Testimony of Todd Snitchler, President & CEO, Electric Power Supply Association

Before the U.S. House Committee on Energy and Committee Subcommittee on Energy

"Assuring Abundant, Reliable American Energy to Power Innovation"

April 30, 2025

Testimony Summary

- The Electric Power Supply Association (EPSA) is the national trade association representing America's competitive power suppliers that operate and compete in regions with competitive wholesale markets. EPSA members own and operate a diverse array of generation and energy storage assets and have a deep commitment to electric grid reliability.
- As electricity demand rises, and policy efforts to drive clean energy solutions evolve, we must ensure a robust supply of dispatchable, flexible generation that can balance the system when electricity is most needed.
- New dispatchable generation must be brought online without being ensnared in endless delays in both permitting and siting and interconnection queues, and it is imperative that existing dispatchable assets that remain economically viable are not removed from the system prematurely, which would jeopardize electric grid reliability.
- When properly structured and regulated, competitive markets encourage and incentivize resource attributes or characteristics valued by electric grid operators and enhance grid reliability. Competitive markets also shield ratepayers from inefficient or unnecessary investment, and do not include a guaranteed rate of return for private investment.
- Competitive markets will struggle and reliability will be adversely impacted if appropriate investment signals are administratively stifled or suppressed for political expediency.
- EPSA has formally endorsed Congressman Balderson's GRID Act (H.R. 1047) as a pathway for system planners to propose and carry out targeted, limited interconnection queue reform. The GRID Act is a prudent and thoughtful insurance policy should planners require a faster interconnection of dispatchable assets to address a demonstrated reliability concern.
- EPSA strongly supports the idea that some proposed federal rules should be studied and discussed to determine the possible impact to the electric grid. EPSA would welcome a statutory process by which experts steeped in electric grid reliability, who are supplied with the appropriate resources, render impartial assessments with federal agencies promulgating federal rules that may be less familiar with the electric grid.
- Given EPSA's strong support for competitive markets, we view Reliability Must Run contracts, while sometimes necessary, as a suboptimal solution to meet reliability challenges. However, uneconomic resources retained through bilateral contracts should not be retained longer than is necessary to ensure reliability needs.
- When assessing the performance characteristics of a generation resource, such as assets that can promptly respond to dispatch instructions and operate between an economic minimum and economic maximum, it is critical to sharply define the attributes of those resources.
- The U.S. natural gas pipeline network is a critical extension of the bulk power system, and EPSA encourages Congress to recognize the interdependency of the electricity and natural gas industries. The evolution of the power and natural gas systems should include the certification, financing, and approval process essential to investment in the gas pipeline infrastructure needed to support a growing power generation fleet.

Full Testimony

Thank you for the invitation to join today's important discussion. On behalf of the competitive power supplier community represented by the Electric Power Supply Association (EPSA),[1] we appreciate your continued focus on the present and future reliability of the nation's electric grid. In the coming years, the United States will require the capability to produce more electricity to power the nation's economy. While forecasts diverge considerably on the scale and timing of the increases in electricity demand, what is certain is that we must incentivize significant investment in both existing and new power plants and energy storage, as well as the infrastructure, like natural gas pipelines, to fuel those power plants.

EPSA is the only national trade association representing America's competitive power suppliers. EPSA advocates for well-functioning competitive wholesale electricity markets.[2] Over the last 25 years, competitive markets have proven to be the most efficient and transparent way to meet our nation's electricity needs at the lowest cost while protecting electricity customers from inefficient investment, supporting a reliable power system, and fostering innovation and emissions reductions.[3] EPSA members own and operate approximately 175,000 megawatts (MW) of reliable and competitively priced, environmentally responsible generation facilities made up of a diverse mix of fuels and technologies, including natural gas, nuclear, wind, solar, hydropower, battery storage, geothermal, and coal. EPSA members' assets represent approximately 20% of the nation's installed generating capacity.

[1] This testimony represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.
[2] https://epsa.org/about-epsa/
[3] https://epsa.org/getting-to-the-truth-on-competitive-electricity-markets/

EPSA believes that the analysis of the relevant issues surrounding electricity load growth is important. However, as Jim Robb, the President & CEO of the North American Electric Reliability Corporation (NERC), is fond of saying, we need to move on from simply admiring the problem to carrying out solutions. As electricity demand rises, and policy efforts to drive clean energy solutions evolve, we must ensure a robust supply of dispatchable, flexible generation that can balance the system when it is most needed. New dispatchable generation must be brought online without being ensnared in endless delays in both permitting and siting and interconnection queues, and it is imperative that existing dispatchable assets that remain economically viable are not removed from the system prematurely, jeopardizing electric grid reliability.

The legislation discussed at today's hearing covers a wide scope of energy issues. EPSA's testimony will be relevant to the bills affecting power plant investment, development, and operation.

Policymakers and Regulators Should Harness the Efficiencies and Ratepayer Protections Inherent in Competitive Wholesale Markets, and Should Continue their Support When Necessary and Appropriate Market Signals Indicate the Need for Investment

While perhaps this is more broadly applicable to the discussion of electric grid reliability at large, EPSA remains a leading advocate for competitive wholesale energy markets. In a letter to the subcommittee on March 14,[4] I referenced many of the benefits that competition brings to regions and states operating competitive wholesale energy markets. When properly structured and regulated, competitive markets encourage and incentivize resource attributes or characteristics valued by electric grid operators and enhance grid reliability. Market participants compete to meet the needs of the system, and the resulting efficiencies and innovations have benefited electricity customers for well over two decades through increased reliability, lower power costs, and lower emissions.

[4] https://epsa.org/wp-content/uploads/2025/03/EPSA_CompetitiveMarkets_ESHearingMarch2025.pdf

Competitive markets also shield ratepayers from inefficient or unnecessary investment. This is particularly important during a period of forecasted rising demand, which may materialize at a different pace or volume than predicted. When a competitive power supplier, like an EPSA member, invests private capital to upgrade existing capacity, or to build an entirely new power plant, that investment is made by the shareholders and/or investors in the company, and it does not come with a guaranteed source of recovery and investment return – consumers are shielded from those risks. If demand forecasts overestimate future electricity needs, and investment in capacity turns out to be unneeded or a bad investment, those costs are *not* borne by captive customers but by savvy investors who are best able to handle the risk of investment. In our business, the customer-backed safety net does not exist. Wholesale power markets provide an opportunity for the most efficient generation assets to recover their costs by outcompeting other market participants.

However, competitive markets will struggle and reliability will be adversely impacted *if appropriate investment signals are administratively stifled or suppressed for political expediency*. Prices during times of surplus are typically low and prices increase in times of scarcity. A well-functioning market will encourage timely entrance and exit of resources and will mitigate extreme volatility in prices. When policy choices negatively impact the ability of a market to function as intended, volatility and sustained price increases are the balance to sustained artificially low prices. The nation's largest Regional Transmission Organization, the PJM Interconnection, testified before the subcommittee in March[5] that higher prices are necessary – and entirely appropriate – to meet future reliability needs. Turning a blind eye to this fact, or simply kicking the can down the road, will result in an uncertain investment environment where private capital is unlikely to take the risk that policymakers and regulators are willing to make the decisions necessary to meet reliability needs.

[5] Page 11: https://d1dth6e84htgma.cloudfront net/03_05_2025_ENG_Testimony_Haque_08233b47af.pdf

To be clear, there is no silver bullet to this challenge, regardless of the business model. There is no economic environment or regulatory regime where billions of dollars of investment will be made to add tens of gigawatts of new generating capacity without a corresponding impact on retail electric rates. EPSA strongly believes that competitive markets are the best vehicle for this investment by harnessing the benefits of competition and ensuring that ratepayers are protected from inefficient investment.

Interconnection Queue Processes Continue to Evolve and System Planners Should be Given Limited Flexibility to Prioritize Investment in Dispatchable Generation

(H.R. 1047, the Guaranteeing Reliability through the Interconnection of Dispatchable Power (GRID) Act)

EPSA has formally endorsed Congressman Balderson's GRID Act (H.R. 1047)[6] as a pathway for system planners to propose and carry out targeted, limited interconnection queue reform. In a 2024 study of interconnection queues, the Lawrence Berkeley National Laboratory found that 95% of capacity in queues in wholesale market regions was from proposed solar, storage, or wind projects, while natural gas was responsible for 3% of proposed capacity additions.[7]

We have seen a dramatic transformation in the makeup of interconnection queues in the last 20 years.[8] Whereas dispatchable generation, like natural gas power plants, used to comprise the bulk of megawatts in interconnection queues, non-dispatchable generation now comprises the majority of interconnection queue requests/applications. Congressman Balderson's bill allows, when appropriate, planners to demonstrate the need for minimizing the wait for certain dispatchable assets in the interconnection queue, to engage stakeholders on the need for a queue prioritization process, and to convince the Federal Energy Regulatory Commission (FERC) of the need to bring dispatchable resources online faster to ensure long-

[6] https://www.congress.gov/bill/119th-congress/house-bill/1047/text?s=3&r=8
[7] https://emp.lbl.gov/sites/default/files/2024-04/Queued%20Up%202024%20Edition_R2.pdf
[8] For example, in June 2017, the ISO New England interconnection queue was a total of 13,250 MW, 48% of which was proposed natural gas capacity. In January 2025, the queue had grown to a total of 38,474 MW, with *less than* 1% proposed natural gas capacity.

term reliability. The demonstration of need must convince FERC, which will have the benefit of reviewing comments from the stakeholder process.

In approving PJM's recent Reliability Resource Initiative (RRI) filing, FERC Commissioners David Rosner and Willie Phillips[9] made clear that the Commission is intently focused on the ad hoc basis of these reforms, stating that "PJM is clear that RRI is a *one-time solution* to a problem caused by its ongoing transition to reformed interconnection procedures." The Commissioners continued that "RRI is a *one-time emergency measure only*, not a substitute for a well-functioning interconnection process that allows all resources to connect to the grid quickly and efficiently. If RRI were not *a one-time emergency request*, we would not find PJM's proposal to be just and reasonable." (emphasis added)

EPSA recognizes that many queue reform initiatives are improving the efficiency of the interconnection process. However, the GRID Act is a prudent and thoughtful insurance policy should planners require a faster interconnection of dispatchable assets to address a demonstrated reliability concern.

EPSA Supports the Concept of an Electric Grid Expert Offering an Impartial Analysis to Proposed Federal Rules That May Have Adverse Impacts on Reliability

EPSA formally endorsed[10] Title V of the 2024 *Energy Permitting Reform Act* of 2024 (S. 4753), which would have required NERC, the nation's Electric Reliability Organization, to study certain proposed federal rules for their effect on electric grid reliability. EPSA strongly supports the idea that some proposed rules should be studied and discussed to determine the possible impact to the electric grid. EPSA welcomes continued Congressional engagement on this important issue, and while details regarding the appropriate entity to study a proposed rule, as well as how concluded studies are treated,

[9] https://www ferc.gov/news-events/news/commissioner-phillips-and-commissioner-rosner-concurrence-regarding-pjms
[10] https://epsa.org/filings/epsa-letter-to-senate-committee-on-energy-and-natural-resources-supporting-specific-provisions-of-the-manchin-barrasso-permitting-bill/

may evolve, EPSA supports the overarching goal of the proposed *Reliable Power Act* – to ensure that proposed rules will not negatively impact grid reliability and jeopardize the North American electrical grid.

In 2023 and 2024, EPSA spent considerable time voicing concerns (including before Congress[11]) with the U.S. Environmental Protection Agency's (EPA) Section 111/New Source Performance Standards (NSPS) rulemaking that addressed emissions from existing coal and new natural gas plants.[12] Throughout the development and finalization of the rule, EPSA engaged in substantial dialogue with the EPA (as well as Congress) to outline substantive and demonstrable concerns about the rule's impact on existing generation, as well as to identify substantial barriers to the development of new natural gas generation (essentially prohibiting investment in new natural gas assets in some regions). The reliability concerns raised by EPSA and others were not addressed by the EPA in the final rule. EPSA would welcome a statutory process by which experts steeped in electric grid reliability, who are supplied with the appropriate resources, render impartial assessments with federal agencies less familiar with the electric grid as they promulgate rules.

Dispatchable Generators Play an Especially Important Role and Should Be Valued for Their Operational Characteristics

Several of the bills associated with today's hearing share the common thread of assessing and encouraging appropriate quantities of dispatchable resources.

[11] https://epsa.org/wp-content/uploads/2023/06/EPSA_TSnitchler_ECEnvironmentSubcomm_June62023.pdf
[12] https://www federalregister.gov/documents/2024/05/09/2024-09233/new-source-performance-standards-for-greenhouse-gas-emissions-from-new-modified-and-reconstructed

Reliability Must Run (RMR) contracts encourage the continued operation of capacity that may otherwise retire; RMRs are a suboptimal solution to reliability challenges. Efficient markets should signal when and where new capacity is needed and allow for the orderly and appropriate retirement of older, uneconomic assets. However, in the event of a misalignment in the timing of additional resources or a transmission solution being deployed, an RMR may be temporarily necessary. If they are utilized, RMRs are typically tailored to the individual needs of the region or states and may be withdrawn if the grid operator is able to address a forecasted reliability need prior to the end of the RMR through capacity, transmission, or efficiency improvements. EPSA encourages Congress to allow regions or states to (when necessary) draft RMR agreements, or set appropriate timelines for retirement notices, to meet their specific needs and to ensure that uneconomic resources retained through bilateral contracts are not retained longer than is necessary to ensure reliability needs.

Every generation asset has distinct operational characteristics. If lawmakers require an assessment of the performance characteristics of resources, such as assets that can promptly respond to dispatch instructions and operate between an economic minimum and economic maximum, it is critical to sharply define the attributes of those resources. Generation fleets across the country in restructured markets (and in vertically integrated monopoly utility service territories as well) have evolved considerably in the last two decades, and grid operators are asked to ensure reliability with a fleet of resources that no longer resembles the generation fleet that existed when competitive markets were first implemented. Regardless of the type of business model, it is important to clearly define operating characteristics of resources needed for reliability.

Natural Gas Supply Infrastructure is Vital to Electric Grid Reliability

The power generation sector is the largest consumer of natural gas in the United States. In EPSA's policy position on the importance of federal permitting reform, we note that "Robust natural gas supply, deliverability, and flexibility will be critical to maintaining electric grid reliability as regions become more dependent on non-dispatchable resources. Future investment in flexible, balancing resources will undoubtedly include significant natural gas capacity, and natural gas pipeline and storage infrastructure will be required to adequately fuel that capacity."[13]

The U.S. natural gas pipeline network is a critical extension of the bulk power system, and we encourage Congress to recognize the interdependency of the electricity and natural gas industries. While EPSA continues to advocate for permitting and siting processes to be made more efficient and predictable for investors in and owners of power plants, the generation sector must have a reliable supply of natural gas and generally supports efforts to streamline the approval of natural gas supply infrastructure. At the same time, the demands being placed on the natural gas infrastructure are evolving as new generating resources will be added to the system. This evolution of the power and natural gas systems should include the certification, financing, and approval process essential to investment in the pipeline infrastructure needed to support a growing power generation fleet dependent on those molecules.

Thank you again for the opportunity to participate in today's hearing, and I look forward to EPSA's continued engagement with the subcommittee on the issues driving electric grid reliability.

# # #

[13] https://epsa.org/wp-content/uploads/2025/01/EPSA_PermittingReform_Jan.-25.pdf