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FEDERAL ENERGY REGULATORY COMMISSION

Office of Commissioner See

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 containing questions for the record in connection with the July 24, 2024, hearing “The Fiscal Year 2025 Federal Energy Regulatory Commission Budget” before the Subcommittee on Energy, Climate, and Grid Security. I was glad for the opportunity to testify at the hearing with my fellow Commissioners, and I appreciate your additional questions on the important issues we discussed. Please see my responses below.

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?**

Yes. I believe that the Commission has the expertise to process Natural Gas Act applications in a timely fashion. I am committed to working with my colleagues to fulfill this important statutory responsibility, including by reviewing the environmental impacts that flow from the projects the Commission approves. The Commission’s expert staff is a critical part of our ability to timely discharge these and other core statutory responsibilities.

- 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?**



As the Supreme Court has recognized, Congress tasked the Commission under the Natural Gas Act with “encouraging the orderly development of plentiful supplies of natural gas at reasonable prices,” *NAACP v. FPC*, 425 U.S. 662, 669-70 (1976) (cleaned up), and “protecting consumers against exploitation at the hands of natural gas companies,” *FPC v. Hope Nat. Gas Co.*, 320 U.S. 591, 610 (1944) (cleaned up). So processing natural gas pipeline applications quickly and responsibly is right at the center of FERC’s statutory mandate. I take that responsibility seriously and am committed to timely reviewing natural gas pipeline applications, in furtherance of the public interest.

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 build-out 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?

As Order No. 1920 issued before I joined the Commission, and in light of the question’s focus on the Joint Concurrence of Chairman Phillips and Commissioner Clements, I defer to the Chairman’s response to this question.



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?

I defer to the Chairman in his response to this question, which involves LNG authorizations that precede my time at the agency.

2. **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.**

Please see my response to Question 1.

3. **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?**

Please see my response to Question 1.

4. **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?**

Please see my response to Question 1.



The Honorable Mariannette Miller-Meeks

1. Your testimony mentioned the value of adding renewable energy sources to the existing energy mix. My home state of Iowa is certainly an example of that value. In 2022, 62% of Iowa's total electricity net generation came from wind, the largest wind power share of any state. However, carbon-based fuels are going to continue to be a critical and necessary part of our generation mix, and this Administration is being dishonest about what it takes to meet our electric demand needs. Annual and monthly U.S. natural gas consumption reached an all-time high in 2023, and natural gas continues to be the largest source of fuel for electricity generation. Data from the Energy Information Administration shows cumulative demand for natural gas has grown by 45 percent – outpacing pipeline capacity growth which was at 28 percent. Natural gas pipeline capacity additions have steadily and dramatically declined in the last seven years with fewer than 1,000 miles of natural gas pipeline capacity added in 2023. Given this growth in demand, how can FERC ensure the reliability and affordability of natural gas for residential customers while meeting commercial and industrial demand?

Reliable, dispatchable power sources remain critical even as our energy sector continues to diversify. And building needed infrastructure is a key piece in ensuring both grid reliability and access to affordable natural gas. Timely review of natural gas infrastructure applications is crucial to the Commission fulfilling its statutory role in promoting reliable, affordable natural gas for residential, commercial, and industrial customers.

Sincerely,

A handwritten signature in blue ink, reading "Lindsay See", is positioned below the word "Sincerely,".

Lindsay S. See
Commissioner