuming because
2259 they don't work in some instances that we shouldn't allow
2260 them. And I would love the ingenuity and the incentive being
2261 on let's find answers, let's get to a yes, if that makes
2262 sense. So thank you very much.

2263 I yield my time, Chairman.

2264 *Mr. Duncan. The gentleman yields back. I will now go
2265 to Dr. Schrier for five minutes.

2266 *Ms. Schrier. Thank you, Mr. Chairman. Thank you,
2267 commissioners, for being here today, and a special welcome to
2268 our three new commissioners.

2269 In May the Pacific Northwest Utilities Conference
2270 Committee released its annual 10-year forecast for the

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2271 region, which anticipates a massive surge in demand that
2272 outpaces even previous projections, as we have heard from
2273 several of my colleagues today. Much of this is attributed
2274 to high-tech manufacturing growth, data center expansion, and
2275 the trend toward electrification, which is especially quick
2276 in Washington State. Other regional power planners in the
2277 public sector have seen this similar trend. And if we are
2278 going to meet the energy needs for decades to come, we need
2279 to build out transmission for new generation to come online
2280 and make the existing grid more flexible and make it easier
2281 for surplus energy in one area to be transferred to areas
2282 with the highest demand at any given time. The FERC
2283 Commission rule in discussion today provides a fantastic
2284 framework for each region to make that happen.

2285 Chair Phillips, as you know, transmission planning in
2286 the Pacific Northwest is a pretty unique effort taken up by
2287 many different entities and stakeholders, including public
2288 utility districts and privately-owned utilities, and then
2289 unusual and giant Federal agencies like the Bonneville Power
2290 Administration. So only some of these entities are actually
2291 FERC-regulated, which has implications for the transmission
2292 rule and other FERC orders.

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2293 So my question is, how are you balancing your approach
2294 to ensure that both areas under your jurisdiction and non-
2295 jurisdictional entities can coordinate efficiently,
2296 especially in Washington State, where these two states could
2297 be right side by side and need to interconnect themselves?

2298 *Mr. Phillips. So when it comes to our non-FERC
2299 jurisdictional utilities across the country, we meet with
2300 them. I meet with their leadership as often as I can. I
2301 have met with the leadership of Bonneville. We talk to them.
2302 We know they are facing the same issues that other utilities
2303 are around the country.

2304 We also have time. When you think about Order No. 1920,
2305 there is a state consultation period that is required by
2306 transmission providers. States can save and allow time to
2307 actually engage with folks like Bonneville, as well, when it
2308 comes to how we are going to select and how we are going to
2309 pay for the transmission we need.

2310 *Ms. Schrier. So this is good to hear, because I just
2311 want to make sure that every consumer, ratepayer in
2312 Washington State and beyond has the benefits of having this
2313 interconnection.

2314 Now, on a related topic, earlier my colleague,

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2315 Representative Peters, has already discussed how important
2316 progress on interregional transmission is. And as,
2317 Commissioner Chang, you noted, with extremely and
2318 increasingly common extreme weather events that cause
2319 frequent outages, we are going to require this flexible grid
2320 that can transfer adequate power from other areas quickly.

2321 One way to increase that capacity between different
2322 regions is to connect transmission between regions,
2323 particularly by building out the interties between the
2324 northwest and the southwest, and the eastern and western. So
2325 we focus a lot on the eastern and western. I was wondering
2326 if you could comment about maybe what FERC could do to
2327 encourage northwest and southwest.

2328 *Mr. Phillips. Is this question for me? I am so sorry.

2329 *Ms. Schrier. It is a question for you, unless you feel
2330 like somebody else is more capable of --

2331 *Mr. Phillips. No, no --

2332 *Ms. Schrier. -- or in that lane.

2333 *Mr. Phillips. No, I am glad -- you know, it is really
2334 what is at the heart of what we have done with Order No.
2335 1920.

2336 Now, we have established the framework to allow the

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2337 resources that we know need to be connected to where the
2338 people are, and this is why we are planning for the long
2339 term, so that we can identify the best and the most cost-
2340 effective solutions to address the transmission needs up and
2341 down the scale.

2342 *Ms. Schrier. Thank you. I look forward to more
2343 emphasis on connecting these regions and the ability to
2344 really have that flexibility, you know, at the drop of a hat,
2345 to be able to get energy where it is needed, when it is
2346 needed.

2347 Thank you. I yield back.

2348 *Mr. Duncan. The gentlelady yields back. I now will go
2349 to Mr. Allen for five minutes.

2350 *Mr. Allen. Thank you, Chair Duncan, for holding this
2351 hearing with the Federal Regulatory Commission. I want to
2352 thank the commissioners for being here today.

2353 Obviously, we are talking about ensuring a reliable and
2354 affordable energy. It is critical, and I am glad to have
2355 this opportunity to discuss how this impacts my home state of
2356 Georgia. My district is home to Plant Vogtle, which I guess
2357 this committee is going to get tired of me talking about, but
2358 we are very proud of the fact that we have just completed the

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2359 first new nuclear power plants built in over 30 years in the
2360 United States. Units 3 and 4 are now in commercial
2361 operation, bringing reliable, affordable power to Georgians
2362 for decades to come.

2363 Commissioner Christie, last year we discussed the
2364 positive and negatives of vertically integrated markets,
2365 Regional Transmission Organizations, and Independent System
2366 Operators. One benefit of a vertical integrated --
2367 vertically integrated structure is that if the public -- the
2368 state public service commission values reliability, then
2369 utilities must adhere to the priority placed on reliability.

2370 I am concerned that EPA's suite of regulations such as
2371 the Clean Power Plan 2.0, Revised Particulate Matter
2372 Standard, Interstate Transport Rule for Ozone, Coal Ash
2373 regulations and others will result in reliable sources of
2374 energy being pushed off the grid. Should public service
2375 commissions that highly valuable -- value reliable services
2376 of energy and vertically integrated markets be concerned
2377 about forced retirements and the ability of utilities to
2378 provide firm generation?

2379 *Mr. Christie. They should, and they are. I have
2380 talked to a lot of regulators in your region, and they are

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2381 extremely concerned about the cost of the EPA power plant
2382 rule on the generating resources that they need to keep the
2383 lights on in Georgia and your neighboring states in the
2384 South.

2385 You know, you are primarily IRP, vertically integrated
2386 states. You are not in an RTO. What that means is a lot of
2387 those generating units that you depend on, especially coal,
2388 gas, and nuclear, are in what is called rate base, and your
2389 consumers are paying the cost of those units. And so if EPA
2390 comes out with a rule that -- it puts state regulators,
2391 really -- it gives them a Hobson's choice: You can approve a
2392 huge compliance cost for needed generation, and it is going
2393 to be passed through dollar for dollar plus what we call an
2394 ROE, a profit to your consumers, or the regulators have to
2395 say, well, we can't pass these humongous costs onto
2396 consumers, so we are going to have to say no to the cost
2397 recovery, and then they are going to shut the generating unit
2398 down.

2399 And another, you have a lot of southern co-op members.
2400 You have a lot of electric co-ops serving the rural South.
2401 Co-ops, of course, are not owned by stockholders. Co-ops are
2402 owned by the very members who are both consumers and members.

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2403 And the National Electric Co-op Association for -- the Rural
2404 Electric Co-op Association has been very vocal that they
2405 can't ask their members, who are already hard pressed to pay
2406 their bills, to pay the compliance costs for the power plant
2407 rule. And so they are really between a rock and a hard
2408 place. They are -- you know, they are having to either
2409 consider shutting down the generating units they need for
2410 reliability or pass through these huge costs to their own
2411 members.

2412 So it -- yes, and they are very aware of that,
2413 Congressman, both your regulators and the people who run your
2414 electric co-ops.

2415 *Mr. Allen. What options do state public service
2416 commissions have in vertically integrated markets if the
2417 government steps in and shuts down reliable generators
2418 without an adequate supply of firm generation to replace it?

2419 *Mr. Christie. Well, again, they are facing a Hobson's
2420 choice because, if they allow the compliance costs to go
2421 through to keep those plants open, that is going to cause
2422 tremendous rate increases to their consumers.

2423 So as a regulator who did this for 17 years, you don't
2424 want to do that.

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2425 *Mr. Allen. Right.

2426 *Mr. Christie. But on the other hand, you are talking
2427 about the generating units that your integrated resource plan
2428 shows are essential to keeping your lights on. So really,
2429 you are giving them a hell of a choice: Keep the lights on
2430 or burden your consumers with costs that they can't pay. So
2431 it is a terrible choice.

2432 *Mr. Allen. Yes. Well, you know, FERC recently
2433 finalized the -- which we talked about -- the Order 1920 --
2434 and I have just got about 30 seconds left -- and we have
2435 heard from our colleagues about a letter from 32 state public
2436 utility commissions supporting the rule. They assert that
2437 this letter shows support for FERC's actions.

2438 As Chair Duncan noted, 238 state utility commissions
2439 across the country, just 32 have signed the letter. Most are
2440 from locations that have carbon-free electricity and net-zero
2441 economy goals. And I will submit this for the record, since
2442 I am out of time. You know, in my opinion, this letter just
2443 confirms the Republican argument that Order 1920 is designed
2444 to facilitate expensive electricity transmission products
2445 while socializing the cost onto ratepayers from states
2446 without the same policy goals.

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2447 So if you would respond to me in writing on that, I

2448 would appreciate it because I am out of time.

2449 [The information follows:]

2450

2451 *****COMMITTEE INSERT*****

2452

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2453 *Mr. Allen. And Mr. Chairman, I yield back.

2454 *Mr. Duncan. The gentleman yields back. I will now go
2455 to the gentlelady from Florida, Ms. Castor, for five minutes.

2456 *Ms. Castor. Well, thank you, Mr. Chairman, and welcome
2457 to our FERC commissioners, Mr. Chairman, and a special
2458 welcome to our new commissioners. I look forward to working
2459 with you all.

2460 I think under the leadership of Chair Phillips the FERC
2461 has done a very good job of with a focus on making energy
2462 reliable and affordable for American families and businesses.
2463 And special kudos for Order 1920 that requires the regional
2464 grid operators to engage in long-term regional planning for
2465 the first time.

2466 Who would be against long-term planning in this ever-
2467 changing world now, especially with the predictions for
2468 energy usage going up, energy demand because of a booming
2469 economy, and new data centers and electrification across the
2470 economy, and then these increasingly costly and more frequent
2471 extreme weather events? It is very important that all energy
2472 producers and the RTOs think about planning for the long
2473 term.

2474 But -- and you all should know -- yesterday there was an

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2475 amendment offered to the Energy and Water appropriations bill
2476 to not fund implementation of Order 1920, and it failed here
2477 in this -- in the House. So for what that is worth, I think
2478 that is a good sign going forward.

2479 But the job of FERC is not over. We have got to do more
2480 to deploy low-cost, grid-enhancing technologies that -- I am
2481 glad to hear how enthusiastic you are, Mr. Chairman -- and
2482 clear up the interconnection backlogs. There are 2,600
2483 gigawatts of generation and storage capacity currently
2484 seeking connection to the grid, often with wait times of 5
2485 years or more. These wait times are driving up costs for
2486 consumers, for ratepayers, and present an immense challenge
2487 to the grid in the era of rising energy demand.

2488 Order 2023, the interconnection order, was a strong
2489 first step, but we need additional action. So Chair
2490 Phillips, what else are you doing to improve interconnection
2491 times and alleviate the backlog?

2492 *Mr. Phillips. Thank you so much, and thank you for
2493 your comments.

2494 We are focused on interconnection. We had Order No.
2495 2023, which I think is a great first step, but we are not
2496 done. We have more work to do on interconnection. We are

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2497 going to have a workshop this fall, in September, where we
2498 are going to focus on automation, using artificial
2499 intelligence, and other ways to continue to bring those
2500 unacceptable wait times down that you mentioned.

2501 *Ms. Castor. So for our new commissioners, you have a
2502 fresh perspective here.

2503 Commissioner Rosner, what do you -- have you been giving
2504 thought to identifying promoting queue management best
2505 practices such as advanced computing, and automation, and
2506 standardized study criteria?

2507 *Mr. Rosner. Well, thank you for the question,
2508 Congresswoman.

2509 I am looking forward to the technical conference that
2510 Chairman Phillips has noticed for September. I look forward
2511 to engaging with participants there, with the record that is
2512 developed there, and with my colleagues to see if there are
2513 solutions.

2514 You know, in general, you know, I think about GETs and,
2515 you know, and all these ways to unlock more efficiency. If
2516 there is ways to unlock efficiency in the process by doing
2517 more with less, that is just common sense, and I would be
2518 interested in pursuing that. So thank you for the question.

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2519 *Ms. Castor. And Commissioner See, how about speeding
2520 up interconnection queues?

2521 What interests you, and what do you anticipate, looking
2522 ahead?

2523 *Ms. See. I think this is certainly an important issue,
2524 and I am really looking forward to diving into that more,
2525 especially as I am getting started in this role. I think it
2526 is important to look at where we are at today and where we
2527 are going in the future, and looking at all of the different
2528 pieces that go into that puzzle. So I agree that that is a
2529 very important issue, and one that I am looking forward to
2530 looking at in a lot more depth as I get started.

2531 *Ms. Castor. So Commissioner Chang, you also have --
2532 you have experience. What has worked that you see could
2533 bring some benefits to tackling this interconnection queue
2534 problem in the backlog?

2535 *Ms. Chang. Thank you very much for your question.

2536 One thought I have on this is that different regions --
2537 and I fully very much respect regional differences across the
2538 country -- different regions have different and unique needs
2539 and priorities. And when it comes to interconnecting new
2540 resources, some regions also might have differences in the

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2541 way they analyze them and approach. But accelerating and
2542 streamlining the interconnecting resources is paramount and
2543 is very important.

2544 And I also just want to add using advanced technology is
2545 really the way we move forward and we lead in the world of
2546 new technologies. So that includes some of the newer
2547 technologies on the transmission system, but also any kind of
2548 assistance that artificial intelligence and other sort of
2549 technological solution would bring to interconnection
2550 approaches. I think I welcome those opportunities to hear
2551 that from industry, but also to work with my colleagues to
2552 engage in that. Thank you.

2553 *Ms. Castor. I look forward to your work here.

2554 And I yield. Thank you.

2555 *Mr. Duncan. The gentlelady yields back. I will go to
2556 the gentleman from Ohio, Mr. Balderson, for five minutes.

2557 *Mr. Balderson. Thank you, Mr. Chairman, and thank you
2558 all. Congratulations to those that have joined FERC, and I
2559 look forward to working with you. I want to direct my first
2560 question to Commissioner Christie and Commissioner See.

2561 Last month I held an energy roundtable event at a nearly
2562 2,000-megawatt natural gas-fired plant in Guernsey County,

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2563 Ohio, right in the middle of the Ohio's 12th congressional
2564 district. The roundtable featured local co-ops, utilities,
2565 independent power producers, manufacturing, and business
2566 groups, and natural gas producers.

2567 The overwhelming message from the roundtable
2568 participants was that, one, our baseload generation is
2569 retiring too quickly, largely due to Federal and state
2570 policies; number two, power demand is rising at historic
2571 levels; and three, we need more natural gas transportation
2572 infrastructure.

2573 Commissioners See and Christie, would you generally
2574 agree with this assessment? And ladies first, Ms. See.

2575 *Ms. See. I do, I think these are very important
2576 issues. Certainly, it is the states who have primary
2577 responsibility when it comes to generation, but I think when
2578 we are looking at reliability concerns, it is very important
2579 to look at all those pieces, stressors on the supply side and
2580 certainly increased demand. So I think those are very
2581 important issues.

2582 *Mr. Balderson. Thank you.

2583 Commissioner Christie?

2584 *Mr. Christie. Congressman, in my opening statement I

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2585 made the point that last week when PJM peaked in the heat
2586 wave, 46 percent of the generation in PJM to meet that peak
2587 was gas. And the generating unit that you had your forum
2588 forearm near, if it was a combined cycle plant running at
2589 base load, meaning it is probably running at a capacity
2590 factor of, let's say, 80 percent or more, the EPA power plant
2591 rule is going to essentially make it virtually impossible to
2592 build those types of plants.

2593 *Mr. Balderson. Yes.

2594 *Mr. Christie. And we are going to desperately need
2595 them.

2596 *Mr. Balderson. Thank you. The EPA's -- since you
2597 brought it up -- most recent power plant regulations create
2598 mandates that all but ensure coal-fired power plants will
2599 shut down before 2032. It makes it virtually impossible to
2600 get new, natural gas plants built and connected to the grid.
2601 At the same time, the EPA is actively pursuing a separate
2602 effort to further regulate our existing fleet of natural gas-
2603 fired power plants.

2604 We were already worried about the long-term reliability
2605 of the electric grid before the EPA's Clean Power Plan 2.0 on
2606 existing coal and new natural gas plants was finalized. As

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2607 the Federal regulator charged with electrical grid
2608 reliability, can you discuss what FERC's existing natural gas
2609 generation is being developed by the EPA?

2610 Commissioner See and Commissioner Christie?

2611 *Ms. See. I think that relates to your first question.
2612 I think that these are serious concerns, and taking seriously
2613 the consequences that regulations have on critical sources of
2614 generation matters. I applaud FERC's efforts last year with
2615 the technical conference to give a particularly important
2616 insight to EPA in developing that rule. I think it is
2617 important for FERC, as you say, as the agency charged with
2618 reliability, to be raising these concerns and voicing this
2619 important perspective as other agencies go about their work.

2620 *Mr. Balderson. Thank you.

2621 Commissioner Christie?

2622 *Mr. Christie. Well, again, the EPA power plant rule is
2623 going to make it virtually impossible to build new, combined
2624 cycle gas that runs this baseload, so -- but yet that is
2625 exactly what we are going to have to have, because the same
2626 power -- the same rule is going to force the retirement of
2627 virtually the rest of the entire coal fleet.

2628 So again, if you look at what PJM was doing last week to

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2629 keep the lights on, 20 percent was coal. If you take 20
2630 percent of the resource mix and just evaporate it, and then
2631 you don't allow the construction of new combined cycle gas,
2632 which the power plant rule will -- essentially will not, the
2633 numbers don't add up. You simply -- it is just -- you are
2634 not going to be able to keep the lights on. I mean, that is
2635 just plain arithmetic.

2636 *Mr. Balderson. Thank you. Can you briefly discuss
2637 what the impact would be on the reliability if the EPA were
2638 to finalize that rule? And I think you have already answered
2639 that.

2640 The other technology is mandating carbon capture and
2641 storage technology that would require plants capture and
2642 storage 90 percent of their emissions within a decade. Is
2643 that feasible, Commissioner See?

2644 *Ms. See. I think there is certainly a lot of promise
2645 with that technology.

2646 I think one of the concerns that I would have sitting
2647 here today is how deployable is that technology right now and
2648 on the timeframes of the rule.

2649 Again, other agencies have their own statutory lane, but
2650 looking from a perspective of reliability and resource

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2651 adequacy, I would have concerns, especially with those
2652 aggressive timeframes.

2653 *Mr. Balderson. Thank you.

2654 Did you want to add anything, Mr. Christie, or --

2655 *Mr. Christie. No, it is not feasible. Every expert in
2656 the field and engineers who talk about this say you cannot
2657 use -- the carbon capture technology is simply not there on
2658 the timeframe that this rule requires, or a commercial
2659 feasibility.

2660 *Mr. Balderson. I will address a couple of my other
2661 questions to you because I am out of time. But my colleague
2662 from Florida talked about the queue, and I have been working
2663 with PJM about this queue issue, so I look forward to working
2664 with all of you.

2665 Thank you, Mr. Chairman.

2666 *Mr. Duncan. I appreciate the gentleman. I will now
2667 recognize Mr. Sarbanes from Maryland for five minutes.

2668 *Mr. Sarbanes. Thank you, Mr. Chairman. Thank you all
2669 for being here today, and thank you for your critical work.
2670 There is a lot of expertise assembled here. I very much
2671 appreciate it, and the work you do throughout the year to
2672 assist energy consumers and foster their access to

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2673 reasonably-priced, reliable, and secure power is obviously
2674 indispensable.

2675 I would like to discuss the situation that led to your
2676 recent decision to deny the Maryland Public Service
2677 Commission's motion to reopen docket No. ER 13-19, which
2678 concerns PJM's flawed 2024-2025 capacity auction for a
2679 portion of the Delmarva Peninsula. You are probably not
2680 surprised that I am bringing this up.

2681 As many of you are aware, when this auction took place
2682 in 2022 a mistake in the parameters PJM set resulted in
2683 highly inflated capacity prices, and more than four times the
2684 just and reasonable rate with no commensurate electric
2685 reliability benefit to the consumers. Recognizing the
2686 mistake, PJM petitioned the Commission to amend the auction,
2687 a request that the Commission granted, finding that the
2688 initial rates were "unjust and unreasonable.'" However, in
2689 subsequent litigation, the Third Circuit held that PJM's
2690 amendments to the rate auction were in violation of the filed
2691 rate doctrine, and so PJM petitioned and was granted
2692 permission by FERC, thank you, to return to the initial
2693 flawed rates.

2694 From our witnesses today, only Chair Phillips and

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2695 Commissioner Christie were on the Commission in May when this
2696 decision was made. But in your concurring statements you
2697 each expressed that, while you believe the court's ruling to
2698 be binding, the outcome of reapplying a knowingly flawed
2699 market design will be inequitable, unjust, and unreasonably -
2700 - result in unreasonably high prices for ratepayers,
2701 including some in my state of Maryland.

2702 Mr. Chairman, by the way, without objection, I would
2703 like to enter into the record a letter from bipartisan
2704 Members of the Maryland delegation to the Commission
2705 requesting a rehearing of this decision based on the
2706 acknowledgment that the outcome is unreasonable and
2707 inequitable.

2708 *Mr. Duncan. Without objection.

2709 [The information follows:]

2710

2711 *****COMMITTEE INSERT*****

2712

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2713 *Mr. Sarbanes. And, you know, this letter has come and
2714 gone, and I understand where things have landed, and that
2715 FERC declining the request believes the court's decision
2716 binds you in this case, I get that. So given that, my
2717 question for you, Chair Phillips -- and then I would love to
2718 hear from Commissioner Christie, as well -- is pretty simple.
2719 What do we need to change to ensure that an unacceptable
2720 situation like this never occurs again?

2721 Even as I can't believe that we have to live with the
2722 decision that I just discussed, but looking forward, like,
2723 how do we stop this kind of thing from happening?

2724 *Mr. Phillips. First of all, I want to agree with you,
2725 Mr. Sarbanes. It is absolutely unacceptable. There was an
2726 error, and it was an uncontroverted fact that it was an
2727 error. And the court came back and said, "Well, the equities
2728 don't matter."

2729 Sir, I will tell you this. For me, the equities always
2730 matter. I believe the most important function of our
2731 Commission is to protect consumers, and that is what we tried
2732 to do in this order.

2733 Now, the court came back and said we have to do it
2734 differently. We will abide by the court's ruling. But we

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2735 are encouraging PJM and other markets to correct their
2736 tariffs to allow time to fix these errors so that this never
2737 happens again.

2738 *Mr. Christie. Congressman, at the time those results
2739 came in, I think my comment was in no universe would these
2740 results be considered just and reasonable. I still think
2741 that, but the appellate court told us we had to accept them.

2742 As to your other question about what do you do about
2743 this, I think there are -- I have been very vocal about this,
2744 I think there are a lot of flaws in the PJM capacity market
2745 that really date back many, many years to my time as a state
2746 regulator. I think they are working on trying to fix this
2747 construct known as the capacity market.

2748 Maryland, you know, made a choice to divest, to
2749 "deregulate," which sort of exposed your consumers more than
2750 in Virginia, where we didn't do it, to the vagaries of the
2751 PJM capacity market. That is sort of a global way to
2752 respond.

2753 But I think there is going to have to be constant effort
2754 to try to make sure that it doesn't happen again, and that
2755 the PJM capacity market, if that is going to be the resource
2756 adequacy construct for states like Maryland, that these

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2757 results don't happen again.

2758 *Mr. Sarbanes. Thank you.

2759 I do want to just mention, before my time expires,
2760 another instance of FERC's responsibility to protect
2761 ratepayers. And thank you for the June rejection of Tallinn
2762 Energy's petition to charge ratepayers hundreds of millions
2763 of dollars for a costly reliability must-run contract at the
2764 Brandon Shores power plant in Anne Arundel County. I applaud
2765 you for preventing the imposition of such significant costs
2766 on energy customers in the Baltimore region. So some good
2767 things and some challenging things to discuss. Thank you all
2768 very much.

2769 And I yield back.

2770 *Mr. Duncan. The gentleman yields back. I now go to
2771 the gentleman from Pennsylvania, Dr. Joyce, for five minutes.

2772 *Mr. Joyce. Thank you, Chairman Duncan and Ranking
2773 Member DeGette, for allowing me to waive on today, and thank
2774 you for the commissioners for appearing.

2775 Mr. Chairman, first I would ask unanimous consent to
2776 submit for the record former Chairman Barton's affidavit on
2777 the RTO adder for utilities.

2778 *Mr. Duncan. Without objection.

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2779 [The information follows:]

2780

2781 *****COMMITTEE INSERT*****

2782

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2783 *Mr. Joyce. Thank you.

2784 The electric industry is going through a significant
2785 transition as intermittent resources are being added to the
2786 grid. It is critical to continue transmission investment in
2787 investor-owned utilities that are and will continue to play a
2788 large part in this effort.

2789 FERC is considering certain policy changes that would
2790 sunset the RTO adder for utilities. I am concerned that this
2791 action will add uncertainty to the market and would harm the
2792 ability for these companies to invest in improving the grid.

2793 Mr. Chairman, I would also ask unanimous consent to
2794 submit for the record a paper by Michael Kormos, the former
2795 CEO of PJM utilities.

2796 *Mr. Duncan. Without objection, so ordered.

2797 [The information follows:]

2798

2799 *****COMMITTEE INSERT*****

2800

This is an unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker.

2801 *Mr. Joyce. Thank you. As data centers and AI expand
2802 across America and in my home state of Pennsylvania, they are
2803 providing economic growth and family-sustaining jobs. They
2804 also use, as we all know, large amounts of energy, adding
2805 significant demand to the grid for the first time in decades.
2806 This is all happening at a time when supply to the grid of
2807 baseload power is being threatened by draconian rules
2808 promulgated by President Biden's EPA. Closing coal power
2809 plants and restricting new natural gas power plants will
2810 stifle the capacity of the grid.

2811 Given this environment, we need to look at ways to ease
2812 the strain on the grid. One potential solution, as detailed
2813 in Mr. Kormos's paper, could be using a collocated, behind-
2814 the-meter configuration with nuclear generators. Chair
2815 Phillips, the race with China and Russia for AI supremacy is
2816 simply one that we in the United States cannot afford to
2817 lose. What is FERC doing to ensure that the U.S. can
2818 facilitate this load growth, either by tapping into the power
2819 grid or collocating at plant sites?

2820 *Mr. Phillips. We have a pending matter, Congressman,
2821 and I wish I could answer your question. We can't talk about
2822 -- when you talk about the issue of collocation.

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2823 As a general matter, this is something that we are going
2824 to have to deal with, for sure. What we are doing, though,
2825 to address the need regarding data centers, artificial
2826 intelligence, quantum computing, all these issues, the best
2827 thing that we can do is plan for it in the long term. That
2828 is --

2829 *Mr. Joyce. Does that include collocating --

2830 *Mr. Phillips. -- exactly what we are doing --

2831 *Mr. Joyce. -- and tapping into additional power
2832 sources such as nuclear power?

2833 *Mr. Phillips. Again, I really cannot get into the
2834 details when it comes to that particular issue which is
2835 pending before us. We may get challenged and say that we are
2836 pre-judging the issue and won't be able to actually sit for
2837 that particular proceeding, so I can't go any further than
2838 the general matter that I talked --

2839 *Mr. Joyce. Moving on, then, in September of 2023 this
2840 committee heard from representatives of the nation's major
2841 grid operators, including PJM, which manages the grid in
2842 Pennsylvania. PJM warned about an expected shortfall in
2843 power generation by the end of the decade, due largely to
2844 what they classify as policy-driven retirements of reliable

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2845 fossil fuel plants.

2846 In response to one of my questions, all the grid
2847 operators agreed that continuing to use fossil fuel plants,
2848 especially natural gas, is crucial for maintaining grid
2849 reliability. The head of New England ISO described it as,
2850 "the only practical solution.'" Since then, the outlook has
2851 only worsened with the EPA's introduction of the problematic
2852 Clean Power Plan 2.0.

2853 Mr. Christie, given these concerns from PJM and other
2854 grid operators, what actions can FERC take now within its
2855 current authority to address this resource adequacy issue?

2856 And further, what additional powers or authorities would
2857 you like to see Congress grant to better address the
2858 anticipated shortage of dispatchable generation in PJM and in
2859 other regions?

2860 *Mr. Christie. As you mentioned -- we have talked about
2861 this a lot today -- PJM is losing dispatchable resources at a
2862 rate that is simply not sustainable, and they are not going
2863 to be able to keep the lights on if they continue to lose
2864 them. And it is primarily coal and gas that they are losing.

2865 FERC's role in reliability, first and foremost, we are
2866 the regulator of NERC, which sets reliability standards, and

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2867 that includes effectively raising the alarm on resource
2868 adequacy shortfalls as part of the reliability assessments
2869 that NERC does and that we, you know, we do. So one big role
2870 we have is what we have done today, which is to raise the
2871 alarm about what is going on.

2872 We don't have the authority to order the construction of
2873 a single generating unit in America, because those are the --
2874 it is the states that do that. And of course, in
2875 Pennsylvania, where you are from, Pennsylvania is in the PJM
2876 market, and you have given up the IRP process. So basically,
2877 what gets built in Pennsylvania is only going to get built if
2878 the investors build generating units based on whether they
2879 think they can get enough revenue from the PJM markets,
2880 especially capacity.

2881 FERC regulates the capacity market, and this has been an
2882 ongoing source of concern about whether that PJM capacity
2883 market is procuring sufficient capacity resources and the
2884 right type of capacity resources with the attributes. And
2885 that is going to be an ongoing issue -- that is under FERC's
2886 purview -- to look and see whether that capacity market is,
2887 in fact, working to get the resources they need.

2888 *Mr. Joyce. Mr. Chairman, my time has expired. I do

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2889 have additional question on FERC's Order No. 1920, which I
2890 will submit for QFRs.

2891 [The information follows:]

2892

2893 *****COMMITTEE INSERT*****

2894

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2895 *Mr. Joyce. I thank again the commissioners for
2896 attending, and I thank you for allowing me to waive on today.

2897 *Mr. Duncan. Yes, sir. The gentleman yields back. We
2898 will now go to Mr. Cardenas for five minutes.

2899 *Mr. Cardenas. Thank you, Chairman Duncan and Ranking
2900 Member DeGette, for holding this hearing today. And the --
2901 also, the chairman and commissioners of the Federal Energy
2902 Regulatory Commission for being here today and discussing in
2903 full view of the public the answers to our questions.

2904 As we know, our lives largely depend on electricity. It
2905 keeps the lights on, powers our devices during the hottest
2906 days, it cools our homes, and during the coldest months it
2907 heats them, as well. As something so integral to our lives,
2908 it is easy to take it for granted. FERC has played a
2909 critical role in ensuring that that is the case, that our
2910 nation's grid and electricity is secure, reliable, and
2911 affordable.

2912 That said, the climate crisis and accelerating climate
2913 disasters threaten our grid and have already highlighted that
2914 our aging power infrastructure needs to be updated. To
2915 safeguard our power system long term and protect communities,
2916 we must update our planning processes and our nation's power

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2917 infrastructure without losing focus on the transition to
2918 affordable and reliable, cleaner energy. The Bipartisan
2919 Infrastructure Law and Inflation Reduction Act both made
2920 unprecedented, once-in-a-generation investments that do just
2921 that, all while advancing the environmental justice, and FERC
2922 will play an essential and unique role in unlocking the truly
2923 transformational benefits embedded in both of those laws.

2924 Chairman Phillips, last year I spoke to you about the
2925 criteria that would have to be satisfied for the Commission
2926 to withhold or deny the approval of a project on
2927 environmental justice grounds. During our conversation you
2928 said that under NEPA and the Natural Gas Act environmental
2929 impacts include environmental justice communities, and that,
2930 hypothetically, there could be significant-enough impacts to
2931 communities to consider withholding or denying approval of
2932 certain projects.

2933 Just a few weeks ago, however, FERC approved CP2 LNG,
2934 despite objections from former Commissioner Clements. In her
2935 dissent, former Commissioner Clements expressed that FERC
2936 failed to -- and I quote -- "meaningfully assess the
2937 project's enormous greenhouse gas emissions and adequately
2938 consider how the full range of adverse project impacts will

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2939 affect environmental justice communities.''

2940 With all of that in mind, can you talk about how FERC is
2941 making sure that its rules are legally durable,
2942 environmentally sound, and meeting the obligations set forth
2943 in NEPA and the NGA?

2944 *Mr. Phillips. Thank you so much for the question.

2945 Under section 3 and section 7 of the Natural Gas Act,
2946 FERC is required to consider environmental impacts on the
2947 communities, environmental justice communities that you
2948 talked about. I am extremely proud of our record, this
2949 Commission's record, when it comes to environmental justice.
2950 I made it a priority. We had the first-ever roundtable. We
2951 have established a working group within our Office of General
2952 Counsel. We established -- appointed a new senior counsel on
2953 environmental justice. We had commission-wide training on
2954 environmental justice and equity.

2955 We also are looking to issue forward-facing public
2956 guidance regarding environmental justice. When it comes to
2957 making these decisions, though, it is a delicate balancing
2958 act, and we have over 100 conditions on almost any project
2959 that we approve under the NGA. And some of those conditions
2960 include environmental justice conditions, and we have sua

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2961 sponte taken action on our own, as a commission, to protect
2962 environmental justice communities. No commission in the
2963 history of FERC has done more for EJ than this commission.

2964 *Mr. Cardenas. Thank you. FERC established the Office
2965 of Public Participation over three years ago. We have heard,
2966 however, that frontline communities impacted by FERC's
2967 decisions often have trouble participating in FERC processes,
2968 given lack of capacity and resources. Congress was explicit
2969 in section 319 of the Federal Powers Act, and -- that one of
2970 the duties for OPP is that it may "provide compensation for
2971 reasonable attorneys' fees, expert witness fees, and other
2972 costs of intervening or participating in any proceeding
2973 before the Commission to any person whose intervention or
2974 participation substantially contributed to the approval, in
2975 whole or in part, of a position advocated by such person.''

2976 Chairman Phillips, can you comment on the status of the
2977 rulemaking or other efforts to provide such intervenor
2978 compensation to qualifying public interest intervenors?

2979 *Mr. Phillips. First of all, let me just say how
2980 pleased I am with our Office of Public Participation. We are
2981 now into the second year of that office. We have a new,
2982 confirmed office director who is doing an outstanding job.

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2983 And I want to point everybody to our website, in particular.
2984 They have explainers that are on our website, which are just
2985 outstanding. When I read those explainers I learn.

2986 With regard to intervener funding, this is something
2987 that we have a new -- three new commissioners. I would like
2988 to speak with my colleagues on -- to the extent we move
2989 forward with that, I would like to do it in a bipartisan
2990 manner as best we can.

2991 *Mr. Cardenas. Thank you.

2992 Rosner, See, and Chang, congratulations on your recent
2993 confirmation in the Senate.

2994 Mr. Chairman, my time has expired. I yield back.

2995 *Mr. Duncan. The gentleman yields back. I will go to
2996 Mrs. Lesko from Arizona for five minutes.

2997 *Mrs. Lesko. Thank you, Mr. Chair, and thank you for
2998 being here today.

2999 You know, I am from Arizona, Phoenix, Arizona, so we
3000 have a huge expansion of demand for electricity in the
3001 metropolitan area. We have the new TSMC -- Taiwan
3002 Semiconductor Manufacturing Corporation is being built in my
3003 congressional district in north Phoenix. We have data
3004 centers. And so, you know, I just want to make sure that we

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3005 have enough electricity on the grid, and so I appreciate your
3006 work on that.

3007 To that end, what new authorities does FERC need to make
3008 sure that the right type of new baseload power generation is
3009 built? Because I want to make sure that it is good, baseload
3010 energy for the data centers and semiconductor plants. And we
3011 need to make sure we have enough baseload. Would anybody
3012 like to take that, either Chair Williams [sic] or
3013 Commissioner Christie?

3014 *Mr. Phillips. I will certainly address that issue.

3015 *Mrs. Lesko. Okay, Commissioner Phillips.

3016 *Mr. Phillips. You know, I agree with you 100 percent.
3017 We need to make sure that we have the power to -- the energy
3018 to power our American economy that is available. We know
3019 that we need resources that can provide that baseload power.

3020 When it comes to FERC, we are resource-neutral. I mean,
3021 we don't make any particular decisions that favors any one
3022 kind of resource. But I can tell you this. I am an all-of-
3023 the-above person. I believe we need to have all the tools on
3024 the table when it comes to the resource adequacy for our
3025 nation.

3026 *Mrs. Lesko. Well, thank you.

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3027 Anyone else?

3028 Yes.

3029 *Mr. Christie. I would just add, Congressman, that the
3030 decision on what generating units to build and what types of
3031 generating units is going to be made by your Arizona Utility
3032 Commission. That is going to be their decision. And I know
3033 a lot of them, and I think they are very aware of this issue,
3034 and they are going to do what they think is best for the
3035 consumers of Arizona. But that is going to be their
3036 decision, what to build and what type to build, because that
3037 is how it works in the United States.

3038 *Mrs. Lesko. Yes. The thing is that, because of some
3039 of the mandates from either the Biden Administration or local
3040 regulators, there is mandates on using solar or wind or
3041 whatever it may be. Then, you know, they are sometimes
3042 incentivized to use those, and that might not always be the
3043 best solution.

3044 So I have another question, and this is for Commissioner
3045 Christie, as well. What policy changes are being made at
3046 FERC in light of the Loper ruling?

3047 *Mr. Christie. In light of the what?

3048 *Mrs. Lesko. Loper, L-o-p-e-r, ruling.

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3049 *Mr. Christie. Oh, you are talking about the --
3050 Chevron. I think the effect will be, over time, as we have
3051 cases that get appealed -- and I can't speak to a future case
3052 because, you know, it will have to be argued at the time, but
3053 I think that, as long as FERC is within its statutory
3054 authority, I don't think the Loper case will have any effect
3055 at all. I think it will only come when FERC is out on the
3056 edge, pushing the envelope. And then I think it will have an
3057 effect. But I think, as long as FERC -- or any agency, for
3058 that matter -- is in their lane, I don't see Loper having a
3059 big effect.

3060 *Mrs. Lesko. Okay. And Commissioner Christie, how is
3061 FERC coordinating with the EPA to address the premature
3062 retirements of fossil generators that are creating
3063 significant reliability issues in the United States, if they
3064 are?

3065 *Mr. Christie. We are not because they went ahead with
3066 their rule, and they put it out there. And now we and other
3067 utility regulators are going to deal with the consequences,
3068 which are going to be pretty negative to reliability.

3069 *Mrs. Lesko. You know, Mr. Chair, I am going to yield,
3070 and so these fine folks can get on with their day's work and

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3071 we can go on to our hearing that we have, the joint hearing
3072 on the floor. Thank you, and I yield back.

3073 *Mr. Duncan. The gentlelady yields back. It looks like
3074 we have expired all the members --

3075 *Voice. Under the wire, under the wire.

3076 [Pause.]

3077 *Mr. Veasey. Mr. Chairman, thank you very much, and --

3078 *Mr. Duncan. The gentleman from Texas --

3079 *Mr. Veasey. I am sorry. I thought, when you gave me
3080 the nod there -- Mr. Chairman, thank you very much.

3081 I want to thank the panel for being here today. I think
3082 that this is a very well-timed committee hearing that we are
3083 having on the Federal Energy Regulatory Commission and some
3084 of the challenges that the United States is facing now and in
3085 the future when it comes to load growth.

3086 On load growth, it seems like -- and DFW -- there is a
3087 announcement that we have, like, almost daily it feels like
3088 now, on data centers that are groundbreaking in the area.
3089 There has been some back and forth today, but multiple things
3090 can be true at once. Load growth is not the end of the
3091 world. And yes, the rate of demand increase is expected to
3092 be higher due to AI and data centers. But this country has

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3093 seen periods of load growth before, and there is no denying
3094 that we are currently unprepared for load growth and need to
3095 mobilize.

3096 ERCOT alone expects an additional 40,000 megawatts of
3097 load growth by 2030, and AI will continue to gain efficiency,
3098 as well. And since 2008, demand has been up just 1.4
3099 percent, but that is an increase -- that is a total increase
3100 over 16 years, and not the average gain.

3101 And AI is not the only source of load growth, of course.
3102 Thanks to the IRA and CHIPS, we are seeing industrial load
3103 growth in the form of hydrogen hubs, direct air capture of
3104 carbon dioxide, and semiconductor manufacturing plants. And
3105 fortunately, we can still do some things in this country. I
3106 think a great example of this is ERCOT's connect-and-manage
3107 process for bringing a new generation of sources online. In
3108 contrast to other RTOs and ISOs invests in managed processes,
3109 ERCOT allows resources to connect to the grid in an
3110 expeditious way, and addresses any immediate transmission
3111 bottlenecks through generation redispatch and curtailment,
3112 and manages grid uprates through a centralized evaluation
3113 process.

3114 And ERCOT is far from perfect. But by linking a more

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3115 rapid and realistic interconnection process with a more
3116 proactive, holistic transmission planning process, we think
3117 that we can create a grid of the future in a way that quickly
3118 and cost effectively connects new, clean resources and
3119 enables economy-wide decarbonizations and, of course, keeps
3120 the lights on, which brings me to the comment that Chairman
3121 Phillips had made in recognizing that this extraordinary
3122 growth needs to be funded fairly so the cost of connecting
3123 these data centers to the grid won't be shifted to consumers.

3124 There are several interesting concepts that are being
3125 looked at, and one is collocating these facilities at
3126 existing nuclear plants, where the facility owner carries the
3127 burden of cost rather than transmission users. And I know
3128 that this has been a topic of conversation today, and I would
3129 just like to add my voice to those that are watching the
3130 issue.

3131 And also to Chairman Phillips, we heard testimony last
3132 month that AI data centers could bring economic development
3133 to historically and disadvantaged rural communities. But the
3134 testimony also indicated that Congress should act to ensure
3135 access to opportunities created by these increasing loads.
3136 Chairman, you have championed environmental justice issues

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3137 during your time at FERC, and I was hoping that you could
3138 give us your thoughts on how Congress can ensure that access.

3139 *Mr. Phillips. Thank you so much. You know, it is -- I
3140 am glad that you came, and thank you for your leadership, Mr.
3141 Veasey --

3142 *Mr. Veasey. Thank you.

3143 *Mr. Phillips. -- because it is important that we know
3144 that the load that we are talking about, it is for America,
3145 and it will provide jobs, and it will power the future of our
3146 economy, and it is not just about data centers, although I
3147 did read a report recently that we add a new data center like
3148 every three days. And for many of these communities, this is
3149 a good thing.

3150 One other thing I want to say. When we talk about what
3151 we are really planning for here, I am not an expert on
3152 quantum computing, but we know that there is a lab in the
3153 United States that is leading that research for the world.
3154 It has to maintain a temperature of -460 degrees. They call
3155 it the coldest place in the universe. That requires a lot of
3156 power.

3157 *Mr. Veasey. A lot.

3158 *Mr. Phillips. We have to plan for it. And we can, and

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3159 we will. With Order No. 1920, we are going to get this done.

3160 I am looking forward to the future.

3161 *Mr. Veasey. Good, good.

3162 I wanted to ask Commissioners Rosner and Chang -- I want
3163 to switch gears to the gas side a little bit. And we have
3164 seen how the U.S. has become a significant player in the
3165 natural -- as a natural gas producer. And I know that FERC
3166 is going to play a critical role when it comes to the
3167 permitting process. How are each of you evaluating the
3168 positive impacts on local communities and benefits to
3169 consumers of natural gas infrastructure projects, while
3170 factoring in GHG emissions and some of the other
3171 environmental issues?

3172 *Mr. Rosner. Well, thank you for the question,
3173 Congressman, and I would say this: timely infrastructure
3174 approvals are a priority for me, and something that I will
3175 work towards.

3176 My approach will be this. It will be, first and
3177 foremost, follow the statute. We have got pretty clear
3178 definition on what that statute means from the Supreme Court,
3179 which has said that the purpose of the statute -- the
3180 relevant statute here is Natural Gas Act, and that is to

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3181 encourage the orderly development and plentiful supply of
3182 natural gas at a reasonable price.

3183 Courts have also told the Commission that they have to
3184 consider certain impacts. My approach will be to follow the
3185 statute and follow the court precedent in making decisions,
3186 also looking at the record and listening to the views of all
3187 parties. Thank you.

3188 *Mr. Veasey. Yes, thank you very much.

3189 *Ms. Chang. Thank you for your question.

3190 Certainly, natural gas plays an important role in our
3191 energy resource mix. And like Commissioner Rosner, I will
3192 also take into consideration of -- all the facts of cases
3193 that come before me, and certainly consider case example --
3194 court cases and statute when considering each case that comes
3195 before me. So --

3196 *Mr. Veasey. Yes, thank you very much.

3197 Thank you, Mr. Chairman. I appreciate your patience.

3198 *Mr. Duncan. The gentleman yields back, and I let him
3199 go a little longer because the new commissioners actually got
3200 some questions there at the end.

3201 So I want to thank all the witnesses for being here. It
3202 looks like we are finished with all the member questions.

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3203 Members may have additional written questions for you
3204 all. I will remind members they have 10 business days to
3205 submit the additional questions for the record, and ask the
3206 witnesses to do their best to submit responses within 10
3207 business days upon receipt of the questions.

3208 I ask unanimous consent to insert in the record -- the
3209 documents included on the staff hearing documents list.

3210 Without objection, that will be the order.

3211 [The information follows:]

3212

3213 *****COMMITTEE INSERT*****

3214

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3215 *Mr. Duncan. And let me just welcome the new
3216 commissioners to FERC.

3217 We wish you the best from this subcommittee and the full
3218 committee in your efforts, in your duties there at FERC.

3219 Chairman Phillips and Commissioner Christie, again,
3220 welcome back, and thank you for being here today. We
3221 appreciate the work you guys do because it is vitally
3222 important to energy security, reliability, affordability for
3223 our nation. So thanks for being here.

3224 And with that we will stand adjourned.

3225 [Whereupon, at 12:45 p.m., the subcommittee was
3226 adjourned.]