Testimony of the Honorable Jim Matheson
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to the United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy

Legislative Hearing on
"Assuring Abundant, Reliable American Energy to Power Innovation"

April 30, 2025

Chairman Latta, Ranking Member Castor, and members of the Subcommittee, thank you for the opportunity to testify before you today. As the Chief Executive Officer of the National Rural Electric Cooperative Association (NRECA), I have the honor of carrying the community-focused perspective of the nearly 900 electric cooperatives that NRECA represents into this important conversation.

Our nation is at an energy crossroads and the electric grid's reliability hangs in the balance. As our nation increasingly relies on electricity to power the economy, keeping the lights on has never been more important – or more challenging. Your leadership in our nation's energy policy is more critical than ever. I urge you to keep the following in mind as you consider legislation that will affect the electric sector:

- Electric reliability is non-negotiable. Electric co-ops need a diverse supply of energy resources to meet our future energy needs at a cost families and businesses can afford, but without always available generation we can't keep the lights on.
- Critical generation resources are being retired faster than they can be reliably replaced. Harmful public policies that contribute to this trend must be reconsidered and a reliability watchdog must be able to address future policy threats to reliability.
- New reliable, always available generation needs to come online quickly to meet skyrocketing electricity demand. Improved permitting processes and continued support for an array of federal tools and partnerships will be essential as we continue to build generation, transmission, and distribution infrastructure for the future.

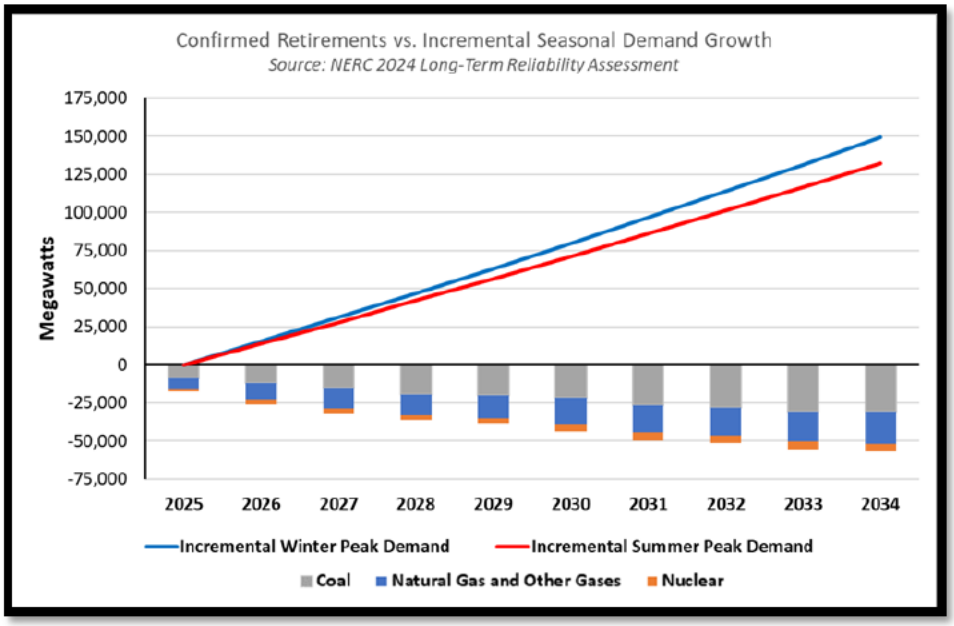
Reliability is Foundational for Electric Cooperatives

America's electric cooperatives (co-ops) comprise a unique sector of the electric industry. These not-for-profit entities are owned and governed by the people they serve. Electric co-ops are motivated by people, not profits. From growing exurban regions to remote farming communities, electric co-ops provide power to 42 million Americans across 48 states and serve 92% of the nation's persistent poverty counties.

All electric co-ops share an obligation to serve their members by providing reliable and affordable power. This obligation is not without challenges. Electric co-ops serve 56% of the landmass in the United States - the country's most rural, rugged and hard-to-reach areas - that is primarily residential and typically sparsely populated. These characteristics make it comparatively more expensive for electric co-ops to operate than the rest of the electric sector, which tends to serve more compact, industrialized, and densely populated areas. This means co-ops are constantly asked to do more with less, and they deliver.

A resilient and reliable electric grid that keeps the lights on at a price families and businesses can afford is the cornerstone of American energy security and our national economy. A diverse portfolio of energy resources is essential to this commitment and critical to meet skyrocketing electricity demand, particularly in rural communities. To ensure reliability, that portfolio must be anchored by dispatchable, or always available, power generation.

Electricity demand is surging, driven by growing communities, electrification of the economy, artificial intelligence and power-hungry data centers, and new manufacturing plants. According to the North American Electric Reliability Corporation (NERC), electric demand growth is the highest it has been in over two decades. Over the next ten years, peak power needs are expected to rise by over 18% and newly announced projects, including data centers, are driving that demand even higher.[1] Some forecasts predict data centers will consume 9% of all U.S. electricity generation by 2030.[2]



At the same time, critical, always available generation resources are being retired faster than they can be reliably replaced. Over 50,000 megawatts (MW) of baseload coal, natural gas and nuclear capacity is currently slated for retirement over the next ten years. A certain amount of new generation – notably natural gas and renewable projects – will be built to replace some of these retirements.

These diverging trends threaten grid reliability. As a result, over half of North America is at risk of energy shortfalls in the next ten years amid surging electricity demand and thermal plant retirements.[3]

NRECA offers the following insights and recommendations for your consideration as the Committee evaluates legislation to address the mounting issues facing the electric grid.

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[1] North American Electric Reliability Corporation (2024). 2024 Long-Term Reliability Assessment. https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf

[2] Electric Power Research Institute (2024). "EPRI Study: Data Centers Could Consume up to 9% of U.S. Electricity Generation by 2030". https://www.epri.com/about/media-resources/press-release/q5vu86fr8tkxatfx8ihf1u48vw4r1dzf

[3] North American Electric Reliability Corporation (2024). 2024 Long-Term Reliability Assessment. https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf

Maintain Existing Reliable Power

Reliable Coal and Natural Gas Power: Natural gas continues to grow as the leading source of electric co-op power, accounting for 36% of the co-op energy mix in 2023. Even as the share of coal generation has declined, it remains the second largest source of power for electric co-ops and provides 25% of energy needs. Natural gas and coal will continue to be critical sources of reliable, affordable power, particularly as a complement to renewable sources and in regions where significant renewable deployment is not feasible or affordable.

In May 2024, the Environmental Protection Agency (EPA) finalized the Power Plant Rule and other power sector regulations aimed at existing coal and new natural gas-fired power plants.[4] This suite of rules will reduce available electricity at the same time demand is rising, threatening reliability. The grid reliability impacts of the Power Plant Rule were so serious that it prompted a Federal Energy Regulatory Commission (FERC) technical conference *after* it was proposed. A group of regional transmission organizations (RTOs) and independent system operators (ISOs) even submitted an amicus brief in support of overturning the final rule that detailed serious reliability concerns, despite EPA's claims to have addressed these issues.[5] In my opinion, EPA never seriously considered impacts to grid reliability when it developed the Power Plant Rule. NRECA appreciates EPA's March 2025 announcement that it will reconsider its suite of power sector regulations, including the Power Plant Rule, and urges Congress to support these efforts.

Reliable Hydroelectric Power: Hydroelectric power is also under attack, despite being a reliable, abundant source of carbon-free, affordable electricity. As I testified last year in this Subcommittee, a Memorandum of Understanding (MOU) promulgated by the Biden administration aims to breach four hydroelectric dams in the Pacific Northwest, which provide 3,000 MW of always available electricity and which underpin the electric reliability of the entire region.[6] While the U.S. Army Corps of Engineers and Bureau of Reclamation earlier this month announced an indefinite pause in their review of the Biden administration's National Environmental Policy Act (NEPA) changes for the Lower Snake River Dams, more action is needed. The administration should withdraw completely from the MOU and move forward with a fair and transparent NEPA process. Congress should support these actions and, moreover, act to ensure the Lower Snake River Dams, and the rest of the dams on the Columbia River System, are preserved so they can continue to provide reliable electricity for future generations.

In addition to extensive federal hydropower that electric co-ops depend upon for reliable, carbon-free energy, electric co-ops also own nearly 600 MW of privately-owned, FERC-licensed hydropower. NRECA supports the *Hydropower Relicensing Transparency to Preserve Baseload Generation Act* that would require greater FERC reporting on the status of hydropower projects

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[4] These EPA regulations include the Power Plant Rule, Mercury and Air Rule, Ozone Transport Rule, Power Plant Wastewater Rule, and Legacy Coal Ash Rule.

[5] Allen, Katie. "Grid Operators Echo NRECA Reliability Concerns over EPA Power Plant Rule." *America's Electric Cooperatives*, 24 Sept. 2024, www.electric.coop/grid-operators-echo-nreca-reliability-concerns-over-epa-power-plant-rule. Accessed 21 Apr. 2025.

[6] *"Exposing President Biden's Plan to Dismantle the Snake River Dams and the Negative Impacts to the United States": Hearing before the U.S. House Committee on Energy and Commerce, Energy Subcommittee*, 118th Cong. (2024) (Testimony of Jim Matheson) https://d1dth6e84htgma.cloudfront.net/01_30_24_ENG_Testimony_Matheson_6bc45708b7.pdf

undergoing relicensing. This will help improve transparency and efficiency in this interagency process and safeguard these resources needed to meet extraordinary electricity demand.

Agency Accountability on Reliability: Reliability is central to FERC's mission under the Federal Power Act - that is, to ensure consumers receive reliable, safe, secure energy services at a reasonable cost. Unfortunately, there is a history of various government agencies making decisions and developing policy without any consideration of impacts on electric system reliability. There needs to be someone, or some agency, that is responsible for maintaining and increasing electric grid reliability that holds other agencies accountable.

The draft *Reliable Power Act* is an important step toward addressing this imbalance and providing accountability for federal agency actions that could negatively affect grid reliability. Elevating NERC's voice as the "grid reliability watchdog" and requiring FERC, as the lead agency on grid reliability, to undertake robust and transparent management of reliability impacts could help minimize policy threats to reliability. We appreciate the Committee's work to ensure the proper role for FERC, NERC, and other agencies in this effort within the context of their respective missions, statutory responsibilities, and resources.

Building Reliable Power for the Future

Reforming Environmental Permitting: Electric cooperatives require federal environmental reviews and permits for countless activities as they maintain and build systems necessary to provide affordable, reliable and safe electricity. These federal approvals are required by numerous agencies, regulations, and laws – including procedural statutes such as NEPA and the National Historic Preservation Act and substantive environmental statutes such as the Clean Water Act (CWA), Clean Air Act, and Endangered Species Act.

In general, these laws should be reformed to eliminate duplication and create more predictable and streamlined processes, including clear parameters for actions that do or do not require federal approval. There should be firm time limits for reviews and permitting processes that are actually adhered to by federal agencies. And there should be reasonable limits on legal challenges, which often drive excessive costs and needlessly delay or kill projects. Congress took important steps in the *Fiscal Responsibility Act of 2023* to focus NEPA reviews in particular, but more remains to be done. Congress should build on these reforms by improving and modernizing outdated and unworkable permitting processes for all types of infrastructure projects with an eye toward the scale and scope of infrastructure necessary to meet growing energy needs.

Natural Gas Infrastructure: Natural gas-fired power generation is an essential source of reliable power for electric co-ops and will play an increasingly important role in meeting the country's rapidly increasing demand for electricity. According to the U.S. Energy Information Administration, more than 32,000 MW of new natural gas generation capacity is scheduled to come online from 2025-2030, not including projects that are in earlier planning stages.[7] NRECA supports the Committee's efforts to promote new natural gas production, pipelines, and power plants that are needed to meet growing energy needs. The *Improving Interagency Coordination*

[7] U.S. Energy Information Administration. Form EIA-860M, Monthly Update to Annual Electric Generator Report (February 2025). https://www.eia.gov/electricity/data/eia860m/

for Review of Natural Gas Pipelines Act would strengthen FERC's lead agency role for reviewing construction applications, and streamline NEPA and CWA permitting, for interstate natural gas pipelines. Likewise, efforts to streamline the processes for cross-border energy infrastructure are welcome.

Interconnection of New, Reliable Generation: Electric cooperatives operate in regions both within and without RTOs or ISOs. Each region has its own, significant differences in generation interconnection policies based on regional resource mix and generation and transmission needs. It is clear that some generation interconnection processes, particularly in certain RTO/ISO regions, are subject to delay and uncertainty and that improvements in these processes' design or implementation need to happen. As policymakers consider reforms to interconnection policies, they should aim to address issues directly rather than simply shift most of the costs and risks to the customers of load-serving entities – including electric cooperatives.

Amidst retirements of reliable generation, however, we appreciate Congress's consideration of ways to expedite the interconnection of new dispatchable, always available generation, such as the *Guaranteeing Reliability through the Interconnection of Dispatchable (GRID) Power Act*. While electric co-ops are also deploying innovative and new clean energy technologies, such as those that would be expedited under the *Expediting Generator Interconnection Procedures Act,* prioritization in the near-term should be focused on ready-to-build, always available generation. NRECA looks forward to working with the Committee as you address these issues.

Supply Chains: Increasing energy demand and generation needs have created significant challenges, delays, and bottlenecks for critical supply chains necessary for electric co-ops to provide reliable electric service and restore service in a timely manner following storms and natural disasters. Lead times for new natural gas turbines have stretched to as long as seven or eight years.[8] And lead times for high-voltage transformers have nearly tripled, some providers have stopped taking new orders completely, and costs have significantly increased.[9] To help address these challenges, Congress should provide targeted financial assistance for critical grid component manufacturing. We support the bipartisan *CIRCUIT Act* and efforts by the Appropriations Committees to help expand production here in America.

NRECA also supports the draft *Electric Supply Chain Act,* which would ensure DOE has a dedicated focus and regular cadence to evaluate the state of supply chains needed to support a reliable grid. This legislation should ensure electric distribution as well as generation and transmission needs are addressed and complement the work being done by the Electricity Subsector Coordinating Council, of which NRECA is a member, and DOE's Office of Manufacturing and Energy Supply Chains.

DOE Infrastructure Programs: The Department of Energy is home to many important programs that help electric co-ops deploy new energy technologies, build a more resilient grid, and defend

[8] Clark, Kevin. "Long Lead Times Are Dooming Some Proposed Gas Plant Projects." *Power Engineering*, 20 Feb. 2025, https://www.power-eng.com/gas/turbines/long-lead-times-are-dooming-some-proposed-gas-plant-projects/. Accessed 21 Apr. 2025.
[9] Moseman, Andrew. "This Essential Element of the Power Grid Is in Critically Short Supply." *IEEE Spectrum*, 11 Dec. 2024, https://spectrum.ieee.org/transformer-shortage. Accessed 21 Apr. 2025.

against cyber threats. This includes the Grid Resilience and Innovation Partnerships (GRIP) program that helps fund improvements to electric infrastructure to protect against wildfire and other resiliency threats. The Energy Improvements in Rural and Remote Areas (ERA) program is supporting co-ops as they work to harden their distribution systems and build microgrids to improve grid resiliency and reliability. And the Rural and Municipal Utility Cybersecurity (RMUC) program helps co-ops protect against cybersecurity threats through system hardening, workforce training, information sharing and technical assistance. Congress should oppose cuts to DOE infrastructure programs such as GRIP, ERA, and RMUC that provide important tools in maintaining grid reliability and resiliency.

Providing reliable, affordable, and safe electricity is the shared commitment of all of NRECA's members. For nearly 85 years, electric cooperatives have responded to the needs of their communities and adapted to changes in federal policy in meeting that commitment. Thank you again for the opportunity to testify on these important issues. NRECA and the nation's electric cooperatives look forward to working with this Committee and others in Congress as we continue to fulfill this mission.