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FEDERAL ENERGY REGULATORY COMMISSION

Office of Commissioner Rosner

December 6, 2024

The Honorable Jeff Duncan
Chair
Subcommittee on Energy, Climate, and Grid Security
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Diana DeGette
Ranking Member
Subcommittee on Energy, Climate, and Grid Security
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Duncan and Ranking Member DeGette:

Thank you for your November 1, 2024, letter regarding the Fiscal Year 2025 Federal Energy Regulatory Commission Budget hearing. Below are my responses to the questions from you and your colleagues.

Questions from the Honorable Jeff Duncan

1. Under the Natural Gas Act, Congress made it clear that there is a public interest in the interstate transportation of natural gas, and it gave FERC the role of reviewing and approving proposed interstate natural gas pipelines. In your opinion, does FERC have the expertise needed to review applications to construct such pipelines and process them in a timely fashion, including the review of potential environmental impacts?

Answer: As a general matter, I believe that it is critical for the Commission to be staffed at a level that enables it to execute the authorities entrusted by Congress in a timely manner. With regard to applications filed pursuant to the Natural Gas Act, I believe that the Commission currently has the expertise needed to process these applications in a timely fashion and in a manner that is consistent with the requirements of the statute. Moving forward, as American energy production and consumption continues to increase, I see benefits to ensuring that the Commission has the expertise and staff capacity needed to ensure that infrastructure applications can be processed in a timely manner and I stand ready to provide Congress with technical assistance on this topic.

2. I have supported legislation to restore the balance of the Natural Gas Act by bringing water quality impact reviews under the FERC-led NEPA process. Communities that need reliable and affordable energy should no longer be denied the opportunity to build natural gas pipelines - or worse - forced to import foreign natural gas to meet their basic energy needs. Is it the opinion of FERC that the agency should prioritize pipeline projects that enable Americans ability to access affordable, clean, American natural gas instead of gas from countries like Russia, Trinidad and Tobago and others?



Answer: The Natural Gas Act’s purpose is, according to the Supreme Court, “to encourage the orderly development of plentiful supplies of...natural gas at reasonable prices.” See *NAACP v. Fed. Power Comm’n*, 425 U.S. 662, 669-70 (1976). I believe that it is in the public interest for all regulatory processes to be as simple and efficient as possible. Timely review of infrastructure projects is a priority for me and I stand ready to provide technical assistance to Congress on proposed legislation to streamline these processes.

Questions from the Honorable Greg Pence

1. The Commission’s issuance of Order 1920, in its Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection proceeding (FERC Docket No. RM21-17), shines a spotlight on a related FERC proceeding on Transmission Planning and Cost Management (FERC Docket No. AD22-8). The objectives of the latter proceeding—enhancing cost management measures and greater transparency and oversight to ensure just and reasonable transmission rates—take on greater importance in the context of the anticipated transmission buildout to support our changing generation mix and growing electricity needs. Order 1920 deferred to the Cost Management proceeding many issues crucial to minimizing the burden on consumers.

Joint ownership of transmission is one of those issues. In Order 1920, the Commission declined to finalize its proposal to promote such arrangements through a conditional right of first refusal, but committed to continue to consider such reforms, noting the Cost Management proceeding. The Joint Concurrence of Chairman Phillips and then-Commissioner Clements confirmed that “the Commission will continue to evaluate other potential actions to incentivize joint ownership, including considering in the Commission’s Cost Management proceeding whether to provide a right of first refusal or other mechanisms to encourage its use.” In particular, the Joint Concurrence focused on potential actions to incentivize transmission owner joint ownership with public power and cooperatives in their footprint, which “can provide many benefits and should be encouraged.” It describes how such arrangements “can reduce costs for customers in the footprint” and “leverage additional sources of capital, including those that do not typically invest in transmission facilities, which can itself have significant benefits for customers,” citing record evidence documenting substantial consumer savings. What priority should the Commission give to promoting arrangements, such as joint transmission ownership arrangements with public power and cooperatives, that reduce the cost burden imposed on consumers due to needed grid expansion?

Answer: As a general matter, I support actions that the Commission can take to, consistent with the statute, achieve its mission to assist consumers in obtaining reliable, safe, secure, and economically efficient energy services at reasonable cost. With respect to joint ownership of transmission facilities, I commit to working with my colleagues to examine this issue in the context of transmission planning, as well as in other areas.



Questions from the Honorable Randy K. Weber

1. The U.S. LNG export industry is regulated by multiple federal, state, and local agencies. I am concerned about FERC's overlapping, duplicative, and sometimes conflicting requirements with these entities. For example, Section 717b-1 of the Natural Gas Act requires LNG operators to prepare an Emergency Response Plan (ERP) in consultation with the U.S. Coast Guard and State and local agencies. However, in recent issuances, FERC appears to be conditioning LNG Authorizations on operators implementing ERPs along the waterway that go beyond what is required by the U.S. Coast Guard—the Federal agency responsible for, and has expertise over, waterway safety. FERC also appears to be requiring operators to put ERPs in place that would impinge upon the jurisdiction of State and local governments. The Coast Guard has rules and regulations in place that protect the safety of the waterway. These regulations have been enforced for over three decades. Has FERC issued LNG Authorizations that impose waterway safety conditions that exceed the requirements of the U.S. Coast Guard?

Answer: I refer you to the Chairman Phillips' response to this question.

If so, please thoroughly explain why FERC's requirements are more stringent. If not, please thoroughly explain your reasoning citing to specific conditions in LNG Authorizations issued in 2023 and that are no longer subject to FERC's *ex parte* regulations.

Answer: As noted above, I refer you to the Chairman Phillips' response to this question.

2. Does FERC consider conditions for an ERP on a case-by-case basis, or does FERC apply the same conditions for an ERP to all LNG projects? If it applies the same conditions to all projects, how does FERC account for local project-specific differences?

Answer: As noted above, I refer you to the Chairman Phillips' response to this question.

3. What happens if a State or local authority disagrees with FERC's ERP conditions? How should the LNG operator manage the competing desires of State/local authorities against FERC's ERP directives?

Answer: As noted above, I refer you to the Chairman Phillips' response to this question.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Rosner", is positioned below the word "Sincerely,".

David Rosner
Commissioner