

Chairman Robert E. Latta
Opening Statement—Subcommittee on Energy
“Keeping the Lights On: Examining the State of Regional Grid
Reliability”
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Welcome to today’s hearing “Keeping the Lights on: Examining the State of Regional Grid Reliability.”

Today, we will continue this subcommittee’s work to address the ongoing electric reliability crisis facing our nation.

The witnesses before us are each of the regional grid operators, and ERCOT, who collectively cover 2/3 of our country.

These organizations are charged with overseeing reliability of their state or region, administering markets for the sale and purchase of electricity products, and coordinating transmission development.

While each grid operator functions in a similar manner, they all take unique approaches to addressing the regional and demographic differences of communities in their footprints.

But no matter where in the country they serve, they are all confronting the challenges facing our power sector.

It’s no secret that our country is in the midst of a reliability crisis, and it could not come at a worse time.

The North American Electric Reliability Corporation, or NERC, recently stated that 52 GW of generation will retire in the next 4 years.

To put this into context, that is the rough equivalent of 40 nuclear plants or 500 square miles of solar panels.

While dangerous amounts of baseload generation are leaving the grid, we’re witnessing historic levels of demand entering the system and interconnection queues that are backlogged with intermittent resources and battery storage facilities.

We know that renewables are not a one-for-one replacement for dispatchable, baseload power that is essential to reliability and provides spinning reserves needed to stabilize the system through fluctuations.

It is not clear that the pace at which baseload generation is coming online will bridge the gap of retiring supply *and* meet increasing demands over the next few short years.

As we are all well aware, these new demands are largely driven by developments in artificial intelligence and domestic manufacturing.

Achieving a leadership position in the development of AI and reshoring domestic manufacturing is not a pipe dream to strive for – it is a national security imperative that could shape America's place in the future global economy.

Regional grid operators before us today are on the front lines of the reliability crisis and this new era of historic electricity demand.

When operating correctly, electricity markets should allow clear market signals to drive investment into new generation, efficient interconnection of new resources should address increasing demand, and coordinated transmission planning should bring needed electricity supplies to growing load centers.

However, these organizations and their electricity markets do not operate in a vacuum.

Excessive federal overreach, like the Clean Power Plan 2.0, drove significant premature retirements of baseload power and discouraged long-term investment into baseload generation sources.

Significant subsidies for intermittent generation undermine the economics of baseload, or on-demand, dispatchable, generation resources that are essential to keeping the lights on. These grid operators are also tasked with the difficult job of maintaining reliability and resource adequacy as States implement restrictive policies designed to attack fossil resources.

Because of the interconnected nature of much of our bulk power system, the decisions of one State to drive out baseload power inherently impact the reliability of neighboring states.

All of these problems are compounded by systemic permitting challenges that make it nearly impossible to develop new infrastructure in large parts of our country.

Markets cannot build what governments do not let them.

We need to address these challenges through a pragmatic whole of government approach that recognizes the benefits of different fuel sources, the limitation of others, and prioritizes energy *expansion*.

There is value to ensuring a diverse resource mix, but it is important to recognize that not all electrons should be treated equally.

The variability of intermittent sources like wind and solar innately require back up generation during inclement weather conditions and where battery storage facilities are operationally restricted.

Often it is during these periods of inclement weather when we need electricity the most to protect the health and safety of our communities.

I look forward to today's discussion regarding the ongoing reliability crisis and the important steps regional grid operators are taking to correct market inefficiencies to keep the lights on for all Americans.

Thank you and I yield back the balance of my time.