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6 WIRES, RATES, AND STATES:

7 PERMITTING TRANSMISSION FOR RELIABLE AND AFFORDABLE POWER

8 WEDNESDAY, MAY 13, 2026

9 House of Representatives,

10 Subcommittee on Energy,

11 Committee on Energy and Commerce,

12 Washington, D.C.

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16 The subcommittee met, pursuant to call, at 10:00 a.m. in  
17 Room 2123, Rayburn House Office Building, Hon. Robert E.  
18 Latta [chairman of the subcommittee], presiding.

19 Present: Representatives Latta, Weber, Palmer, Allen,  
20 Balderson, Pfluger, Harshbarger, Miller-Meeks, Bentz, Fry,  
21 Lee, Rulli, Evans, Goldman, Fedorchak, Guthrie (ex officio);  
22 Castor, Peters, Menendez, Mullin, McClellan, DeGette, Matsui,  
23 Tonko, Veasey, Schrier, Fletcher, Auchincloss, and Pallone  
24 (ex officio).

25 Also present: Representative Landsman.

26 Staff Present: Ansley Boylan, Director of Operations;  
27 Jessica Donlon, General Counsel; Andrew Furman, Professional

28 Staff Member; Sydney Greene, Director of Finance and  
29 Logistics; Calvin Huggins, Staff Director; Megan Jackson,  
30 Clerk; AT Johnson, Special Advisor; Adam Joseph, Digital  
31 Director; Daniel Kelly, Staff Assistant; Mary Martin, Chief  
32 Counsel; Joel Miller, Deputy Staff Director; Ben Mullaney,  
33 Press Secretary; Seth Ricketts, Clerk; Chris Sarley, Member  
34 Services/Stakeholder Director; Peter Spencer, Senior  
35 Professional Staff Member; Timothy Trimble, Staff Assistant;  
36 Katie West, Press Secretary; Giancarlo Ceja, Minority Staff  
37 Assistant; Waverly Gordon, Minority Deputy Staff Director and  
38 General Counsel; Tiffany Guarascio, Minority Staff Director;  
39 Serena Klebba, Minority Intern; Elysa Montfort, Minority  
40 Press Secretary; Kristopher Pittard, Minority Professional  
41 Staff Member; Emma Roehrig, Minority Staff Assistant; Kylea  
42 Rogers, Minority Policy Analyst; Andrew Souvall, Minority  
43 Director of Communications, Outreach, and Member Services;  
44 and Tuley Wright, Minority Staff Director, ENG.

45

46           \*Mr. Latta. The Subcommittee on Energy will now come to  
47 order, and the chair recognizes himself for five minutes for  
48 an opening statement.

49           Welcome to today's hearing, and we thank our witnesses  
50 for appearing before us today to examine the transmission  
51 development landscape.

52           Today's discussion will be an important opportunity for  
53 our subcommittee's continued work to modernize the power  
54 sector and chart a path towards energy abundance,  
55 affordability, and economic growth. The witnesses before us  
56 will provide practical insights into why states need to  
57 maintain authority over permitting decisions, as well as the  
58 engineering and affordability considerations utilities  
59 account for through their integrated planning processes.

60           Throughout this Congress our subcommittee has received  
61 extensive expert testimony on key issues facing the electric  
62 system. We discussed the affordability challenges for  
63 American families. We have heard directly from NERC and our  
64 grid operators about the reliability crisis. We have also  
65 examined the need for reliable energy during winter storms  
66 and power for future industries like AI and manufacturing.

67           Demand for reliable energy is rising faster than at any  
68 point in history. Clearly, we need more generation and  
69 transmission, and a great deal more of it. Significant  
70 investment is flowing into the power sector. To protect

71 ratepayers, states, utilities, and grid operators alike must  
72 employ methodical planning practices to ensure investment is  
73 going to the most reliable and affordable infrastructure  
74 needed to keep the lights on 24/7, 365 days a year.

75 But today's discussion doesn't occur in a vacuum. For  
76 years policy-makers and stakeholders have called for  
77 permitting reforms that make it easier to build in this  
78 country. There is insurmountable evidence that certain  
79 Federal authorities have been an incessant impediment to the  
80 timely construction of infrastructure. Energy projects of  
81 all stripes are heavily litigated, challenged in court, and  
82 fight an uphill battle against the seemingly endless  
83 regulations coming out of Washington. The situation for  
84 transmission is no different.

85 Time and time again, transmission development is impeded  
86 by the weaponization of Federal environmental permitting laws  
87 that extend project timelines and raise costs. At the end of  
88 the day, those costs are borne by the consumer and limit  
89 economic growth. However, the term "permitting reform" is  
90 grounded in the idea that we need to get the Federal  
91 Government out of the way, not to add more bureaucracy. This  
92 brings us to today's topic: proposals to federalize  
93 transmission processes and usurp state authority to serve the  
94 interests of a few, while placing the costs on all.

95 Transmission planning across the country varies

96 depending on market structures and regulatory models, but  
97 they have -- what they have all in common is an extensive  
98 bottom-up planning process to produce the most cost effective  
99 and reliable options to connect generating resources to load  
100 centers.

101         When approach and -- when approaching a reliability  
102 challenge, sometimes the solution is building more  
103 transmission. Sometimes that solution is building generation  
104 closer to the load. And like all decision-making processes,  
105 some options are tossed aside. Proponents of big wires to  
106 connect weather-dependent resources often say that they are  
107 cheaper because no one pays for the sun to shine or wind to  
108 blow. Simply put, if there were -- if this was true,  
109 utilities would already be doing it. In reality, multi-state  
110 inter-regional transmission lines can come with billion-  
111 dollar price tags and bring engineering complications that  
112 raise costs and undermine system reliability.

113         We find ourselves in a reliability crisis because of the  
114 disastrous public policies that drive up baseload power and  
115 increase reliance on intermittent sources. These policies  
116 ignore the reality of transmission costs, stranded assets are  
117 prematurely retiring baseload power, and the need for backup  
118 during extreme weather events just like we have seen during  
119 Winter Storm Fern. At the end of the day, these costs are  
120 all placed into the utility bills of the American households.

121           The data speaks for itself. For the last two decades  
122 utilities -- utility spending on generation has plummeted  
123 because of abundant, cheap natural gas, while transmission  
124 and distribution spending have skyrocketed because of  
125 intermittent energy mandates. Permitting reforms is  
126 necessary, but we need to correctly diagnose what issues are  
127 practically inhibiting efficient transmission development.

128           I look forward to today's discussion to examine how  
129 states are best suited to examine those costs and weigh the  
130 pros and cons of transmission infrastructure, not Washington  
131 bureaucrats.

132           [The prepared statement of Mr. Latta follows:]

133

134           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

135

136           \*Mr. Latta. With that I yield back the balance of my  
137 time and recognize the gentlelady from Florida, the ranking  
138 member of the subcommittee, for five minutes for an opening  
139 statement.

140           \*Ms. Castor. Well, thank you, Mr. Chairman, and good  
141 morning, everyone.

142           Electric bills are just way too high right now, and  
143 Republican policies are making it worse. So it is very  
144 important that we work together on a -- to chart a course  
145 correction as soon as possible.

146           One of the most important things that Congress can do to  
147 lower electric bills and address the new demand for  
148 electricity is to modernize America's disjointed electric  
149 grid. The grid is old, it is inefficient, and its  
150 modernization is stymied by too many outdated barriers.

151           How old? Most power lines in the United States are 50  
152 to 100 years old, and many were not built to withstand the  
153 more frequent and intense extreme weather events.

154           How inefficient? Typically, we are using only 53  
155 percent of the existing grid capacity because the grid is  
156 built for peak energy usage, so we are not using what we  
157 already have.

158           And you may have abundant power generation a state or  
159 two away, but barriers keep it all disconnected. We should  
160 improve early planning to move power where it is needed, when

161 it is needed. The planning, permitting, and payers are too  
162 complex, and Congress needs to address it.

163 Plus, the increases in energy demand present an  
164 opportunity to build a modern electric grid and transmission  
165 system that meet the challenges of the 21st century and  
166 benefit everyone.

167 And the good news is that when you invest in  
168 transmission you save Americans money. For every \$1 invested  
169 in well-planned, long-distance, high-capacity transmission we  
170 get \$5 back in reliability and economic benefits. These  
171 benefits aren't just hypothetical. If everyone -- if every  
172 region embraced robust transmission planning like the  
173 Midwest, we could save every household in the United States  
174 over \$100 on their annual electric bill.

175 A robust transmission grid also makes our energy system  
176 more reliable. In its long-term reliability assessment  
177 released this year, NERC highlighted how transmission can  
178 help grid planners take advantage of geographic diversity  
179 during extreme weather like winter storms. NERC called on  
180 policy-makers to streamline siting and permitting processes  
181 to remove barriers to transmission development.

182 Utilities currently spend about \$35 billion a year on  
183 transmission. However, most of those investments occur in  
184 siloed local projects. Essentially, no major inter-regional  
185 transmission projects have been planned and built in the last

186 decade. They made up only 2 percent of new lines installed  
187 from 2011 to 2020. Two years ago NERC recommended adding 35  
188 gigawatts of inter-regional transfer capability to improve  
189 energy adequacy. Studies show that inter-regional  
190 transmission could save consumers billions of dollars a year.

191 And smart transmission policy insulates consumers from  
192 uncertainty. If we all agree that AI data centers should pay  
193 their own way, then let's address that so that the higher  
194 costs are not forced on ordinary consumers.

195 Well-coordinated transmission helps the power system  
196 adapt cost effectively to future changes. And as our grid  
197 becomes more interconnected, it will be easier to bring low-  
198 cost generation online faster and get that electricity to  
199 where it is needed. Well-planned transmission must be a key  
200 part of our energy strategy, and Congress should pass  
201 thoughtful policies to reform the ways we plan, permit, and  
202 pay for it.

203 It is clear what we need to do. In the near term we  
204 must get more out of the existing grid that we have already  
205 paid for. We can pass policies that increase grid  
206 utilization and incentivize the deployment of grid-enhancing  
207 technologies and virtual power plants. These are quick,  
208 ready to deploy, and proven solutions that have scaled, could  
209 unlock hundreds of gigawatts of capacity and save billions of  
210 dollars annually.

211           On transmission we should focus on targeted policy  
212 reforms such as streamlining the backstop authority for  
213 interstate transmission lines while providing guardrails to  
214 protect customers, benefit local communities, and respect  
215 state authority.

216           Congress should clearly establish the benefits of  
217 transmission. The cost of that transmission should then be  
218 allocated consistently among customers who benefit. We have  
219 done this with the interstate highway system; there is no  
220 reason that we shouldn't replicate that. We have the know-  
221 how, we have the experts. We can do this. This is the  
222 United States of America. These are challenging issues, but  
223 this committee should be able to tackle complicated issues on  
224 a bipartisan basis.

225           I look forward to hearing from our witnesses today as we  
226 work towards solutions that result in a more reliable,  
227 resilient grid that can deliver affordable energy to our  
228 neighbors back home.

229           [The prepared statement of Ms. Castor follows:]

230

231           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

232

233           \*Ms. Castor. Thank you, and I yield back.

234           \*Mr. Latta. Well, thank you very much. The gentlelady  
235 yields back and the chair now recognizes the gentleman from  
236 Kentucky, the chair of the full committee, for five minutes  
237 for an opening statement.

238           \*The Chair. Thank you. Thank you, Mr. Chair. I  
239 appreciate the opportunity to be here and our witnesses for  
240 being here today.

241           The American electric system is one of the most complex  
242 machines ever built. It delivers 4.4 trillion kilowatt hours  
243 of power year round, 24 hours a day, 7 days a week to our  
244 homes and businesses. It requires 1,200 gigawatts of  
245 generation, 3,000 utilities, 64,000 miles of high voltage  
246 lines, and many millions more miles of distribution lines  
247 connecting to meters.

248           While a few -- with a few exceptions, amazingly, this  
249 engineering marvel was permitted and built under the  
250 jurisdiction of state regulators, not the Federal Government.  
251 And while the Power Act establishes FERC as a rate regulator  
252 that oversees transmission, wholesale rates, and interstate  
253 commerce, decisions about physical electric infrastructure  
254 has been a state responsibility under Federal law.

255           In today's hearing we will examine the longstanding role  
256 of states in the permitting process and how best to ensure  
257 transmission permitting and construction is efficient,

258 predictable, and provides for affordable and reliable power.  
259 Testimony from utilities, grid operators, and state  
260 regulators before the committee this Congress has repeatedly  
261 underscored their critical role of bottom-up integrated  
262 planning which accounts for both generation and transmission  
263 and when deciding what and where to build. As a practical  
264 matter, this enables consideration of what works best for  
265 communities and states that is most affordable for ratepayers  
266 in those areas.

267         As we have heard and -- throughout this year, there has  
268 been a lot of discussion about replacing bottom-up integrated  
269 planning and state authorities with more Federal control over  
270 what and where generation transmission should be built.  
271 Part of that, if you look back at the FERC issue order 1920,  
272 is to make it easier to socialize costs of transmission for  
273 renewable energy, thereby undermining state planning.

274         I do appreciate the comment on the highway system. And  
275 as you can drive -- gosh, you can go I-10, it goes through  
276 north Florida from Jacksonville to California. But everybody  
277 along the way uses the interstate as they go. So we just  
278 want to make sure it is an issue for us that, if power lines  
279 travel through a state but they don't draw off the power  
280 line, that is not the local ratepayers paying the cost of  
281 that.

282         So those are some of the things that we have to work

283 together to figure out where we go. We are going to need  
284 more transmission. I like the system that we have and where  
285 it has been built. We are also open -- we are going to be  
286 discussing where we go, and we are going to need more  
287 transmission. We must build in a way that works for  
288 ratepayers and for taxpayers, and we need to ensure we have  
289 abundant energy. We have to generate it.

290 So what needs to come out of this next few weeks is we  
291 need to generate, so we are going to have to permit  
292 generation. We need to generate more electrons, we need to  
293 transmit more electrons. And so that is the discussion we  
294 will have, and I appreciate the discussion and the words of  
295 doing it in a bipartisan way. I appreciate that.

296 [The prepared statement of The Chair follows:]

297

298 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

299

300           \*The Chair. And I yield back.

301           \*Mr. Latta. Thank you. The gentleman yields back the  
302 balance of his time, and the chair now recognizes the  
303 gentleman from New Jersey, the ranking member of the full  
304 committee, for five minutes for an opening statement.

305           \*Mr. Pallone. Thank you, Chairman Latta.

306           We are here today to talk about affordable and reliable  
307 power, something that has been seriously lacking since  
308 President Trump was inaugurated for his second term. I am  
309 sure we all remember Trump's promise that he would cut  
310 electricity bills in half in his first year. Well, 2025 has  
311 passed and electricity prices have risen by as much as 13  
312 percent, and they are not likely to go down as a result of  
313 the Republicans' big, ugly bill, which is expected to  
314 increase prices by another 60 percent.

315           And just yesterday new inflation data showed that  
316 overall energy prices are up nearly 18 percent over the last  
317 year. Republicans have spent the last few months scrambling  
318 to blame anyone but themselves for skyrocketing energy  
319 prices. But here is the truth: Republicans are threatening  
320 the reliability and affordability of our nation's power grid,  
321 and we have to find a way to fix it.

322           The reality is that we are simply not expanding our grid  
323 quickly enough. In an era of rapidly increasing power  
324 demand, a critical way to keep power affordable for Americans

325 is to build. Yes, we need to build new power plants, but we  
326 also need to ensure that the electricity from those power  
327 plants can actually move around the country to where it is  
328 needed. If we don't have a big enough grid, we can build all  
329 the generation we want but we simply won't be able to  
330 actually power anything with it.

331         During Winter Storm Fern earlier this year there was  
332 ample available power in the Great Plains, but it physically  
333 could not move to areas in need of power because of grid  
334 constraints, and this led to price spikes in the Mid-Atlantic  
335 and the Southwest and Texas that could have been avoided if  
336 we had a more efficient grid.

337         It has always been important to ensure that transmission  
338 developers have the tools they need to enhance the backbone  
339 of our nation's power grid as efficiently as possible. But  
340 the challenges associated with AI data centers have firmly  
341 moved the build-out of our grid from something that was  
342 simply a good idea to something that is national -- that is a  
343 national necessity.

344         Our power grid faces unprecedented challenges.  
345 Unfortunately, Republicans have waged war on some of the  
346 cheapest sources of energy just because Trump doesn't like  
347 how they look. The Trump Administration has illegally thrown  
348 billions of dollars of investments Democrats made in our  
349 power grid into jeopardy. Now, if those projects are built,

350 they will be paid for by higher monthly power bills for  
351 American families: just another way Republicans are  
352 increasing bills nationwide.

353         Instead of encouraging utilities to invest in new, low-  
354 cost sources of electricity, Trump's Department of Energy is  
355 forcing old, inefficient, and expensive power plants to stay  
356 online, despite local grid operators and utilities often  
357 begging the Administration to let the plant shut down and be  
358 replaced by more efficient and affordable sources of power.  
359 So I am afraid that Republicans are trying to move us  
360 backward, rather than forward.

361         In 2005 Congress recognized that the Federal Government  
362 should play a role in siting the most nationally important  
363 power lines. But unfortunately, the law never worked. In  
364 the 21 years since it passed, not a single power plant has  
365 been built using these authorities. Surely now is the time  
366 for us to update the law to allow FERC to fulfill its  
367 intended purpose.

368         And while we need to make it easier to build power  
369 lines, we must make sure that our process to plan them makes  
370 sense in the first place. Right now grid planning processes  
371 are far too fragmented. Utilities, each exchange in  
372 piecemeal planning, resulting in customers spending a lot of  
373 money for an inefficient power grid. If we build out the  
374 grid in a smart way, it will improve reliability and

375 affordability.

376           So utilities and grid planners should be focused on  
377 building more efficient and cost effective power plants, even  
378 when those lines may cross over the territory of several  
379 different utilities or may introduce competition that  
380 monopoly utilities would rather avoid.

381           Finally, FERC should require utilities to engage in more  
382 efficient interregional grid planning and should determine  
383 who benefits from new power plants -- new power lines, I  
384 should say -- and therefore who is responsible for the  
385 course. Frankly, these shouldn't be controversial concepts.  
386 Planning smarter and making it easier to build the lines our  
387 nation needs should be common sense, and it should be  
388 bipartisan.

389           But in any case, I appreciate having this hearing today,  
390 Mr. Chairman. It is very important.

391           [The prepared statement of Mr. Pallone follows:]

392

393 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

394

395           \*Mr. Pallone. I yield back the balance of my time.

396           \*Mr. Latta. Well, thank you very much. The gentleman  
397 yields back the balance of his time, and this concludes  
398 member opening statements.

399           The chair reminds members that, pursuant to committee  
400 rules, all members' opening statements will be made part of  
401 the record.

402           The subcommittee thanks our witnesses for appearing  
403 today and taking the time to testify before the subcommittee.  
404 Each witness will have the opportunity to give an opening  
405 statement followed by a round of questions from our members.

406           Our witnesses today are the Honorable Tony Clark, former  
407 FERC commissioner and executive director, National  
408 Association of Regulatory Utility Commissioners; Mr. Randy S.  
409 Howard, the general manager of Northern California Power  
410 Agency; Mr. Rob Gramlich, the president of Grid Strategies;  
411 Mr. Michael Skelly, the CEO and co-founder of GridUnited; Mr.  
412 Clay Rikard, the senior vice president of system planning of  
413 the Southern Company; and the Honorable Mark Christie, the  
414 former FERC chairman and director, Center of Energy and Law  
415 at the William and Mary Law School.

416           Again, we appreciate you all being before us today. And  
417 just a quick thing, if you could pull those mikes up close  
418 when you speak, that would be great.

419           And also, just again, you probably heard about the

420 lights. You each have five minutes. Four minutes will be  
421 green with the last minute will be yellow. And if you could  
422 wrap up when it turns red, that would be great.

423         So again, we appreciate you all being here. Mr. Clark,  
424 you are recognized for five minutes to give your opening  
425 statement.

426

427 STATEMENT OF THE HON. TONY CLARK, EXECUTIVE DIRECTOR,  
428 NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS  
429 (NARUC); RANDY S. HOWARD, GENERAL MANAGER, NORTHERN  
430 CALIFORNIA POWER AGENCY; ROB GRAMLICH, PRESIDENT, GRID  
431 STRATEGIES; MICHAEL SKELLY, CEO AND CO-FOUNDER, GRIDUNITED;  
432 CLAY RIKARD, SENIOR VICE PRESIDENT, SYSTEM PLANNING, SOUTHERN  
433 COMPANY; AND THE HON. MARK CHRISTIE, FORMER CHAIRMAN, FEDERAL  
434 ENERGY REGULATORY COMMISSION (FERC) AND DIRECTOR, CENTER ON  
435 ENERGY AND LAW, WILLIAM & MARY LAW SCHOOL

436

437 STATEMENT OF TONY CLARK

438

439 \*Mr. Clark. Thank you, Mr. Chairman, Ranking Member  
440 Castor, and I appreciate also the attendance of Chairman  
441 Guthrie and Ranking Member Pallone. It is a pleasure to be  
442 with you here today. My name is Tony Clark. I am executive  
443 director of NARUC, the National Association of Regulatory  
444 Utility Commissioners, and I will be testifying in that  
445 capacity but will also be drawing on my experience for about  
446 16 years as a regulator, either at the state or Federal  
447 level, about 12 of those years at the North Dakota Public  
448 Service Commission and a little over 4 at FERC.

449 I will briefly summarize my testimony. There are really  
450 five main points that I make in it.

451 The first is that on the issue of planning, regional

452 planning, interregional planning, things like that, from a  
453 scenario planning standpoint within and across a region,  
454 states are generally supportive of the concept of planning.  
455 Now, why is that? It is because state commissions depend on  
456 a set of facts in front of them to make decisions about what  
457 is the best mix of resources for customers. So more data and  
458 more information that can inform that process is a good  
459 thing.

460         Now, I say this even while acknowledging that there are  
461 sometimes questions about the outer limits, technically, of  
462 FERC jurisdiction in planning matters, and sometimes our  
463 members may litigate some of those points. But conceptually,  
464 the idea of planning, providing information to regulators, I  
465 think, is a sound concept that is generally supported by our  
466 members.

467         Number two, given FERC's prescribed jurisdiction over  
468 many parts of the grid, states believe that the -- these  
469 planning exercises should build upon and work in harmony with  
470 state public policies and decisions with regard to planning.  
471 Federal planning that doesn't build upon state decision runs  
472 the risk of contravening the decisions that are made in  
473 states, and can sometimes result in plans that lead to --  
474 transmission plans that may be a sub-optimal answer to what  
475 the best resource is for customers. States have the  
476 responsibility, given our authority, of ensuring that

477 transmission distribution and generation work together to  
478 result in the lowest-cost retail bill. And it is states, at  
479 the end of the day, who have authority over that retail bill.

480         Number three, states are generally supportive of common-  
481 sense Federal permitting reform to the degree that Federal  
482 permitting reform is defined as reforming some of those  
483 Federal statutes that have, in some cases, blocked needed  
484 transmission projects and pipeline projects. State  
485 commissioners have more interest in this than probably  
486 anyone, because we can see how certain investments may be  
487 able to result in lower costs for consumers. And so once a  
488 need is established, getting that built is important and  
489 there have been instances where Federal laws have made it  
490 very difficult for the Federal permitting agencies to get  
491 that done. And so reform of that kind, I think, is generally  
492 well supported by states.

493         But this leads to point number four. State commissions  
494 are generally opposed to permitting reform if it is defined  
495 as further preemption of state authority over these  
496 permitting decisions. We believe that Federal preemption of  
497 state authority can lead to a number of bad outcomes. Number  
498 one is with regard to that affordability issue, because that  
499 assessment of need and comparing transmission projects to  
500 other potential investments is very, very important. And  
501 that, by necessity, has to be done at the state level because

502 of the retail rate-setting authority that we have. And  
503 number two, from a landowner access to their permitting  
504 authority standpoint, we believe that transmission and other  
505 projects can be much more effectively sited in a way that  
506 doesn't lean on eminent domain and condemnation by having a  
507 local permitting authority that can work through those  
508 issues, as opposed to having those decisions made here in  
509 Washington.

510         And then finally, I would say as a general matter, point  
511 number five, state commissions are concerned with just the  
512 general trend of greater federalization of electricity  
513 policy. Many of the cost drivers that are now showing up in  
514 folks' retail bills are things that are beyond the oversight  
515 of state commissions but legally have to be passed through.  
516 Transmission charges are largely a Federal responsibility.  
517 Wholesale charges for generation capacity, largely a Federal  
518 responsibility, especially if you are in an ISO or an RTO.  
519 Even things with the distribution grid, where states have  
520 more authority, are being greatly impacted by decisions that  
521 are made in Washington, D.C. about investments that need to  
522 be made on the distribution grid.

523         So all of these things can combine to create retail bill  
524 pressure, and we think the general trend towards making --  
525 taking decision-making from those who oversee directly the  
526 retail bill to other officials elsewhere further up the chain

527 is a concerning trend. Thank you.

528 [The prepared statement of Mr. Clark follows:]

529

530 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

531

532           \*Mr. Latta. Thank you very much.

533           And Mr. Howard, you are recognized for five minutes for  
534 your opening statement.

535

536 STATEMENT OF RANDY S. HOWARD

537

538           \*Mr. Howard. Good morning, Committee Chair Guthrie,  
539 Committee Ranking Member Pallone, Subcommittee Chair Latta,  
540 and Ranking Member Castor, and members of the subcommittee.  
541 Thank you for the opportunity to testify.

542           My name is Randy Howard. I am the general manager of  
543 Northern California Power Agency which serves approximately  
544 700,000 customers through 16 public utilities and communities  
545 across northern and central California. I am also here today  
546 on behalf of the Transmission Access Policy Study Group, or  
547 TAPS, which represents municipal utilities, cooperatives, and  
548 other transmission-dependent utilities serving communities in  
549 39 states.

550           For public power and other transmission-dependent  
551 utilities, transmission is not an abstraction; it is how we  
552 keep hospitals running, water systems operating, and  
553 communities safe and affordable every hour of every day.  
554 Your hearing title, "Wires, Rates, and States," captures  
555 exactly the balance Congress must strike.

556           First, wires. We do need more transmission. Load is

557 growing in many regions driven by industrial development,  
558 data centers, and electrification. Generation is changing in  
559 location and operating characteristics. A strong, well-  
560 planned transmission system is essential to the reliability  
561 and to accessing least-cost resources.

562 But transmission is not just about building lines  
563 faster. Done wrong, it can raise costs without delivering  
564 benefits. And that brings me to the second point: rates.  
565 Transmission is paid for by our customers. Every dollar of  
566 unnecessary transmission cost shows up in electric bills,  
567 especially for public power utilities that answer directly to  
568 local communities. That is why speed alone is not a success.  
569 Permitting reforms must reinforce, rather than bypass  
570 regional planning, alternative analysis, and cost discipline.  
571 If permitting short-cuts allow projects to leapfrog planning  
572 scrutiny, consumers may pay for infrastructure that is not  
573 the most efficient or cost effective solution. Congress can  
574 help by ensuring that any special Federal permitting pathway  
575 is tied to participation in regional planning and a clear  
576 demonstration that a project is the best solution among all  
577 the reasonable alternatives.

578 And third, states. States have historically led  
579 transmission, siting, and permitting, and that should  
580 continue. States are closer to the local conditions, the  
581 community concerns, and environmental trade-offs. Broad

582 Federal preemption risks are more, not less, controversy.  
583 And litigation and delays will be a big part of any  
584 preemption. That said, there are real Federal bottlenecks,  
585 particularly when projects cross Federal lands or require  
586 multiple Federal approvals. Congress can improve the  
587 coordination, the modernization, environmental review, and  
588 establish clear timelines without displacing states'  
589 authority.

590 Let me emphasize three additional points that are often  
591 overlooked.

592 First, inclusive joint ownership works. When public  
593 power and cooperatives are meaningful joint owners of  
594 transmission projects, projects are better planned, siting  
595 outcomes improve, financing costs decline, and customer risk  
596 is reduced.

597 Second, grid-enhancing technologies can help, but  
598 incentives matter. Grid-enhancing technologies can increase  
599 the capacity and reliability at a lower cost in many  
600 situations, but mandatory shared saving incentives risk  
601 creating windfalls and driving up rates. A better approach  
602 is baseline expectations, transparency, and carefully  
603 targeted incentives.

604 Third, something that is not talked about enough, but  
605 supply chain realities are constraints. Large transformers  
606 and other critical equipment now have procurement timelines

607 measured in years. Permitting reform alone cannot overcome  
608 these limitations.

609 In closing, permitting modernization is important, but  
610 the ultimate goal is reliable and affordable power for our  
611 customers. That means focusing on smart transmission,  
612 projects that come out of transparent regional planning,  
613 respect state leadership, evaluate alternatives, and protect  
614 consumers through established Federal Power Act standards.

615 NCPA and TAPS stand ready to work with the subcommittee  
616 as you consider reforms that accelerate the needed  
617 infrastructure while safeguarding the ratepayers. Thank you,  
618 and I look forward to your questions.

619 [The prepared statement of Mr. Howard follows:]

620

621 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

622

623           \*Mr. Latta. Thank you very much for your statement.

624           And Mr. Gramlich, you are recognized for five minutes  
625 for your opening statement.

626

627 STATEMENT OF ROB GRAMLICH

628

629           \*Mr. Gramlich. Okay, thank you, Chairman Latta, Ranking  
630 Member Castor, Chairman Guthrie, and Ranking Member Pallone,  
631 distinguished members of the subcommittee. Thank you for the  
632 opportunity to testify and for the mandatory civics lesson  
633 for my -- two of my kids sitting behind me.

634           My name is Rob Gramlich. I am the founder and president  
635 of Grid Strategies, a consulting firm providing research on  
636 the U.S. transmission grid and power markets. I would like  
637 to explain today the importance of transmission to consumers  
638 and suggest some actions Congress can take.

639           First and foremost, transmission can be a part of a  
640 strategy to reduce electricity bills. The grid is congested.  
641 Congestion costs have doubled in recent years, meaning  
642 wholesale power prices are rising because of limited delivery  
643 capacity. It is like dozens of Straits of Hormuz all around  
644 the grid.

645           We see grid constraints also in the increasing time and  
646 cost of connecting new loads and generation. A few years  
647 back -- in fact, when I testified in this committee maybe

648 five years ago -- it was all wind and solar in the queue, and  
649 that is probably what you heard screaming about high  
650 congestion costs and interconnection. Well, guess what? It  
651 is a very different portfolio now. It is more diversified.  
652 And if you are a gas plant or a new large load or anything  
653 else trying to connect to this grid, you are saying the same  
654 thing that they were saying five years ago: the  
655 interconnection costs and timelines are extreme, and that is  
656 because the grid is congested.

657         Benefit cost ratios are very high typically right now  
658 for transmission because of the congestion. If you unlock  
659 that congestion, you can flow more power to consumers.

660         Transmission also supports reliability, perhaps more  
661 than any other single option. Transmission lines themselves  
662 typically have 99.85 percent reliability -- or availability  
663 across all voltage levels, far higher than any generation  
664 source. And then what we see in severe weather events -- we  
665 see this time and time again -- when there is a polar vortex  
666 or other type of severe weather you have tens of gigawatts  
667 that are moving from region to the -- one region to the next.  
668 That is, when there is enough capacity. But often there is  
669 not enough capacity, and so lights go out because of  
670 insufficient interregional transmission.

671         Transmission also supports U.S. global economic  
672 competitiveness in an electronic era. China, Southeast Asia,

673 India, other leaders and competitors in technology recognize  
674 the importance of grid capacity. They are building at far  
675 higher rates, faster rates than we are. China was building  
676 80 times more high voltage transmission than we were in this  
677 country in the last decade, and that is continuing into this  
678 decade.

679 Planning can achieve the efficient scale. Larger lines  
680 deliver much more power for less money. There are massive --  
681 in economics jargon -- massive economies of scale in  
682 transmission. The cost per megawatt delivered is a quarter  
683 as much for 765 kV lines versus the smaller 230 kV lines,  
684 while also requiring a quarter as much land to deliver the  
685 same amount of power. So we want to minimize impact on  
686 communities and land use. We want the larger lines, which  
687 means you have to proactively plan for all the purposes  
688 together to get those efficiencies for consumers and  
689 efficient land use.

690 There is a lot of talk about data centers and on-site  
691 generation and islanded or off-grid types of solutions  
692 because a lot of the new technology companies want speed to  
693 power, they want it yesterday. The grid is too slow,  
694 utilities are too slow, et cetera. Well, if you really ask  
695 them, every single one of those customers would far prefer to  
696 be attached to the grid. They want grid access. Yes, they  
697 will do some other things in the interim, but only as a

698 pathway to get full grid network access. And if you connect  
699 those loads to the grid, you have to bolster the grid not  
700 just locally, but around the region.

701 Action in Congress is needed. What -- you might say,  
702 well, you know, utilities are great. Organizations and  
703 companies are taking care of this problem. Why is Congress  
704 even -- why are you even having this hearing? Action is  
705 needed because the fragmented grid we inherited cannot  
706 deliver what modern society needs from the power system. We  
707 have 3,000 owners of transmission around the system. That is  
708 how the industry grew up. And yet in the eastern and western  
709 interconnection, they are two physically synchronous  
710 machines. They are single machines from Maine to Louisiana,  
711 to North Dakota down to Florida. And yet it is almost all  
712 managed at the local level.

713 So we are not saying Federal takeover. I am certainly  
714 not. But we are saying more Federal coordination, or just  
715 fix the Federal coordination that exists, the Federal  
716 backstop siting that exists in law. Since the 2003 blackout,  
717 Congress put Federal backstop in the 2005 Act. It is broken.  
718 It doesn't work, as Chairman Pallone mentioned. So just  
719 fixing some of these Federal authorities and clarifying some  
720 other things. Cost allocation gets a lot of discussion.  
721 What is being discussed in the Senate really just defines  
722 what the benefits are so we don't litigate for 10 years over

723 those terms.

724           And with that my time is up. Thank you very much for  
725 the opportunity.

726

727           [The prepared statement of Mr. Gramlich follows:]

728 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

729

730           \*Mr. Latta. Well, thank you very much.

731           And Mr. Skelly, you are recognized for five minutes for  
732 your opening statement.

733

734 STATEMENT OF MICHAEL SKELLY

735

736           \*Mr. Skelly. Thank you very much. Thank you, Chairman  
737 Latta, ranking members of the subcommittee, thanks for the  
738 opportunity to talk about the urgent need to build out  
739 America's grid.

740           My name is Michael Skelly, and I am one of the founders  
741 and CEO of a company called GridUnited based in Houston,  
742 Texas. And we develop large, multi-state transmission lines,  
743 typically hundreds of miles long. We focus on connecting the  
744 grids that Mr. Gramlich referred to. We have several grids  
745 in the country, and we work on connecting the two because  
746 that is one of the best ways to get a more reliable grid, a  
747 more secure grid, and a grid that can take advantage of all  
748 the resources that we are blessed with in this country. And  
749 our days are spent working with landowners, with communities,  
750 with state regulators, with county officials, with grid  
751 operators, with the supply chain, and with utility partners  
752 to put together these large, ambitious projects.

753           And like almost all transmission that gets built, we are  
754 utterly generation agnostic. We don't check what kind of

755 electrons would go onto our wires. As with all types of  
756 transmission, the grid is kind of open to all and if you  
757 connect a generator the electrons will flow. And so we are  
758 open to whatever type of generation might connect to the grid  
759 because we are connecting the grid as part of a network  
760 system.

761 Many, many of you all on the subcommittee are --  
762 represent areas where we are active and take a great interest  
763 in our projects, and we appreciate that interest and thank  
764 you for your interest in this topic.

765 So let me just talk for a moment about one of the big  
766 projects that we are doing called North Plains Connector.  
767 This line goes from Bismarck, North Dakota to Colstrip,  
768 Montana, and we connect the eastern grid with the western  
769 grid. And when you connect these two grids you get a much  
770 more efficient system. Cheap power can flow in one direction  
771 to the other. And you also get a more reliable system. You  
772 have heard references to big, weather-induced events. When  
773 one region of the country is short on power and the other  
774 region needs it, our lines can help solve that. And this is  
775 typical of other transmission. When you build transmission  
776 that is bigger than the weather, you can help solve some of  
777 the reliability challenges and meet new load growth that we  
778 very much want to meet.

779 Our projects, we -- on North Plains Connector we have

780 brought together 10 different utilities, including some of  
781 the cooperatives that Mr. Howard referenced in his remarks,  
782 and we bring -- put the projects together and then utilities  
783 come and participate alongside of us.

784         So why do big projects -- why does the transmission grid  
785 matter? So as I was writing this testimony Sunday night, I  
786 checked in with the grid prices around the country. This is  
787 a dangerous obsession, I might warn you. But in most of the  
788 Midwest, power prices were around \$0.03. In the east, the  
789 Mid-Atlantic, they were 50 percent higher, at 4.5 cents. In  
790 the west they were negative in many places because we had too  
791 much power at that time. And in New England they were around  
792 \$0.05. So these price disparities, which are not atypical,  
793 show the need -- show you that something is wrong with the  
794 system. If we don't have an infrastructure that can make  
795 markets work, then we are going to be paying too much.

796         So what are the solutions? These you will -- you have  
797 been hearing a lot about them, but the first big solution  
798 that we got to work on is permit reform. It takes far too  
799 long to get projects done. And our world, it is -- we live  
800 in a world where it is not death by 1,000 cuts, it is death  
801 by 1,000 delays. And it just takes too long to get through  
802 processes. And we need processes that respect the different  
803 layers of government, but that also help us work towards a  
804 decision.

805           And the other issue that we need to focus on is cost  
806 allocation because we can come up with ways to measure the  
807 benefits of new projects and the costs of new projects, and  
808 we have ways -- we do this at a regional level, we can do  
809 this at an interregional level to come up with projects that  
810 are beneficial to the grid as a whole, and we can come up  
811 with mechanisms to determine who benefits and who should pay.  
812 Thank you very much.

813           [The prepared statement of Mr. Skelly follows:]

814

815           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

816

817           \*Mr. Latta. Well, thank you very much for your opening  
818 statement.

819           And Mr. Rikard, you are recognized for five minutes for  
820 your opening statement.

821

822 STATEMENT OF CLAY RIKARD

823

824           \*Mr. Rikard. Thank you, Mr. Chairman.

825           Chairman Latta, Ranking Member Castor, Chairman Guthrie,  
826 Ranking Member Pallone, and distinguished members of the  
827 subcommittee, thank you for the opportunity to testify today  
828 on behalf of Southern Company.

829           My name is Clay Rikard, and I am the senior vice  
830 president of system planning, where I lead both generation  
831 and transmission planning. My job is to design the least  
832 cost, most reliable system for all customers. I appreciate  
833 the invitation to testify today to share Southern Company's  
834 story as an example of a region that is using smart planning  
835 to rapidly build generation and transmission to meet rising  
836 demand while making sure growth is benefiting everyone,  
837 especially existing customers.

838           The southeast is experiencing unprecedented growth, and  
839 our electric utilities are moving quickly to continue  
840 delivering affordable and reliable power. Today the demand  
841 for power across our electric service territories has

842 culminated in 23,000 megawatts of contracted or late-stage  
843 load. Beyond that, there are over 75,000 megawatts in our  
844 queue which, combined with what is already contracted, is  
845 more than double the size of Southern's existing system.

846         The growth is real, and it is why Southern's operating  
847 companies are currently taking on one of the largest  
848 expansions in any utility in history, bringing more than  
849 10,000 megawatts of diverse, new dispatchable resources  
850 online, including over 4,000 megawatts of batteries. We are  
851 also making substantial investments to enhance our grid by  
852 building over 750 miles of new line, reconductoring or  
853 rebuilding over 1,300 megawatts -- 1,300 miles of existing  
854 line, and installing grid-enhancing technologies or GETs.  
855 And we are accomplishing all of this without any delays in  
856 our generator interconnection queue process.

857         In short, we are relentlessly executing to make sure  
858 that energy is there when it is needed by our customers.  
859 Just as important in meeting this growth is doing it in a way  
860 that benefits our customers. Through smart planning and  
861 robust contracting we are making sure that new large  
862 customers like data centers pay their full share, and that  
863 costs are not passed on to families and small businesses.  
864 With this policy in place, we have committed to multi-year  
865 rate freezes in Alabama and Georgia, and further committed to  
866 customer savings of at least 1.6 billion in Georgia due to

867 the results of the revenues from these large customers.

868 We are proving that growth done right can benefit  
869 everyone. This success is due to our vertically-integrated,  
870 state-regulated market structure and our long-term integrated  
871 resource planning, or IRP process, which determines the least  
872 cost, most reliable energy solution for our customers. This  
873 transparent and orderly process enables us to holistically  
874 plan our system under the careful oversight of our  
875 commissioners who hold us accountable for reliability and  
876 affordability. And they are best positioned to understand  
877 the energy needs of their states.

878 In addition to evaluating all forms of generation,  
879 demand response, energy efficiency, and power from other  
880 regions transferred across interregional lines, our IRP  
881 process also includes long-term transmission planning  
882 designed to deliver the lowest-cost, most reliable power for  
883 all customers. We run thousands of simulations to make sure  
884 that we are designing the most optimal grid for our  
885 customers. Our planning process does not pre-judge outcomes.  
886 If a project makes sense for our customers, we will evaluate  
887 it.

888 We also evaluate whether we have sufficient  
889 interregional transfer capability to import power from our  
890 neighbors. Importantly, though, we have never been  
891 transmission constrained during a peak event. We evaluate

892 interregional lines as an option, and our experience is that  
893 these lines have not been economic compared to other  
894 solutions. If those lines were the least cost, most reliable  
895 solution for our customers, we would build them.

896 Congress can do two things to enable transmission and  
897 energy infrastructure.

898 First, Congress can enable growth and protect customers  
899 by allowing state processes that deliver reliable, affordable  
900 power like our state-regulated IRP process, to continue  
901 working. While we recognize that there are areas of the  
902 country that experience challenges building transmission, and  
903 discussions about potential solutions are taking place, we  
904 respectfully request that Congress avoid actions that would  
905 disrupt the least cost, reliability-based planning system  
906 that is working well in the southeast.

907 Second, Congress can expedite critical energy  
908 infrastructure development, including transmission, bypassing  
909 permitting reform, including changes to NEPA, the Clean Water  
910 Act, and judicial review in order to provide more certainty  
911 in the permitting and construction process. These changes  
912 would unlock transmission, especially in areas of the country  
913 that struggle with transmission development.

914 Thank you for the opportunity to testify before the  
915 subcommittee today. I look forward to your questions and  
916 explaining more about how Southern Company's holistic

917 planning process is delivering growth and benefiting  
918 customers in the southeast.

919 [The prepared statement of Mr. Rikard follows:]

920

921 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

922

923           \*Mr. Latta. Well, thank you very much for your opening  
924 statement.

925           And Mr. Christie, you are recognized for five minutes  
926 for your opening statement.

927

928 STATEMENT OF MARK CHRISTIE

929

930           \*Mr. Christie. Okay. Chairman Latta, Ranking Member  
931 Castor -- I am going to recognize Chair Guthrie and Ranking  
932 Member Pallone -- thank you all for the honor of appearing in  
933 front of you again. I have spoken in front of you as a  
934 former FERC commissioner and chair, and prior to that I spent  
935 17 years as a Virginia utility commissioner. So I am  
936 speaking to you from the perspective of somebody who has been  
937 both a Federal and a state regulator of the very issues we  
938 are talking about today.

939           State regulators want to build transmission. I  
940 personally voted for well over 100 transmission projects in  
941 Virginia. State regulators want to build transmission. The  
942 premise that they don't and they have to be overridden, I  
943 think, is a totally false premise. There is four points I  
944 want to make in summary for you.

945           First of all, we need to build transmission. I mean, as  
946 a state regulator who voted for a lot of transmission, we  
947 need transmission. But transmission is very costly. It has

948 been one of the fastest growing parts of consumers' monthly  
949 bills. And transmission ought to be built to serve  
950 consumers, with all due respect, not to serve transmission or  
951 generation developers. It ought to be built to serve  
952 consumers. That is my first point.

953         The second point I want to make, transmission should not  
954 be considered in a vacuum. Transmission is part of the  
955 entire utility system which has three major elements.  
956 Transmission is only one of them; the other two elements are  
957 generation and distribution. And all of those should be  
958 planned together as a process of what is called integrated  
959 resource planning to produce a document with -- another  
960 acronym in this business -- IRP. State regulators have been  
961 doing this for decades. I sat in on a lot of IRP  
962 proceedings. And so state regulators are in the position of  
963 balancing the needs -- whether the transmission solution is  
964 the best, whether the generation solution is the best,  
965 whether the distribution upgrades might be the best, that is  
966 all of what goes into integrated resource planning. State  
967 regulators do that.

968         The third point I want to make, which is based on the  
969 previous two, so-called backstop siting authority is based on  
970 a false premise. The premise is that state regulators,  
971 number one, don't want to build transmission, so when they  
972 say no a Federal agency like FERC ought to swoop in and say,

973 yes, you are going to build it anyway. The false premise is,  
974 number one, the state regulators don't want to build  
975 transmission. We do. When I was a state regular -- I would  
976 say we -- state regulators do want to build transmission.

977 The premise of saying, well, let's give FERC backstop  
978 siting authority so they can override a state utility  
979 commission that says no, first of all, why did the state  
980 commission say no? In all likelihood, they said no because  
981 hundreds of people came out and didn't want the project  
982 built. So you are really overriding the people in that state  
983 more than you are overriding the utility commission, which is  
984 inclined to say yes.

985 Secondly, backstop siting authority violates the very  
986 principle that the utility system is -- the transmission is  
987 not in a vacuum. It is part of all three elements:  
988 generation, transmission, and distribution. And all three  
989 ought to be considered and planned comprehensively. And when  
990 you slice out one part like transmission and say, if a state  
991 says no to a project we are going to take it to FERC and let  
992 them override the state -- and I can tell you, FERC, having  
993 been there, FERC does not have the local expertise to be  
994 doing permits for literally hundreds of transmission projects  
995 across this country.

996 Fourth point -- and I know it is not the big issue  
997 today, but it has been proposed up here -- any proposal to

998 do, like, a mandatory interregional transmission mandate,  
999 where you tell FERC to enforce -- pick two regions, pick two  
1000 RTOs, and there has to be, like, X percent of transmission  
1001 built, again you are taking transmission in a vacuum instead  
1002 of looking at it the way it ought to be looked at, which is  
1003 it is a utility asset just like generation assets, just like  
1004 distribution assets, and it should not be the subject of an a  
1005 priori mandate that says we are going to pick a number in  
1006 order to be built.

1007         If you are really concerned about consumers, mandating  
1008 literally tens of billions or hundreds of billions of  
1009 dollars' worth of transmission, which is very costly, to be  
1010 built through some mandatory interregional mandate is not  
1011 going to serve consumers. It is not going to serve  
1012 consumers.

1013         And I would add this point. Almost all the transmission  
1014 that is built in America, certainly in the RTOs, is going  
1015 into what is called rate base. The utilities, the  
1016 transmission owners, are getting formula rate treatment at  
1017 FERC, they are getting dollar-for-dollar recovery, plus they  
1018 are getting a profit on it called ROE. Consumers pay every  
1019 nickel. So if you are concerned about consumers, that is not  
1020 the way to go.

1021         So my final conclusion on this is we need transmission.  
1022 Transmission is costly. It needs to be built to serve

1023 consumers with reliable power. If you put consumers first,  
1024 we will build the transmission we need along with other  
1025 utility assets.

1026 Thank you again, Mr. Chairman. I enjoy being here.

1027 [The prepared statement of Mr. Christie follows:]

1028

1029 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

1030

1031           \*Mr. Latta. Well, thank you very much for your  
1032 testimony, and that will conclude our witness testimony today  
1033 and we will move into the question-and-answer portion of our  
1034 hearing. And I will begin by recognizing myself for five  
1035 minutes for questions.

1036           To both Mr. Rikard and Mr. Howard, both Southern and  
1037 NCPA work to build additional infrastructure to meet rising  
1038 electricity demands. What are your greatest impediments to  
1039 timely permitting and construction of energy infrastructure?

1040           Mr. Rikard, if you would like to, go first on that.

1041           Oh, you want -- your mike, please. Thank you.

1042           \*Mr. Rikard. Thank you for the question, Chairman.

1043           You know, we are experiencing tremendous success right  
1044 now, both planning with speed and executing with speed to  
1045 meet this load, this growth in a manner that benefits  
1046 everyone. I think if there is anything that could help us,  
1047 it would be providing certainty.

1048           Building energy infrastructure is capital intensive, and  
1049 our customers need reliable service. And so providing  
1050 certainty in that infrastructure expansion, both cost and  
1051 time, would be extremely helpful. And I think permitting  
1052 reform, including NEPA, Clean Water Act, and judicial review  
1053 could help provide that certainty, and therefore that cost  
1054 protection for our customers.

1055           \*Mr. Latta. Thank you.

1056 Mr. Howard?

1057 \*Mr. Howard. Thank you as well for the question.

1058 We are in the midst of building a new transmission path  
1059 to serve a critical load, a military load, where there is a  
1060 high fire risk area. And so one of the things that we have  
1061 seen recently is just, again, the NEPA reform is necessary.  
1062 We continue to have significant delays associated with that,  
1063 as well as the multiple agencies that participate not being  
1064 well coordinated. But what we see is it is a sequential  
1065 process versus a parallel process. And then, once we  
1066 complete a lot of that permitting activity, then we have to  
1067 go out and then procure the materials necessary to build the  
1068 line.

1069 And again, we can do all kinds of things with  
1070 permitting, but until we get to a better place as to supply  
1071 chain and the logistics, we are going to continue to have  
1072 very lengthy timelines associated with building new  
1073 transmission.

1074 \*Mr. Latta. Well, thank you. The next question is to  
1075 both Mr. Christie and Mr. Clark.

1076 Both of you have reviewed and approved quite a few  
1077 transmission cases in the state commission and regulated  
1078 transmission service at the Federal level. And again, just  
1079 to ask this question, why are states best suited to consider  
1080 permitting with their own borders?

1081 Mr. Christie? Oh, is your mike on, please?

1082 \*Mr. Christie. Yes, I am learning. I should know by  
1083 now.

1084 States, frankly, when you are a state regulator, you are  
1085 an expert at the local conditions in your state. Every one  
1086 of the states is different, and so state regulators are well  
1087 aware of the local conditions, the local challenges for their  
1088 utility system and for their consumers. FERC is not. It  
1089 can't be. It can't be an expert in all 50 states the way  
1090 states can.

1091 And so that is -- and not only that, but again, to  
1092 reiterate my point, states are the ones who conduct the  
1093 integrated resource planning where you look at the entire  
1094 system. You look at generation, you look at transmission,  
1095 you look at distribution, all of which are integral parts of  
1096 one whole, the utility system. And states look at that in a  
1097 holistic way to come out with the best deal for consumers.  
1098 And that ought to be the goal: What is the best deal for  
1099 consumers at the least cost?

1100 \*Mr. Latta. Thank you.

1101 Mr. Clark?

1102 \*Mr. Clark. Thank you, Mr. Chairman. So two things I  
1103 would say.

1104 Number one is the issue of assessment of need, and  
1105 Chairman Christie has talked a little bit about that. It is,

1106 is this project needed in light of other alternatives that  
1107 could be done to more equitably serve customers from a cost  
1108 and reliability standpoint? So it is a need assessment,  
1109 which states excel at.

1110 And then number two, is that local touch with regard to  
1111 siting transmission? Having sited a lot of miles of it and  
1112 sat in a lot of those hearings, I can tell you that when it  
1113 comes to electric transmission siting especially, often times  
1114 it is not really just pure NIMBYism, like don't build this  
1115 project at all that a landowner will come to a commission  
1116 about, it is can you move the line from this side of my  
1117 pasture to that side of my pasture because my farming  
1118 operations go on here and not there? And so it becomes a  
1119 pole-by-pole, mile-by-mile analysis of what is the best way  
1120 to site this particular project. States are uniquely sited  
1121 to doing that sort of thing.

1122 I have a lot of respect for FERC, I served there for  
1123 several years. They have a lot of areas of expertise. That  
1124 type of expertise, siting transmission lines in the middle of  
1125 North Dakota, is probably not the highest and best use of a  
1126 Federal agency as opposed to a state one.

1127 \*Mr. Latta. Well, in my last 23 seconds let me just  
1128 follow up with you real quick. On the Federal side, have you  
1129 seen that happen where the Feds didn't listen to where to put  
1130 lines because they weren't in the backyard there with people?

1131 In my last 12 seconds.

1132 \*Mr. Clark. So Federal siting tends to be on the  
1133 interstate transmission gas line side, interstate gas line  
1134 side, and it is a much different process with gas line  
1135 siting.

1136 But, I mean, just to reiterate my point, I think that  
1137 states are going to be more attentive to the individual  
1138 concerns of landowners because they -- I mean, if you are on  
1139 a state commission you have probably driven by that  
1140 particular parcel of land however many times because you are  
1141 from the state, you are familiar with the area, you are going  
1142 to have a better sense of that -- sort of local issues that  
1143 come into play.

1144 \*Mr. Latta. And thank you very much. My time has  
1145 expired and I recognize the ranking member of the  
1146 subcommittee, the gentlelady from Florida, for five minutes  
1147 for questions.

1148 \*Ms. Castor. Thank you, Mr. Chairman.

1149 I think it is very clear that the status quo just is not  
1150 working. And I hear a little bit of defense of the status  
1151 quo, and I hope we can move beyond that because costs are  
1152 high, and we know that our existing grid is old, it is  
1153 inefficient, it is now more susceptible to these extreme  
1154 weather events, putting people's lives in peril.

1155 So Mr. Gramlich, you -- thank you for your very specific

1156 recommendations here. One is that -- I hear general  
1157 consensus on interregional planning. I think folks  
1158 understand the value in that, it can save a lot of time and  
1159 money doing that up front. It seems like you get bogged down  
1160 when we are talking about the cost allocation of things. How  
1161 do you propose that we solve that? Because people obviously  
1162 don't want to pay in if they are not going to receive a  
1163 benefit.

1164           \*Mr. Gramlich. Yes, thank you for the question and  
1165 thank you for your leadership on these topics over recent  
1166 years.

1167           Yes, I mean, the large-scale transmission tends to  
1168 benefit many people across many states. It is a public good.  
1169 It is a classic public good, meaning sort of everybody  
1170 benefits and you can't keep others from using what you pay  
1171 for. So if it were only a voluntary, pass-the-hat type of  
1172 recovery of cost -- you know, you put in this because you  
1173 want to, and you put in -- contribute that, you are going to  
1174 under-recover. If you read, you know, anything about public  
1175 goods across national security, highways, anything else, you  
1176 are not going to fund the things we need that way.

1177           So there has to be -- and that is what regulators are  
1178 for, and it has always worked at the state level and the  
1179 utility-specific level. But now, as we have a more regional  
1180 grid -- the reality is we do have and we do need more of a

1181 regional and interregional grid -- we need to clarify what  
1182 FERC's authority is on that. And it is -- the rule is  
1183 beneficiary pays. If you don't benefit, you don't pay. We  
1184 just need to clarify what are those benefits, and put that in  
1185 law so, again, we don't litigate for 10 years.

1186 \*Ms. Castor. So Congress should put that in the law,  
1187 direction to FERC.

1188 \*Mr. Gramlich. Yes.

1189 \*Ms. Castor. Okay. Florida is very special. It is  
1190 very special, but it is also special right now because people  
1191 are burning their electric bills, they are just sky high.  
1192 The utilities get the highest rate of return in the country.  
1193 We have a very high rate of shut-offs also.

1194 A study last year by the Brattle Group found that the  
1195 southeast, including Florida, is the only major U.S. region  
1196 that has not pursued significant regional transmission  
1197 projects over the past decade. And yet in 2024 we have  
1198 FERC's order 1920 that requires grid operators to implement  
1199 proactive, long-term, multi-value regional planning.

1200 How should grid planners in my region use the evolving  
1201 world to modernize their processes and invest in  
1202 interregional -- in their regional transmission systems?

1203 And if they won't do it, what should Congress do?

1204 \*Mr. Gramlich. Sure. Well, I don't want to pick on any  
1205 specific utility, and I don't know enough about the specific

1206 circumstances, but I will say as a general matter utilities  
1207 do a great job. They tend to be vertically integrated,  
1208 meaning the generation, transmission, distribution in a  
1209 vertical line work okay. But they don't have an incentive to  
1210 look outside that vertical silo. So we have a bunch of  
1211 vertical silos all around the country, and there are many  
1212 affordable options that tend to be outside of that silo but  
1213 that utility doesn't make any money from that. And you can't  
1214 blame them, and you can't blame them for doing what they are  
1215 obligated to do for their shareholders, with their fiduciary  
1216 responsibility.

1217         So I think the role of policy-makers, to answer your  
1218 question, is to make sure that they do plan sufficiently  
1219 outside of their borders, as well as inside.

1220         \*Ms. Castor. Okay. Mr. Skelly, you have some  
1221 experience in that, as well. What do you recommend?

1222         And I am also thinking about the 2024 Interregional  
1223 Transfer Capability study, NERC -- that NERC did. They  
1224 recommended that Florida increase its transfer capability to  
1225 neighboring southeast regions by 1,200 megawatts, a 40  
1226 percent increase. What does that tell us about the need for  
1227 a more integrated grid, and what are your concrete  
1228 recommendations for us?

1229         \*Mr. Skelly. So, without getting into the details of  
1230 each particular region, what we can do and what we do -- the

1231 way we plan the grid today is, for example, the southwest  
1232 power pool looks ahead at where are we today and what do we  
1233 need in the future. Where do we expect load growth? What  
1234 sorts of resources do we have? And then they plan the grid  
1235 along those lines, sort of like the IRP process that we heard  
1236 about from Southern Company, but at a larger scale, okay?

1237         What we don't do is take those same planning principles  
1238 and use those principles to plan interregional transmission,  
1239 and that is where we leave a lot of money and a lot of  
1240 efficiency opportunities on the cutting room floor. So if we  
1241 can sort of widen the aperture, then we can identify a number  
1242 of projects of better connections among the grids that will  
1243 enable a more reliable and more efficient system, sort of  
1244 like I talked about prices. I think I looked this morning --  
1245 again, it is a dangerous obsession -- and prices in the Mid-  
1246 Atlantic were about 50 percent higher than the Midwest.  
1247 Okay? If we had better connections --

1248         \*Mr. Latta. Pardon me, the gentlelady's time has  
1249 expired.

1250         \*Mr. Skelly. Okay.

1251         \*Mr. Latta. Thank you very much. And the chair now  
1252 recognizes the chairman of the full committee, the gentleman  
1253 from Kentucky, for five minutes for questions.

1254         \*The Chair. Thank you very much. I appreciate it.

1255         And I think all of us on this committee understand we

1256 need massive amounts of new power so it can be affordable.  
1257 And the grid needs to be updated and needs to be fixed. And  
1258 so we are -- that is where we agree. We are trying to figure  
1259 out how do we get there, and so that is why we are having  
1260 this hearing because I am trying to learn. And so, as we  
1261 look at -- we know we need to update the grid, but I am  
1262 trying to understand what we are trying to fix with  
1263 transmission reform.

1264           And so for Mr. Clark, you know, the proponents for FERC  
1265 permitting the interregional transmission say there will be  
1266 reliability and affordability benefits, and ratepayers should  
1267 pay for those benefits. From your perspective, what is  
1268 missing from the cost allocation argument when assessing what  
1269 is best for ratepayers?

1270           \*Mr. Clark. Mr. Chairman, thank you for the question.  
1271 So I think there are sort of two issues.

1272           One is, with regard to cost allocation, it probably does  
1273 make more sense to have better signals for what cost  
1274 allocation will look like for projects so that they and the  
1275 regulators who oversee them know exactly how those costs will  
1276 be allocated out. And perhaps there can be more signals in  
1277 certainty given from FERC with regard to cost allocation.

1278           But there are -- cost allocation is a separate issue  
1279 from the question of what other alternatives could be built  
1280 that might better serve customers. Sometimes the big

1281 transmission solution might be the right answer. There may  
1282 be other times where locating generation closer to load, or  
1283 maybe a state has had a public policy where they support  
1284 nuclear, or they want gas sited closer to load, or they want  
1285 to lean into energy efficiency and demand resources and non-  
1286 wires alternatives. All of those things have to be taken  
1287 into consideration, as well, and that really is what falls to  
1288 states to assess and to state commissions to assess.

1289         So I think that is a very, very important part of the  
1290 equation, and that -- we worry about greater federalization  
1291 perhaps encroaching on that because once the Federal  
1292 Government selects a line -- sites the line, but it is not  
1293 well integrated into what the individual states are doing,  
1294 you can end up with a less cost-effective solution for  
1295 customers than if it works within the state planning process  
1296 that drives towards least-cost planning.

1297         \*The Chair. Thank you. So this question is for Mr.  
1298 Rikard.

1299         I said that correctly, right?

1300         Yes. I knew some Rikards back where I grew up, so maybe  
1301 that -- instead of Rikard, Rikards.

1302         So Mr. Rikard and Mr. Howard, you each plan for  
1303 different types of utilities in different regions, the  
1304 southeast and then California. So my questions are to you,  
1305 if you could answer. So integrated planning enables you to

1306 evaluate the best options for ratepayers. Generation,  
1307 transmission, et cetera. Is that the process you follow?

1308 And why is integrated planning critical for building  
1309 utility infrastructure?

1310 So Mr. Rikard, if you want to, go first.

1311 \*Mr. Rikard. Integrated planning is critical for  
1312 designing the least-cost, most reliable system for our  
1313 customers. We enjoy the benefits of all of our planners, sit  
1314 around the same table, generation, transmission,  
1315 distribution, and fuel, working off a common set of  
1316 assumptions and inputs to design the fully integrated optimal  
1317 solution.

1318 In this era of rapid growth and significant growth, it  
1319 is important that when we are designing transmission we know  
1320 where the generation is going to be sited and we know where  
1321 the load is going. Without that insight, you would lead to a  
1322 sub-optimal plan, and therefore additional cost to our  
1323 customers that they can't bear.

1324 \*The Chair. Mr. Howard?

1325 \*Mr. Howard. So similar in California for our agency,  
1326 where we have 16 different utilities, many of the utilities  
1327 develop their own integrated resource plan. They meet  
1328 regularly with their customers so they understand where the  
1329 growth is, the timelines of that growth. We look pretty far  
1330 out into the future. At our agency we combine all of those

1331 various integrated resource plans and make a master. We  
1332 bring that forward to the California ISO. As part of the  
1333 transmission planning process we identify the types of loads  
1334 that we believe we are going to see, the timelines we are  
1335 going to see those.

1336 We also try to identify what are the types of resources  
1337 that we are going to need for meeting those loads, because it  
1338 might not all be the same. Some of those loads are just  
1339 during the middle of the day. Some of them are 24/7 if it is  
1340 a large load like a data center. So we try to identify what  
1341 will be those resources we are going to need, where those  
1342 resources are located, and then what is the best solution.

1343 Sometimes, again, it could be a transmission line.  
1344 Sometimes it is building local, sometimes it is better  
1345 building a new gas line in -- build a local generation versus  
1346 building a transmission --

1347 \*The Chair. Thanks, I am about out of time. I want to  
1348 ask Mr. Christie.

1349 So we do have these big weather events. It may be  
1350 really cold in one region of the country, not as cold in the  
1351 other, so you can move power. Is there a role for the  
1352 Federal Government in transmission lines in terms of just  
1353 being able to move power around the country as we need it, or  
1354 can that happen with the local planning?

1355 \*Mr. Christie. I think the role for the Federal

1356 Government is embodied in the Federal Power Act, which is  
1357 FERC's job is to be a consumer protection agency and protect  
1358 consumers from rates that are unjust and unreasonable for  
1359 both transmission and wholesale sales. That is what the  
1360 Federal Power Act says.

1361 The planning process, we have RTOs who actually do a  
1362 very good job at planning. Certainly, PJM historically has  
1363 done a very good job at planning. I have always had a lot of  
1364 respect for PJM planners.

1365 And to follow up on your question on cost allocation,  
1366 Mr. Chairman, as a Virginia regulator in PJM, cost allocation  
1367 worked fine as long as PJM was designing projects that served  
1368 consumers with reliable power. The curve ball that came in  
1369 is when they were told to start planning projects to  
1370 incorporate state public policies. Then that is when cost  
1371 allocation became a much tougher nut to crack.

1372 \*Mr. Latta. Excuse me, the gentleman's time has --

1373 \*The Chair. I yield back.

1374 \*Mr. Latta. -- expired, and he yields back. The chair  
1375 now recognizes the gentleman from New Jersey, the ranking  
1376 member of the full committee, for five minutes for questions.

1377 \*Mr. Pallone. Thank you, Mr. Chairman.

1378 For years Democrats have called for reforms to the way  
1379 our power grid is permitted, planned, and paid for, and I am  
1380 glad the Republican majority has finally decided to have a

1381 hearing on this topic. But a hearing is not enough. We  
1382 actually have to make policy changes, not just talk about  
1383 them.

1384 But Mr. Gramlich, I was struck by a mention in your  
1385 testimony where you talked about how the costs to deliver  
1386 energy over a high voltage transmission line were just a  
1387 fraction of the cost of delivering energy over a smaller,  
1388 less efficient line. And Americans are hurting due to the  
1389 sky-high electricity prices that we are seeing. So planning  
1390 for a more cost-effective grid makes a lot of sense to me.  
1391 So let me ask you a question, Mr. Gramlich.

1392 Can you talk about how regional and interregional grid  
1393 planning requirements can drive investments towards cost-  
1394 effective lines and away from inefficient investments?

1395 And why do we need these planning rules to dissuade  
1396 utilities from building a more fragmented, expensive power  
1397 grid?

1398 I have three questions for four minutes, and I am going  
1399 to come back to you, so maybe a minute or so.

1400 \*Mr. Gramlich. Thank you for the question.

1401 Yes, there are massive economies of scale in the larger  
1402 scale transmission, which means if you plan proactively to  
1403 achieve all of your short, medium, and long-term needs and  
1404 multiple purposes, reliability and economic needs, then you  
1405 can plan those higher voltage lines that are much more

1406 efficient.

1407           Utility incentives matter in this regard, as well. They  
1408 definitely get to own and build what is in their local area.  
1409 They don't necessarily get to own or build what is outside  
1410 the region. So we have seen a trend where there is a little  
1411 bit more activity. In fact, we are spending about \$30  
1412 billion on transmission around the country, but almost all of  
1413 that is on the local system and not so much on the regional,  
1414 and barely anything on the interregional system.

1415           \*Mr. Pallone. Well, thank you. I am going to come back  
1416 to you, but I wanted to go to Mr. Skelly.

1417           I am glad we have a witness today with experience  
1418 developing power lines outside of the traditional utility  
1419 model. And one thing you mentioned in your testimony was the  
1420 importance of having a one-stop shop for Federal coordination  
1421 of permitting efforts, similar to the role FERC plays for  
1422 natural gas pipelines.

1423           So my question, Mr. Skelly, is why is that one-stop  
1424 coordinating role so important in getting projects across the  
1425 finish line, and how can we enhance it?

1426           \*Mr. Skelly. So we have a couple of projects that are  
1427 working through a system called CITAP which the DoE uses  
1428 under the Energy Policy Act, and that process is moving  
1429 fairly quickly. We -- the project that I mentioned a few  
1430 minutes ago will be less than two years in and out of the

1431 NEPA process, and that is thanks to, really, great leadership  
1432 on the part of the Department of Energy.

1433         And -- but that is a permitting process, okay? That  
1434 process does not confer rights of eminent domain or some of  
1435 the other issues that we have heard expressed concerns about.  
1436 It is just a coordination of the dozen or so Federal  
1437 agencies. It is important because it is a -- there is a  
1438 Federal entity that kind of leans in and wants to make a  
1439 project happen. So we find that that leadership is really  
1440 important and helpful to move things along.

1441         \*Mr. Pallone. All right. Well, thank you. And I  
1442 wanted to go back to Mr. Gramlich again, but I wanted to  
1443 point out that a lot of the ideas Democrats are talking about  
1444 today aren't that drastic. Fixing the backstop transmission  
1445 siting authority that we gave FERC two decades ago just seems  
1446 like common sense to me.

1447         But my question, Mr. Gramlich, would a fix to FERC's  
1448 backstop siting authority to make it usable really be that  
1449 radical, given the Trump Administration's proposals related  
1450 to connecting data centers or forcing coal plants to stay  
1451 online?

1452         \*Mr. Gramlich. I mean, as you say, it would be just  
1453 fixing an authority that is there.

1454         A lot of -- the theme of a lot of permitting reform is  
1455 streamlining, right? And the National Interest Electric

1456 Transmission Corridor program has DoE go through a whole  
1457 process with NEPA at one agency and then, for the same line,  
1458 FERC go through the whole same -- it is double NEPA. What is  
1459 the point? Just streamline that.

1460 \*Mr. Pallone. All right, I appreciate it. Thank you so  
1461 much.

1462 Thank you, Mr. Chairman.

1463 \*Mr. Latta. Well, thank you very much. The gentleman  
1464 yields back the balance of his time. The chair now  
1465 recognizes the gentleman from Georgia's 12th district for  
1466 five minutes for questions.

1467 \*Mr. Allen. Thank you, Chairman Latta, this -- for  
1468 holding this important hearing today to discuss transmission  
1469 policy. I thank the witnesses, particularly Mr. Rikard from  
1470 Southern Company, my home state of Georgia and Georgia Power,  
1471 for your testimony before the subcommittee.

1472 As our energy demand increases, it is critical -- and I  
1473 think we all recognize that -- we build the infrastructure  
1474 necessary to meet the growing demand. I am a big proponent  
1475 of how we run our energy policy in the southeast, and that is  
1476 why Georgia has been named the best state to do business in  
1477 12 years in a row.

1478 Folks, it is all about energy. And the results of  
1479 strong state oversight and integrated planning by the  
1480 utilities has resulted in significant economic development

1481 while also protecting our everyday customers. This has  
1482 resulted in Georgia Power committing to freezing -- and  
1483 unlike as mentioned here earlier about electricity costs  
1484 going up, look what we are doing in Georgia. At least \$1.6  
1485 billion in cost savings for our customers. Maybe Washington  
1486 needs to come down to Georgia to see how we are doing  
1487 business.

1488 I have read your testimony, and I appreciate the detail  
1489 about how you plan transmission systems for Southern Company.  
1490 A lot of what this committee and our colleagues in the Senate  
1491 have considered around transmission seems to be trying to fix  
1492 problems that Southern Company and Georgia Power have already  
1493 solved. You are not having transmission constraints, you are  
1494 not having interconnection queue delays, and you are not --  
1495 and you are able to get generation connected quickly.

1496 I mean, we had the worst hurricane in history in my  
1497 district. In 150 years we hadn't had a hurricane, and we had  
1498 power back in 10 days. And it wiped out everything.

1499 You have the right amount of transition -- transmission  
1500 that you need to be able to import power from your neighbors,  
1501 but you do not have more than you need which would result in  
1502 higher costs for your -- our customers and my constituents.  
1503 Mr. Rikard, can you please explain how your planning process  
1504 works in detail, and why it has already solved the issues  
1505 that much of this legislation we see around transmission is

1506 trying to address?

1507           \*Mr. Rikard. Thank you very much, Representative Allen,  
1508 and we would love to host this subcommittee in Georgia any  
1509 time you want to come down.

1510           \*Mr. Allen. Yes, sir.

1511           \*Mr. Rikard. Thank you for that, and we are very happy  
1512 and we are very proud of that success you just mentioned.  
1513 And I will tell you I think it stems from one advantage the  
1514 southeast has that other regions don't have, and that is our  
1515 vertically-integrated, state-regulated business model that  
1516 allows for holistic integrated resource planning.

1517           Again, like I said earlier, all the planners working  
1518 together to find an integrated optimal solution that results  
1519 in least cost and high reliability. I think our transmission  
1520 planning process is a perfect illustration of how that  
1521 coordination works. And if you don't mind, I would like to  
1522 quickly --

1523           \*Mr. Allen. Yes, sir.

1524           \*Mr. Rikard. -- walk through that.

1525           It starts with understanding the demand, understanding  
1526 the growth. But not only the magnitude, but where it is  
1527 going. We have multiple data center customers that have peak  
1528 loads greater than a gigawatt. That is larger than a single  
1529 unit at Plant Vogtle. And transmission is highly location-  
1530 dependent. It matters where you put the load.

1531           But then the second step is for us to model our entire  
1532 system. We model every line, all 27,000 miles of line,  
1533 enough line to go around the Earth. We model all 3,700  
1534 substations. But more importantly, we model all 550 discrete  
1535 generating units. And that is not just the existing  
1536 generators, that is the ones we are planning for. And that  
1537 is the value of our generation planners and our transmission  
1538 planners working together, because that transmission line is  
1539 only as good as the generator on the other end.

1540           Once we have that model, we can then run thousands of  
1541 simulations to account for things like the simultaneous loss  
1542 of a line and a generator so that we can keep the lights on  
1543 in all those situations. And by modeling that, simulating  
1544 that, we can see where does a constraint occur on the system,  
1545 whether it is a thermal overload or drop in voltage support.  
1546 Once we identify that constraint, we then look at our entire  
1547 menu of solutions.

1548           There is no one-size-fits-all solution for a complex  
1549 energy system. We look at standard conductors, advanced  
1550 conductors, grid-enhancing technologies, and we apply the  
1551 right solution for that constraint. The result is we are  
1552 embarking on our largest transmission expansion in the  
1553 history of our company. We are deploying 750 miles of new  
1554 transmission, reconditioning or rebuilding over 1,300 miles  
1555 of existing, and over half of that is advanced conductors.

1556 And we are the industry leader in grid-enhancing  
1557 technologies.

1558 \*Mr. Allen. Okay, well, I am out of time.

1559 \*Mr. Rikard. Okay.

1560 \*Mr. Allen. I don't want to cut you short, but I noted  
1561 too what you were requesting Congress to do. We need to get  
1562 this done so you can continue this progress. And hopefully,  
1563 others will ask you to continue on with exactly what we are  
1564 doing here.

1565 And Mr. Chairman, I yield back.

1566 \*Mr. Latta. Thank you very much.

1567 \*Mr. Rikard. Thank you.

1568 \*Mr. Latta. The gentleman's time has expired and yields  
1569 back. The chair now recognizes the gentleman from  
1570 California's 50th district for five minutes for questions.

1571 \*Mr. Peters. Thank you, Mr. Chairman. I do want to  
1572 thank you for having this hearing. It has been something I  
1573 have looked forward to for a long time.

1574 Here is our challenge. The North American Electric  
1575 Reliability Corporation, or NERC, has said that an additional  
1576 35 gigawatts of interregional transfer capability across the  
1577 country would reduce grid congestion, lower costs for  
1578 consumers, and generally enable us to better meet load  
1579 growth. At a recent -- a recent study showed that  
1580 transmission connections among U.S. regions would have saved

1581 in 2022 between 5.8 and \$7.1 billion -- that is when natural  
1582 gas prices were a little higher in 2023 -- between 3.4 and \$5  
1583 billion in 2023.

1584 The issue we have is that we have a national interest in  
1585 interregional transmission. A lot of the discussion has been  
1586 about in-state or very localized transmission. But we up  
1587 here in Congress, we have to figure out a way to recognize  
1588 these savings and build out interregional transmission, at  
1589 least to the extent of 35 gigawatts.

1590 And I would ask unanimous consent that we can admit to  
1591 the record a Utility Dive write-up of this study that says  
1592 more regional -- more interregional transmission could save  
1593 consumers billions.

1594 \*Mr. Latta. Without objection, so ordered.

1595 [The information follows:]

1596

1597 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

1598

1599           \*Mr. Peters. Mr. Skelly, there is a process in theory  
1600 that is outlined in law that they -- we do these national  
1601 corridors of interest, where the government decides where to  
1602 site power lines, where the government decides what is  
1603 needed. You are actually doing something called merchant  
1604 building, where you look at the market and you try to, as a  
1605 business matter, connect one place to another where you  
1606 decide, as a business person, what the need is. When you do  
1607 a multi-state transmission line, can you tell us what permits  
1608 you need, and what agencies you need to work with, and how  
1609 those challenges contribute to the willingness of companies  
1610 to invest in transmission?

1611           \*Mr. Skelly. Yes. So let me just reference back first  
1612 to the study that you mentioned. So the -- what you have  
1613 said is with this investment you would get huge savings.  
1614 That is generally our experience, is that we are able to show  
1615 that if you connect two spots on the grid that are not  
1616 connected otherwise, that this produces big savings. And  
1617 that is why we are able to attract utilities that want to  
1618 invest in the projects, because that produces savings for  
1619 their customers. So I completely agree with many of the  
1620 findings of the study.

1621           So what we do is we work through the process. So we get  
1622 out and we talk to landowners, we work to find a route that  
1623 works for them. We heard mention of, you know, the front of

1624 the pasture, the back --

1625 \*Mr. Peters. Yes, right.

1626 \*Mr. Skelly. -- of the pasture. That is the kind of  
1627 stuff we are doing all day, every day. Then we work with  
1628 counties to get county approvals. Sometimes there is  
1629 township approvals, as well. Then we will go through a state  
1630 siting process where you go to the state commission and you  
1631 propose a project, and they look at your routing and how you  
1632 came up with that particular route.

1633 \*Mr. Peters. What are the Federal obstacles to what  
1634 you --

1635 \*Mr. Skelly. At the -- and then at the Federal level,  
1636 we would have, on a given project, probably a dozen different  
1637 Federal agencies that would have a say on the project and  
1638 whether or not the impacts of the project are too much or  
1639 really properly considered.

1640 \*Mr. Peters. Right.

1641 \*Mr. Skelly. And then they come up with a record of  
1642 decision. So we are in the middle of those processes --

1643 \*Mr. Peters. And then we -- it would be helpful to you  
1644 if the Federal Government had standards by which we judged  
1645 who pays for the benefit, right?

1646 \*Mr. Skelly. Yes.

1647 \*Mr. Peters. Okay. Mr. Gramlich, what is the big,  
1648 number-one barrier to connecting new energy resources to the

1649 grid?

1650           \*Mr. Gramlich. It is really transmission capacity.  
1651 There has been a lot of work on the process, and further  
1652 work, I think, would be helpful on the process of generator  
1653 interconnection. But really, what we find, especially if you  
1654 look at when, say, an RTO actually plans transmission and the  
1655 lines get approved in the plans, automatically the generator  
1656 interconnection quickly becomes faster and cheaper because  
1657 those lines are assumed and you don't have individual  
1658 generators having to pay for a regional network --

1659           \*Mr. Peters. Right.

1660           \*Mr. Gramlich. -- that benefits everybody across, you  
1661 know, a dozen or more states.

1662           \*Mr. Peters. Mr. Rikard, I just want to compliment you  
1663 on your testimony. I thought it was very well written and  
1664 very impressive.

1665           There is nothing about a Federal process that wouldn't  
1666 -- that could -- that was trying to do interregional  
1667 transmission that might say, as you suggested in your  
1668 testimony, interregional is appropriate in other places, but  
1669 maybe Georgia is good on its own, right?

1670           \*Mr. Rikard. No, sir. I would -- we are -- I would  
1671 respectfully disagree with my fellow witnesses here. We are  
1672 highly incentivized to look at any solution that is for the  
1673 benefit of our customers.

1674           \*Mr. Peters. I am just saying if we had a Federal  
1675 process that tried to decide where to put interregional  
1676 transmission, a Federal process that took the evidence you  
1677 gave us in your testimony -- you might say, okay, maybe  
1678 Georgia doesn't need interregional transmission, right?

1679           \*Mr. Rikard. If it is a line from California or a  
1680 string on a kite, if it is a good deal for our customers we  
1681 will evaluate it.

1682           \*Mr. Peters. Okay, but I am just saying you are not  
1683 going to be forced to do anything if the numbers don't show  
1684 it, right?

1685           \*Mr. Rikard. Our concern about prescribed outcomes is  
1686 it will lead to costly solutions for our customers, and we  
1687 think our integrated resource plan results in the best cost  
1688 solution for our --

1689           \*Mr. Peters. I hope you will accept my question as a  
1690 statement, then, because you didn't really acknowledge it,  
1691 but I think there is nothing about a Federal system of  
1692 planning that would require you to do anything.

1693           And I would just say I hope we can solve this, because  
1694 it is part of a bigger plan to get a lot of the other things  
1695 that you need, including NEPA reform and pipeline reform.  
1696 Let's see if we can't come up with a solution, other than  
1697 leave it the way it is.

1698           I yield back.

1699           \*Mr. Latta. Thank you. The gentleman's time has  
1700 expired and he yields back. The chair now recognizes the  
1701 gentleman from Alabama's 6th district for five minutes for  
1702 questions.

1703           \*Mr. Palmer. Thank you, Mr. Chairman.

1704           Mr. Rikard, your testimony mentions that all the  
1705 transmission in the world cannot fix generation shortfalls.  
1706 You also note that during Southern Company's peak events,  
1707 transmission capacity was not so much the concern, but there  
1708 was not excess power to buy from other regions of the  
1709 country. Building more transmission has been a debate in  
1710 this committee for years, but it seems to me the problem is  
1711 more about the need to build dispatchable baseload  
1712 generation. Can you expand on that, if additional  
1713 transmission would have solved the shortage, and explain how  
1714 you are making sure that the company has enough generation to  
1715 serve the customers?

1716           \*Mr. Rikard. Yes, sir. Thank you for the question.

1717           \*Mr. Palmer. I am a customer --

1718           \*Mr. Rikard. Yes, sir. Transmission, again, is only as  
1719 good as the generator on the other end. And much like our  
1720 transmission planning process, our generation planning  
1721 process is just as robust.

1722           One of the key metrics for resource adequacy is  
1723 something called reserve margin. It is essentially the

1724 percent of capacity you carry above your projected peak load.  
1725 It is your insurance to account for things like extreme  
1726 weather events or loss of a major unit. We go through an  
1727 extremely detailed analysis to figure out what is the  
1728 economic optimum amount of insurance we should carry for our  
1729 customers. If we are over-insured, we are going to crush  
1730 them with cost. If we are under-insured, we expose them to  
1731 more reliability events.

1732           And by the way, we have not shed firm load since 1977,  
1733 and we are very proud of that.

1734           The other step is each technology provides a different  
1735 value proposition. There is a difference between capacity  
1736 and energy. Capacity is knowing that on that cold winter  
1737 morning when we need heat, that I can go to that technology  
1738 and it will produce megawatts. Firm dispatchable capacity,  
1739 like gas generation, has higher capacity value than, say, an  
1740 intermittent resource. But intermittent resources have  
1741 energy value, as well.

1742           So we are going to always pursue an optimal mix that not  
1743 only hits that target reserve margin, but at the lowest cost.  
1744 And I think the thing that really differentiates us from the  
1745 rest of the region is everybody has a target reserve margin.  
1746 We are the only market, a vertically-integrated, state-  
1747 regulated market, that has the mandate to build or buy to  
1748 meet that target reserve margin because our state regulators

1749 hold us accountable for maintaining reliability. And that is  
1750 why we haven't shed firm load since 1977.

1751       \*Mr. Palmer. Well, one of the things about building  
1752 transmission lines -- and usually when we are talking about  
1753 it in this committee it is about wind farms or solar farms,  
1754 and we don't talk so much about it in the context of what we  
1755 need in terms of the dispatchable power. And one of the  
1756 things that I think gets lost is the longer the transmission  
1757 line, the less efficient it is in delivering power.

1758       I also look at the whole issue of battery storage.  
1759 Again, most people think of that in the context of  
1760 renewables, when the wind is not blowing or the solar panels  
1761 are not producing the power you need. But it is also  
1762 essential for peak periods, even with dispatchable power.  
1763 And I think Southern Company is doing a lot in that area.

1764       One of the things that I wanted to ask you about is --  
1765 to just highlight is what Southern Company's Plant Vogtle is  
1766 doing. And as you mentioned, the reliable, sustainable,  
1767 scalable energy is one of the most prominent needs in the  
1768 U.S. Nuclear energy is one of the options to see that  
1769 through. It is the first newly-constructed nuclear unit in  
1770 the United States in, what, over 30 years? So what do you  
1771 believe has been the key to success in initiating the  
1772 commercial operations?

1773       And it is also a model. I mean, I met with

1774 representatives from Poland. They want to build a Vogtle-  
1775 type generator in Poland.

1776 \*Mr. Rikard. Yes, sir. I think --

1777 \*Mr. Palmer. You have only got a minute left, if you  
1778 could be as concise as you could be.

1779 \*Mr. Rikard. Yes, sir. I think the key to our success,  
1780 again, is our vertically-integrated model and our  
1781 constructive state regulatory environment. Plant Vogtle is  
1782 2,200 megawatts of carbon-free energy, but it is also firm  
1783 dispatchable capacity. It will be there on that cold  
1784 morning. And working with our regulator, we were able to  
1785 demonstrate that value and also drive that to completion.  
1786 And it is going to be an asset that operates for 80-plus  
1787 years and is tremendous value to the citizens of Georgia.

1788 \*Mr. Palmer. And you are looking at 750 miles of new  
1789 transmission. That is one -- that is not one transmission  
1790 line, that is multiple transmission lines, and I think it is  
1791 important to note that. Because with the permitting problems  
1792 that we have got right now, it takes 10 to 20 years to build  
1793 transmission lines.

1794 But I am also very concerned about our reliance on China  
1795 for critical components, and a lot of the components that we  
1796 manufacture here are reliant on China for rare earth elements  
1797 and critical minerals that only China processes and refines.  
1798 So are those some of the concerns that you have about

1799 Southern Company's ability to build these transmission lines,  
1800 having -- being able to get it done in a reasonable amount of  
1801 time, having a certain -- a level of certainty that that will  
1802 not drive capital investment away, allow you to get  
1803 affordable money?

1804 \*Mr. Rikard. No, sir, we are open for business, and we  
1805 will remain open for business because we are coordinated --

1806 \*Mr. Latta. Well, I am sorry, the gentleman's time has  
1807 expired and yields back, and the chair now recognizes the  
1808 gentleman from New Jersey's 8th district for five minutes for  
1809 questions.

1810 \*Mr. Menendez. Thank you, Chairman.

1811 Building out an upgraded grid infrastructure is a key  
1812 piece to meeting and addressing skyrocketing energy bills and  
1813 growing energy demands from AI data centers.

1814 Mr. Gramlich and Mr. Skelly, just yes or no, would you  
1815 agree that building transmission is essential to meeting  
1816 growing electricity demand?

1817 \*Mr. Skelly. Yes.

1818 \*Mr. Gramlich. Yes.

1819 \*Mr. Menendez. And we hear from Republicans on this  
1820 committee about the need to compete with China when it comes  
1821 to energy and the AI race. That is their justification for  
1822 propping up fossil fuels and attempting to revitalize coal,  
1823 despite China's embrace of all types of energy. Mr.

1824 Gramlich, your testimony describes China's effort to build  
1825 out transmission lines. Would you say that China is  
1826 outpacing us in terms of building out transmission?

1827 \*Mr. Gramlich. Absolutely, by a lot.

1828 \*Mr. Menendez. Yes. According to the New York Times,  
1829 China built roughly 25 times more transmission than the  
1830 United States. They are connecting energy from where it is  
1831 to where it is needed. So China is building out their  
1832 interregional transmission to take advantage of all types of  
1833 energy sources.

1834 Mr. Gramlich, would building out interregional  
1835 transmission help us meet our growing energy needs and, in  
1836 turn, help us to compete with China?

1837 \*Mr. Gramlich. Absolutely.

1838 \*Mr. Menendez. And building out our grid and  
1839 interregional transmission can help lower energy bills in the  
1840 process. Is that correct?

1841 \*Mr. Gramlich. Yes.

1842 \*Mr. Menendez. Could you briefly describe how?

1843 \*Mr. Gramlich. It provides access to cheaper  
1844 generation, which is not necessarily always one generator and  
1845 one location. It goes both directions. At any given time  
1846 the cheaper generation might be to the east or to the west.  
1847 Transmission is bidirectional, so at any given moment  
1848 transmission allows access to the cheapest generation.

1849           \*Mr. Menendez. Matching supply with demand.

1850           \*Mr. Gramlich. Yes.

1851           \*Mr. Menendez. House Republicans and President Trump  
1852 have spent the last 16 months rolling back investments in  
1853 clean energy to prop up fossil fuels, canceling hundreds of  
1854 energy projects across the country. And now they are arguing  
1855 against interregional transmission which would allow regions  
1856 to tap nearby generation sources with lower energies.

1857           But by contrast, China is embracing all forms of energy  
1858 and rapidly building out the necessary infrastructure to  
1859 connect resources to where they are needed. Meanwhile, House  
1860 Republicans and President Trump are actively hamstringing our  
1861 ability to harness all tools at our disposal to truly compete  
1862 with China to bring down energy costs, and are proactively  
1863 choosing energy winners and losers in the process, despite  
1864 almost every witness before this committee agreeing that we  
1865 need an all-of-the-above strategy to energy production in  
1866 this country.

1867           Now let's talk about permitting reform. Mr. Gramlich,  
1868 can you talk about the need for meaningful permitting reform  
1869 to deliver the grid upgrades we should all know we need?

1870           \*Mr. Gramlich. Yes. I mean, simply, we like to  
1871 describe it as the three P's: planning, permitting, and  
1872 paying -- paying being who pays how much, and just defining  
1873 the benefits on that. But there are good efforts, I think,

1874 in the -- well, there have been good bills from here sent  
1875 over to the Senate, good ideas in the Senate Energy Committee  
1876 on the -- and EPW on that.

1877 \*Mr. Menendez. Yes, there have been good bills and  
1878 there have been bad bills. Last year Republicans attempted  
1879 to pass a permitting package that only helped the fossil fuel  
1880 industry and did nothing to support cleaner and cheaper  
1881 energy that is needed to meet skyrocketing demand. They even  
1882 went as far to amend the bill to explicitly attack offshore  
1883 wind.

1884 Mr. Gramlich, would permitting reform that favors one  
1885 energy source and significantly disadvantage another help us  
1886 meet our energy goals?

1887 \*Mr. Gramlich. A technology neutral approach would be  
1888 far better.

1889 \*Mr. Menendez. Yes, I agree. We need to have  
1890 meaningful discussions on permitting reform, but that is hard  
1891 to do when House Republicans and the Trump Administration  
1892 have yet to show they can be trusted to implement any deal in  
1893 a way that is balanced and does not harm cleaner and cheaper  
1894 energy.

1895 Since Trump took office, electricity prices have risen  
1896 as much as 13 percent nationwide. In New Jersey electricity  
1897 bills have risen as much as 20 percent. And the One Big,  
1898 Beautiful Bill, as described by Republicans, is expected to

1899 raise electricity prices 61 percent over the next decade.

1900 And for the folks back home, those who are listening, if  
1901 you hear about Trump's ratepayer protection pledge, know that  
1902 it is nothing more than a handshake deal with big tech  
1903 companies. Instead of thinking about a balanced,  
1904 comprehensive approach to America's energy policy, Trump and  
1905 House Republicans are more occupied with settling political  
1906 scores and, in doing so, are crushing Americans with  
1907 increased energy costs at a time of affordability crisis.

1908 And yesterday the President said the quiet part out loud  
1909 when he stated that he doesn't think about Americans'  
1910 financial situation. Unfortunately, House Republicans in  
1911 this committee and in this Congress, their actions have shown  
1912 they don't care either.

1913 Thank you, and I yield back.

1914 \*Mr. Latta. Well, thank you very much. The gentleman  
1915 yields back the balance of his time. The chair now  
1916 recognizes the gentleman from Ohio's 12th district for five  
1917 minutes for questions.

1918 \*Mr. Balderson. Thank you, Chairman Latta, and thank  
1919 you all for being here today. My first question is for Mr.  
1920 Howard.

1921 Mr. Howard, thank you for being here. While Ohio does  
1922 energy policy differently than California, I think we can  
1923 agree on one thing: local utilities matter. Based on your

1924 experience, what practical value does regional and local  
1925 expertise bring to planning and siting transmission lines  
1926 that a Federal agency like FERC, no matter how much staff or  
1927 authority it has, just can't re-complicate from Washington --  
1928 replicate from Washington -- excuse me, sir.

1929 \*Mr. Howard. Thank you for the question.

1930 I think, as we stated earlier, the integrated resource  
1931 planning from the bottom up, really identifying what are the  
1932 needs, what are the types of alternatives that we have  
1933 available to us, those are very well done at the local level  
1934 in determining where those resources might be located that we  
1935 want to access, and then bringing that up to what is the  
1936 transmission that is necessary, what is the size of that  
1937 transmission, can we do it through upgrades of existing  
1938 versus building new. Looking at all those options, we are  
1939 really better at the local level and the regional level to do  
1940 that.

1941 \*Mr. Balderson. Thank you sir. I appreciate that. My  
1942 next question is for Mr. Christie.

1943 Mr. Christie, thank you for being here. Some folks seem  
1944 to think that renewable, intermittent projects in the  
1945 interconnection queues could solve the resource adequacy  
1946 problems facing the electric grid all on their own. During  
1947 your time at FERC you worked on order 2023 to modernize the  
1948 generational interconnection process. What do these

1949 thousands of gigawatts of renewable energy mean to resource  
1950 adequacy?

1951 And what problems do you see facing the interconnection  
1952 queue process?

1953 \*Mr. Christie. Well, we made a lot of progress under  
1954 rule 2023. The queues have been rationalized. The whole  
1955 point of 2023 was to go from a first-come, first-served to a  
1956 first-ready, first-served, so that the generators who were  
1957 ready to go -- they had financing, they had site control --  
1958 would move up to the head of the line. And we already see in  
1959 PJM, for example, they had about 60 gigawatts of new  
1960 applications that were ready to go. So it -- 2023, I would  
1961 tell you, is working.

1962 The issue about, you know, intermittent versus  
1963 dispatchable, we have to have dispatchable resources because  
1964 there is a huge difference between energy value and capacity  
1965 value. And you have to understand that to understand how to  
1966 evaluate a generating resource. Wind and solar have very  
1967 good energy values, and they are cheap. They have low  
1968 marginal cost, but they have very low capacity values. You  
1969 have to have the dispatchable resources like gas, nuclear to  
1970 have -- and coal -- to have the capacity value.

1971 Now, in PJM -- and I am very familiar with PJM, coming  
1972 from Virginia -- PJM has retired way too much in the way of  
1973 dispatchable resources over the last 20 years because of the

1974 market structure. That is an hour-long conversation. But we  
1975 have to have both. We have to have sufficient dispatchable  
1976 resources with high capacity value to make sure that the  
1977 lights stay on. That is literally a reliability issue.

1978 \*Mr. Balderson. Thank you, sir, I appreciate that. My  
1979 next question is also for you, Mr. Christie and Mr. Rikard,  
1980 and I will let Mr. Rikard go first.

1981 There has been reference to the NERC findings that  
1982 increasing interregional transfers of power will benefit  
1983 reliability and affordability. Would you each comment on  
1984 whether FERC should mandate some amount of interregional  
1985 transfer capacity based on this congressional-requested study  
1986 is the first question.

1987 And then, to follow up with that is, and is there a way  
1988 to plan the system without Federal mandates that will better  
1989 assure reliability and affordability for our constituents?

1990 And Mr. Rikard, you may go first, please.

1991 \*Mr. Rikard. While we appreciate the NERC study, it is  
1992 admittedly by NERC incomplete. It fails to consider cost  
1993 benefit analysis. As a part of integrated resource planning,  
1994 that is all we do. We do a full accounting of the costs and  
1995 the benefits.

1996 And our concern with a Federal mandate is it will  
1997 prescribe outcomes that are uneconomic for our customers and  
1998 that our IRP process already finds the least-cost solution

1999 for our customers, and our state commissioners hold us  
2000 accountable to do that.

2001 \*Mr. Balderson. Thank you.

2002 Mr. Christie?

2003 \*Mr. Christie. The NERC study didn't say that we needed  
2004 a mandated minimum amount of interregional transmission.

2005 What the NERC study said was we need interregional  
2006 transmission. I agree with that. Of course we do.

2007 We already have interregional transmission. During  
2008 Hurricane Uri power was shipped from PJM into MISO and from  
2009 MISO into SVP. So we have interregional transmission. We  
2010 need more interregional transmission.

2011 But the point NERC was making -- and I would certainly  
2012 make that point, too -- an interregional line needs to be  
2013 evaluated individually between the two planning regions to  
2014 make sure that line is the most cost effective for consumers.  
2015 That is the way you do any utility asset is you look at the  
2016 facts of the individual asset, whether it is transmission,  
2017 generation, distribution, and make a decision that serves  
2018 consumers, not some pre-existing mandate before you have even  
2019 looked at the facts.

2020 \*Mr. Balderson. Agreed. Thank you both very much.

2021 Mr. Chairman, I yield back.

2022 \*Mr. Latta. Thank you. The gentleman yields back the  
2023 balance of his time. The chair now recognizes the gentleman

2024 from California's 15th district for five minutes for  
2025 questions.

2026 \*Mr. Mullin. Thank you, Mr. Chair. Thank you to all  
2027 the witnesses for being here today. There are indeed major  
2028 challenges to building transmission lines in this country.  
2029 And as many of you have noted, we need solutions to improve  
2030 the permitting, planning, and proper allocation of costs for  
2031 grid infrastructure.

2032 One promising approach is to site transmission lines on  
2033 existing transportation rights of way. For example, near  
2034 railroads and highways. This could eliminate pushback from  
2035 private landowners, make it easier to access for maintenance,  
2036 and may unlock new financing models for transmission.  
2037 Several states such as Iowa, Montana, Wisconsin, and others  
2038 have recently passed laws allowing dual-purpose rights of  
2039 way.

2040 So Mr. Gramlich and then Mr. Rikard, what are some  
2041 challenges to building transmission infrastructure on  
2042 transportation rights of way, and how can Congress help  
2043 address that issue?

2044 \*Mr. Gramlich. I think building transmission on  
2045 highways is a pretty daunting challenge for most. There are  
2046 many rules and regulations that apply. Any effort that the  
2047 Federal DoT or state DoTs can execute to make that easier  
2048 would be welcome, and is often a very good solution.

2049           There is a great line on I-94 in Wisconsin after a state  
2050 law passed there that, you know, uses land well, and I think  
2051 could be a good model.

2052           \*Mr. Rikard. Yes, sir. Thank you for the question.

2053           You know, physics determines transmission paths, but we  
2054 are highly interested in any time we can expedite  
2055 transmission siting, transmission construction. And we are  
2056 very interested in this potential legislation, how we could -  
2057 - our customers could benefit from it.

2058           \*Mr. Mullin. We know nothing is easy in this regard,  
2059 but I introduced a bill earlier this year directing the  
2060 Department of Energy to lay the groundwork for a path forward  
2061 with this approach, and I look forward to working with my  
2062 colleagues, hopefully in a bipartisan way, to advance that  
2063 effort.

2064           So I would like to now focus on grid component supply  
2065 chains, a challenge some of you noted in your testimony.  
2066 Right now there is a nationwide shortage of transformers,  
2067 circuit breakers, cables, and other materials that have  
2068 doubled in prices and pushed procurement lead times out by  
2069 years. If Congress is going to address this issue, we have a  
2070 few levers to pull. For example, incentivizing domestic  
2071 manufacturing, investing in workforce development, and  
2072 accelerating the commercialization of new grid technologies.

2073           So Mr. Skelly, then Mr. Howard, if you will, could you

2074 describe the supply chain challenges your companies are  
2075 facing right now and, more importantly, how Federal support  
2076 could help alleviate those challenges?

2077       \*Mr. Skelly. So these challenges are real. It is very  
2078 difficult to get everything from towers to wires to HVDC  
2079 equipment that we rely upon.

2080       The -- you mentioned some of the things that the Federal  
2081 Government is doing. I think the best thing the Federal  
2082 Government can do is give us a little more certainty around  
2083 the ability to get projects done because we -- a couple of  
2084 years ago we placed an order for some -- about \$1 billion of  
2085 high voltage direct current equipment from a company called  
2086 Hitachi, and we did so with some trepidation because we  
2087 weren't really sure if our projects were going to move along  
2088 or not.

2089       And so, to the extent that we can create more certainty  
2090 in terms of project timelines and -- we don't need guaranteed  
2091 outcomes, but some assurance like, okay, we are going to go  
2092 through a process, and if you get through this process you  
2093 will build this project, that is probably the best thing  
2094 because then we and others can step up and make commitments.  
2095 That will be the sort of underpinning of more investments in  
2096 the manufacturing sector.

2097       \*Mr. Howard. So thank you for the question. We do need  
2098 more manufacturers of some of this equipment and appropriate

2099 incentives for that. But I would also echo what Mr. Skelly  
2100 put forward, and that is in the project that we are working  
2101 on we are waiting almost to the end of the permitting process  
2102 before we are ordering these very lengthy, long-duration  
2103 materials instead of doing it in parallel because of the risk  
2104 of not getting the special permits that we need and not  
2105 knowing for sure that we are going to build it. So it is  
2106 such a high-risk, high-cost type of process.

2107         The other thing is some of the procurement rules now  
2108 have changed dramatically. You know, as a public agency,  
2109 putting very large deposits up front for something you might  
2110 not receive for four or five years out, and then having maybe  
2111 sequential payments -- and then they are not firming the end  
2112 price until six months before delivery because of the  
2113 potential of changing the cost of the materials. So the  
2114 procurement rules for us are very, very daunting.

2115         \*Mr. Mullin. Thank you all for that. I look forward to  
2116 working on legislation on all those issues, and --

2117         \*Mr. Latta. Thank you very much.

2118         \*Mr. Mullin. -- I yield back.

2119         \*Mr. Latta. The gentleman yields back and the chair now  
2120 recognizes the gentleman from Texas's 11th district for five  
2121 minutes for questions.

2122         \*Mr. Pfluger. Thank you, Mr. Chairman, and I appreciate  
2123 the witnesses being here. The discussion is so important to

2124 our future, our security, and the ability for us to continue  
2125 to produce what we need with demand growing. It is just --  
2126 this is such a -- it is not just a timely discussion, it is  
2127 something that, quite frankly, we are behind on. So thank  
2128 you for that.

2129         And I strongly support the -- every aspect of generating  
2130 more power, of getting that to consumers, of competing with  
2131 China, you know, and there are so many different things. I  
2132 think we should be clear-eyed on this is a competition with  
2133 the Chinese Communist Party that would really like to take  
2134 data centers in particular back to the mainland of China  
2135 instead of allowing them to be here. So, yes, I think we can  
2136 do all of it, and I have got a couple of questions that I  
2137 will jump into.

2138         You know, there is a variety of ways to do this, but  
2139 when lines are built and they go through private land I think  
2140 the onus is on all of us to really tell that story about what  
2141 we are doing. And there is a lot of concerns back in my home  
2142 district, so know that I am supportive of having lines  
2143 transmit electricity, more electricity.

2144         But we have heard a lot of -- just a lot of concern.  
2145 And this is mostly a state-level issue in the State of Texas,  
2146 so less Federal interaction, but I think the nexus here is --  
2147 I will start with Mr. Clark on just what the -- what are the  
2148 best practices for ensuring that landowners and the local

2149 communities can have a meaningful voice in transmission  
2150 siting decisions?

2151 \*Mr. Clark. Congressman, thank you for the question.

2152 The first thing I would say is that, if I am making  
2153 recommendations to project developers, the best  
2154 recommendation I would have is make sure you have really good  
2155 land agents, because that is where it starts. I have seen a  
2156 number of occasions where a project will really get off  
2157 track. And it is not always electric transmission lines; it  
2158 can be pipelines, too. But if you have land agents who  
2159 aren't working well in the community and with landowners,  
2160 that can be a problem.

2161 A second recommendation I would have is anything that  
2162 you can do from a congressional standpoint to open up  
2163 opportunities to use things like rights of way to streamline  
2164 the Federal permitting process so that project developers  
2165 don't avoid multi-use Federal land -- I have seen many  
2166 projects where it would be better to place it on the multi-  
2167 use Federal land, keep it off of private landowners' land.  
2168 But the project developer won't choose that route, even  
2169 though it is most cost effective, it would be better put on  
2170 -- we are not talking about wilderness areas or things like  
2171 that -- multi-use land, but they don't go that way because  
2172 they don't want to trigger a Federal nexus, which then  
2173 triggers all sorts of Federal permitting.

2174           So I think those two things will help with landowner  
2175 relations and get projects done more quickly and efficiently.

2176           \*Mr. Pfluger. Thank you, and I will come back to that  
2177 in just a second. Your point is well taken. I want to go to  
2178 Chairman Christie.

2179           Do you believe states are better positioned than the  
2180 Federal Government to weigh landowner concerns and to deal  
2181 with that?

2182           \*Mr. Christie. Absolutely, Congressman. I will give  
2183 you an example.

2184           So we had a very controversial project when I was on the  
2185 Virginia commission. It was called the TrAIL Line. It ran  
2186 from Pennsylvania through West Virginia into Virginia. It  
2187 was the largest regional line in PJM, and we had hundreds of  
2188 people that came out to high school gyms complaining,  
2189 opposing the line. No one came out in favor of it. Hundreds  
2190 came out against it. And -- but they had their chance to  
2191 speak. They had the hearings. And ultimately, we decided  
2192 that the facts showed that that line was needed to avoid line  
2193 overloads, which would have caused blackouts and brownouts.  
2194 So the facts justified the line. We approved the line. It  
2195 got -- continued to get litigated for years. We won all the  
2196 litigation. We got it built.

2197           The lesson is state regulators are in that position to  
2198 listen to the people, to give the people a chance to come out

2199 -- by the hundreds, literally -- and speak their will. But  
2200 at the end of the day, when a state regulator says the facts  
2201 show this needs to be built, we had a credibility that came  
2202 from the fact that we were a state utility commission. The  
2203 bottom line is I don't think FERC would have that.

2204 \*Mr. Pfluger. Yes.

2205 \*Mr. Christie. If we had said no to that line and FERC  
2206 had come in and said, well, we are going to order you to  
2207 build it anyway, I think, frankly, the political blowback  
2208 would have been so fierce that the Members of Congress from  
2209 Virginia would have wanted to do away with backstop siting  
2210 authority.

2211 \*Mr. Pfluger. That is a good point.

2212 \*Mr. Christie. And another reason it has never been  
2213 used.

2214 \*Mr. Pfluger. Well --

2215 \*Mr. Christie. State regulators have a credibility with  
2216 the people of their states because they are there all the  
2217 time, and they know what the states need. And that is why I  
2218 think, from a credibility standpoint, the states have got the  
2219 credibility that FERC is just not going to have.

2220 \*Mr. Pfluger. I am going to -- let me real quickly --  
2221 thank you.

2222 Mr. Clark, existing right of ways, but also bolstering  
2223 the existing system and making these lines more productive,

2224 can you quickly -- and then in writing -- follow up on how we  
2225 should be looking at that, and what impact that will have on  
2226 our ability to transmit electrons?

2227       \*Mr. Clark. I am happy to do so. I think state  
2228 regulators are definitely interested in ways that the  
2229 existing system can be bolstered, increased, capacity  
2230 utilized without requiring new siting of transmission and  
2231 infrastructure.

2232       \*Mr. Pfluger. I will submit questions for the record.

2233       [The information follows:]

2234

2235       \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

2236

2237           \*Mr. Pfluger. Thank you, Mr. Chair. I yield back.

2238           \*Mr. Latta. Thank you very much. The gentleman's time  
2239 has expired and he yields back, and the chair now recognizes  
2240 the gentlelady from Virginia's 4th district for five minutes  
2241 for questions.

2242           \*Ms. McClellan. Thank you, Chair Latta and Ranking  
2243 Member Castor, for this important hearing today. Thank you  
2244 to our witnesses, and especially my former constituent, Mark  
2245 Christie.

2246           It is nice to be on this side of the dais with you at  
2247 the table.

2248           Energy demand in the United States is forecast to  
2249 explode over the next few years, and we must upgrade our  
2250 grid, increase transmission capacity, and improve  
2251 efficiencies in the grid's ability to transmit energy,  
2252 especially during emergencies or periods of extreme weather.  
2253 We must advance meaningful reforms to expedite grid and  
2254 transmission modernization in order to address skyrocketing  
2255 energy prices and prevent greater harm to Americans in the  
2256 future.

2257           And in a world in which U.S. households have an average  
2258 of roughly 21 connected devices, our current grid cannot  
2259 handle the increase in energy generation necessary to support  
2260 the increased electrification of everything from  
2261 transportation to advanced manufacturing, data centers, and

2262 AI.

2263           And one of themes of today's hearing has been getting  
2264 the proper balance between the Federal Government's  
2265 responsibility versus the state's responsibility. And as a  
2266 former state legislator, I get it and I agree how important  
2267 it is to get that balance right. But what has been missing  
2268 from our discussion today is the sheer difference in  
2269 permitting an interstate natural gas pipeline versus an  
2270 interstate transmission line. For the natural gas pipeline  
2271 it is a one-stop shop. You go to FERC, you apply for a  
2272 permit, FERC gives you the permit. For transmission lines  
2273 you have to apply for a permit from each state's utility  
2274 commission that your line touches.

2275           Mr. Gramlich, does that make -- difference make a lot of  
2276 sense to you?

2277           And given fears around all of the power lines being  
2278 sited at the Federal level, how many transmission lines do  
2279 you expect these reforms will actually impact in real life?

2280           \*Mr. Gramlich. Thank you for the question.

2281           Well, for sure it is easier to build interstate natural  
2282 gas pipelines than transmission. We have a whole Federal  
2283 regime for natural gas, the Natural Gas Act and FERC's  
2284 authority there. There are certainly proposals and  
2285 discussions of moving the electricity system to replicate  
2286 that and have full parity of transmission with natural gas.

2287 Sort of being a practical purpose person, I am aware that  
2288 there is an opportunity in this Congress to do something that  
2289 is much more modest than that, and simply clarify the Federal  
2290 backstop siting authority that exists.

2291 And even if that is done, that would really, I think,  
2292 only affect a small minority of lines, less than 10 percent  
2293 -- some people say a couple of percent of the transmission  
2294 lines. So states would stay in the lead and would still, by  
2295 and large, permit most transmission. But there would be  
2296 that, you know, narrow few for the bigger lines, multi-state  
2297 lines that -- where there would be a Federal role.

2298 \*Ms. McClellan. And I want to switch gears to data  
2299 centers, Mr. Gramlich. I think you correctly noted that  
2300 state utility commissions are addressing the most important  
2301 questions in electricity policy these days on how to best  
2302 shield families from paying for infrastructure used by data  
2303 centers and other large users of electricity. And as a  
2304 matter of fact, the Virginia SEC just adopted a new rate  
2305 class for Dominion Energy for large industrial users like  
2306 rate data centers, as one example.

2307 So Mr. Gramlich and Mr. Skelly, can you talk about how  
2308 establishing certainty around the question of who is  
2309 responsible for paying for specific infrastructure will help  
2310 us build everything: clean energy, transmission  
2311 infrastructure, and facilities like data centers that use a

2312 lot of power more quickly?

2313 \*Mr. Gramlich. Well, I will start on the -- you  
2314 mentioned large-load tariffs and a lot of the state  
2315 initiatives. And, you know, I would agree with Tony Clark  
2316 and the NARUC testimony. The states are doing a lot in that  
2317 regard, and that is really important work in that these are  
2318 retail customers, that it is currently in state jurisdiction.  
2319 And that is really important.

2320 It is providing, first of all, dollars into the system  
2321 to pay for the grid, also shielding existing ratepayers, but  
2322 also improving our forecast because when they pay up, then  
2323 you know how much to plan for on the system. So that is  
2324 really helpful.

2325 Now the broader question is, well, you know, again, they  
2326 do want to connect with the grid, and the grid is strained,  
2327 and we need more capacity. And the grid is, by its physical  
2328 nature, a multi-state machine. And so there has to be also a  
2329 Federal role with, again, clarifying who -- what are the  
2330 benefits that define who pays how much for those lines.

2331 \*Ms. McClellan. Mr. Skelly?

2332 \*Mr. Skelly. Yes, I agree.

2333 \*Ms. McClellan. All right, thank you.

2334 I yield back.

2335 \*Mr. Latta. Well, thank you very much. The gentlelady  
2336 yields back and the chair now recognizes the gentlelady from

2337 Tennessee's 1st district for five minutes for questions.

2338           \*Mrs. Harshbarger. Thank you, Mr. Chairman, and thank  
2339 you to the witnesses for being here today.

2340           I would like to take time to recognize the great work  
2341 the Tennessee Valley Authority has done on transmission.  
2342 They have built more than 16,400 miles of line to provide  
2343 upwards of 35,000 megawatts of energy to 10 million people  
2344 across 7 states, and that is no small feat. They have been  
2345 successful at building the transmission they need at the rate  
2346 they require without FERC getting unnecessarily involved. In  
2347 return, we are seeing TVA operate to the benefit of  
2348 ratepayers by keeping those costs low, and Tennessee  
2349 residents have some of the lowest electricity rates in the  
2350 nation, even with the skyrocketing demand.

2351           In the western part of the state we have AI's Colossus  
2352 in Memphis and Oak Ridge's Frontier in the east. And what  
2353 they are doing to make sure that ratepayers have affordable  
2354 and enough electricity is that they are building  
2355 transmission. But more importantly, they are building a lot  
2356 of new assets. And TVA is in the works to bring online 6,200  
2357 megawatts of new energy, prioritizing permitting reform,  
2358 directly build more energy generation, just a critical piece  
2359 to meeting new demand and keeping prices low. And it is not  
2360 just about transmission.

2361           So Mr. Clark, I have your letter to the Senate Energy

2362 and Natural Resources Committee outlining NARUC's permitting  
2363 reform priorities. In your letter you write that undue  
2364 delays do not come from the state regulatory process, but the  
2365 creation of a Federal nexus. And can you give some examples  
2366 of what the delays are in that Federal nexus?

2367 \*Mr. Clark. Sure. Thank you for the question.

2368 I mean, first of all, as we state in the letter, state  
2369 commissions have permitted something like close to 3,000  
2370 miles of 345 kV and above lines over just the last 5 years,  
2371 so lines can get permitted through the state process.

2372 In terms of some of the Federal stoppages that we have  
2373 seen that have caused concerns, I will give you just a couple  
2374 of examples. One I had just mentioned, which is projects  
2375 that I saw personally as a state regulator where developers -  
2376 - and it didn't stop the project, but it added cost and time  
2377 to the project to have to avoid Federal lands to avoid --

2378 \*Mrs. Harshbarger. Yes.

2379 \*Mr. Clark. -- triggering Federal nexus. So that is  
2380 sort of one negative outcome.

2381 A second one that -- just a concrete example that I  
2382 would give you, in 2010/2011 there were a tranche of  
2383 different projects that were determined to be needed in the  
2384 upper Midwest, regional projects crossing state lines,  
2385 interstate projects. Most of them were built, sited by the  
2386 states, handled very efficiently. It took a few years to get

2387 done, but they got done. There was one that was hung up for,  
2388 I think, 13, 14 years. It was the Cardinal-to-Hickory Creek  
2389 line. The states had done their job, the Iowa regulators had  
2390 done their job, the Wisconsin regulators had done theirs.  
2391 The problem with that one particular line was it crossed the  
2392 Mississippi River and it triggered Federal jurisdiction  
2393 relative to certain public lands. That triggered all of the  
2394 opportunities to hang that project up in Federal court  
2395 through Federal litigation for year after year after year.

2396 Those are the sorts of Federal permitting reform efforts  
2397 that we think can speed transmission but without impinging on  
2398 states' abilities --

2399 \*Mrs. Harshbarger. So some --

2400 \*Mr. Clark. -- to get things done.

2401 \*Mrs. Harshbarger. Some of those developers of the  
2402 major transmission lines are pushing back on the -- NARUC's  
2403 position, and they say the states are to blame. Well, what  
2404 kind of examples where states were -- have you seen states  
2405 denying permits?

2406 \*Mr. Clark. There are a few. As I said, I mean, the  
2407 vast majority of lines are getting permitted across the  
2408 country, but there is a few that states have declined to  
2409 permit, candidly. Usually when it happens, as I identify in  
2410 my testimony, it is one of three issues.

2411 \*Mrs. Harshbarger. Yes.

2412           \*Mr. Clark. Number one, it is a project that leans very  
2413 heavily on eminent domain and condemnation, and it --

2414           \*Mrs. Harshbarger. Yes.

2415           \*Mr. Clark. -- creates a lot of landowner concern.

2416           \*Mrs. Harshbarger. Yes.

2417           \*Mr. Clark. Number two is there may be a need for cost  
2418 benefit analysis that happens that hangs the project up.  
2419 That recently happened with one in Pennsylvania that then  
2420 became subject to Federal court litigation. The state lost  
2421 in that case, and NARUC thought that was a disappointing  
2422 decision, but it was related to the -- the commission decided  
2423 that that project was no longer the least cost alternative  
2424 for the customers in Pennsylvania.

2425           And then sometimes there are -- I will give an example  
2426 of a project, SunZia, which was delayed for a long time in  
2427 the southwest. That was both a Federal and state issue. It  
2428 crossed a lot of Federal land, and so it triggered a lot of  
2429 Federal litigation. Originally the state did decline that  
2430 application. It was because it was deemed to be a deficient  
2431 application. A project developer later came on, a more  
2432 experienced developer, who had built some of those projects  
2433 and was able to get state certification once the --

2434           \*Mrs. Harshbarger. Okay.

2435           \*Mr. Clark. -- the record was more fully developed.

2436           \*Mrs. Harshbarger. So it is really -- the states are

2437 pretty good at doing the permitting, it is just sometimes it  
2438 gets caught up, like in Mississippi, with the Federal nexus,  
2439 things of that nature.

2440 And I have got more questions for the record.

2441 [The information follows:]

2442

2443 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

2444

2445           \*Mrs. Harshbarger. But with that I will yield back.

2446           \*Mr. Latta. Thank you very much. The gentlelady yields  
2447 back the balance of her time, and the chair now recognizes  
2448 the gentlelady from California's 7th district for five  
2449 minutes for questions.

2450           \*Ms. Matsui. Thank you, Mr. Chairman. I want to thank  
2451 all the witnesses for being here today, and I want to extend  
2452 a special welcome to Randy Howard of the Northern California  
2453 Power Agency. This power agency serves the city of Lodi,  
2454 which is now part of my district, and the city of Roseville,  
2455 which borders my district. Now, most of my district is  
2456 served by public power utilities, and we enjoy some of the  
2457 lowest rates in California. So I am particularly grateful to  
2458 the Northern California Power Agency and our Sacramento  
2459 Public Utility, SMUD.

2460           I am glad Republicans are holding another hearing on  
2461 transmission capacity because I think the solutions the  
2462 Republicans proposed in the previous hearing were incomplete.  
2463 I support advanced transmission technologies, but we need a  
2464 more comprehensive approach that also ensures we can build  
2465 new, long-distance transmission lines on a reasonable time  
2466 scale. It starts with good planning.

2467           Mr. Gramlich, your company has published a transmission  
2468 planning report card for a few years that shows California is  
2469 leading the country in regional and interregional

2470 transmission planning. Mr. Gramlich, what is California  
2471 doing differently?

2472 \*Mr. Gramlich. Yes, the California ISO has been  
2473 proactively planning transmission consistently for the last  
2474 15 years, so the only ones who have really been doing it --

2475 \*Ms. Matsui. Okay, so --

2476 \*Mr. Gramlich. -- consistently.

2477 \*Ms. Matsui. -- is California on track to meet our  
2478 transmission needs?

2479 \*Mr. Gramlich. Yes, California has been doing a lot,  
2480 both within the region and accessing resources around the  
2481 entire West --

2482 \*Ms. Matsui. Okay.

2483 \*Mr. Gramlich. -- with new lines.

2484 \*Ms. Matsui. All right. Good planning is a pre-  
2485 requisite for good projects, and that is why I supported  
2486 legislation like the Energy Bills Relief Act which will  
2487 improve the interregional planning process.

2488 Let me see now, transmission cost savings. Now  
2489 apparently, this all comes back to cost. Inadequate  
2490 transmission capacity has significant costs that gets paid by  
2491 ratepayers. Mr. Gramlich, your company has written about  
2492 congestion costs, including during Winter Storm Fern. Can  
2493 you explain what that means and how much money we are talking  
2494 about?

2495           \*Mr. Gramlich. Sure. There we -- in that storm there  
2496 was about a \$100 million value, just if you had sort of been  
2497 able to bring power from Chicago to here in D.C. just during  
2498 that --

2499           \*Ms. Matsui. Okay.

2500           \*Mr. Gramlich. -- short period of time, and that is  
2501 what happens, is --

2502           \*Ms. Matsui. Okay.

2503           \*Mr. Gramlich. -- that the clogged transmission  
2504 prevents that power flow.

2505           \*Ms. Matsui. Sure. Now, a bigger, more efficient grid  
2506 is more reliable and more cost efficient, and that is why the  
2507 California grid operator CAISO recently launched a new west-  
2508 side energy market, the so-called Day-Ahead Market.

2509           Mr. Howard, can you explain how the Day-Ahead Market  
2510 works, and how you expect it to improve reliability and save  
2511 costs?

2512           \*Mr. Howard. Thank you for the question. Today we  
2513 operate the Energy Imbalance Market, which is a real-time  
2514 market. It is about -- the hour, 15 minute, and 5 minute,  
2515 and it has currently saved about \$8 billion since it came  
2516 into inception in 2014. The parties that have been doing  
2517 that are around the West, and the decision was let's go to  
2518 the next step, which is the day ahead to the extended day  
2519 ahead, and that just started up earlier this month. And we

2520 are already seeing some very significant benefits.

2521 So it is how do you optimize --

2522 \*Ms. Matsui. Sure.

2523 \*Mr. Howard. -- the current transmission system to  
2524 ensure that the best resources are being utilized to save our  
2525 customers.

2526 \*Ms. Matsui. Okay, thank you. Delay also has a cost  
2527 that can be passed on to ratepayers.

2528 Mr. Skelly, in your experience as a developer, how do  
2529 permitting delays for a new transmission line impact the  
2530 overall cost of the project?

2531 \*Mr. Skelly. Well, you know, in our business time is  
2532 money, and so that is a big factor. But I think the biggest  
2533 issue is that, because it is so difficult to permit things,  
2534 there is a lot of projects that nobody even tries to do. And  
2535 therefore, the penalty that we pay as a society is we have  
2536 congestion and higher prices than we need because people  
2537 simply think it is impossible to do some of these projects.

2538 \*Ms. Matsui. Okay, thank you.

2539 Mr. Howard, it is important to make the most of the grid  
2540 we have. I understand that Silicon Valley Power, which is  
2541 one of your member companies, is pioneering the flexible  
2542 operation of data centers. What does that mean, and how can  
2543 flexible operations help save time and protect ratepayers?

2544 \*Mr. Howard. Currently in Santa Clara we serve about 60

2545 data centers currently, with expansions planned for  
2546 additional data centers and growth in the existing data  
2547 centers. Because of the timeline associated with the  
2548 infrastructure necessary to serve them, there is a pilot  
2549 program going on with Nvidia, the utility, and a company  
2550 called Emerald AI which is based here locally to try to use  
2551 software and ensure that these loads are flexible, meaning  
2552 that they can work within the existing system today and  
2553 recognizing that they could reduce load requirements under  
2554 extreme weather events or loss of a generation, loss of a  
2555 transmission.

2556         So we are working with these large loads to ensure that  
2557 going forward we can use the infrastructure we have while we  
2558 are building out additional infrastructure.

2559         \*Ms. Matsui. Thank you very much.

2560         And I yield back the balance of my time.

2561         \*Mr. Latta. Thank you very much. The gentlelady's time  
2562 has expired and she yields back. The chair now recognizes  
2563 the gentlelady from Florida's 15th district for five minutes  
2564 for questions.

2565         \*Ms. Lee. Thank you, Mr. Chairman. I want to start by  
2566 acknowledging something that doesn't get said enough, and  
2567 that is that the American electrical grid is one of the  
2568 greatest engineering achievements in human history. Hundreds  
2569 of thousands of miles of transmission lines, millions of

2570 interconnected components delivering reliable power to 330  
2571 million Americans virtually around the clock.

2572           And here is the remarkable thing. The system wasn't  
2573 built by Federal mandate; it was built state by state,  
2574 utility by utility, with state regulators who understood  
2575 their communities, their geography, their customers, and  
2576 their specific energy needs better than any Federal agency  
2577 ever could. The Southeast and Florida today are the  
2578 strongest proof points of the model that reliable,  
2579 affordable, growing, and results can be done without  
2580 burdensome political intervention from Washington.

2581           Mr. Rikard, Southern Company's vertically-integrated,  
2582 state-regulated model has delivered retail rates more than 10  
2583 percent below the national average. Frozen base rates in  
2584 Alabama and Georgia, no generator interconnection queue  
2585 backlog, and you have never been transmission constrained  
2586 during a peak reliability event. At the same time, NERC's  
2587 own study, the one that Congress mandated specifically to  
2588 inform this debate, concluded that transmission decisions  
2589 should be based on region-specific reliability findings and  
2590 coordination, not broad Federal mandates.

2591           My concern is that the regions most aggressively pushing  
2592 for Federal interregional transmission mandates are largely  
2593 the same regions that retired dispatchable generation ahead  
2594 of adequate replacement, creating their own capacity

2595 shortfalls and are now facing NERC reliability warnings of  
2596 their own making. If Congress imposes a Federal mandate with  
2597 regional cost allocation, aren't we asking Southern Company  
2598 customers in Florida -- in Georgia, Alabama, and Florida  
2599 ratepayers who are served by Florida Power and Light and Duke  
2600 Energy who have absolutely no role in creating these  
2601 reliability failures, to subsidize expensive transmission  
2602 lines that exist primarily to paper over the consequences of  
2603 other regions' policy decisions?

2604       \*Mr. Rikard. Thank you for the question, and yes,  
2605 potentially. And I would love to answer that question in  
2606 terms of how we evaluate interregional transmission because  
2607 we do a full accounting of all the benefits and all the  
2608 costs.

2609       There could be energy benefits. You could pick a day  
2610 where you see other regions may have cheaper energy than us.  
2611 But if you look at a 45-year transmission asset, what we have  
2612 seen and because of least cost planning, the spreads between  
2613 regions are not very significant.

2614       The other benefit -- and you mentioned this -- is  
2615 capacity or reliability benefit. Our state commissioners  
2616 hold us accountable for building enough or buying enough  
2617 resources to maintain reliability. And NERC has, you know,  
2618 identified that we are really good at that. So we don't see  
2619 any reliability or capacity benefit from interregional

2620 transmission.

2621           On the cost side of the equation, a lot of time gets  
2622 spent on the cost of the line, but we don't talk about other  
2623 cost components. There are network upgrades on the -- each  
2624 side of that line that are required to be done. It would be  
2625 like building an interstate with no off-ramps or local roads  
2626 if you didn't do those upgrades. And those upgrades can be  
2627 hundreds of millions of dollars.

2628           And then the other cost that you have to consider is if  
2629 you look at a 400-mile transmission line that is carrying  
2630 2,000 megawatts, we have to be ready for a storm or something  
2631 else to take that line out and respond immediately to  
2632 maintain reliability. That is fuel costs that our customers  
2633 have to pay.

2634           And then the last cost you have to consider is, you  
2635 know, physics are undefeated. Load needs voltage, and a  
2636 great source of voltage or MVARs is local generation. So if  
2637 we are relying on long-haul transmission, we have got to  
2638 spend money on local solutions to provide that voltage  
2639 support.

2640           So what we have seen is the whole business case, the  
2641 full accounting of costs and benefits, the costs far outweigh  
2642 the benefits for our customers.

2643           \*Ms. Lee. Thank you.

2644           And Mr. Clark, in your prior writings you raised

2645 concerns that FERC order 1000 could weaken state authority  
2646 over transmission planning and potentially shift costs onto  
2647 states like Florida that are outside organized wholesale  
2648 markets. Now that it is more than 15 years since  
2649 implementation, how do you view order 1000, and can you speak  
2650 to that?

2651 \*Mr. Clark. Congresswoman, thank you for the question.  
2652 That is a bit of a blast from the past for some of my  
2653 writings at FERC. I appreciate that.

2654 Yes, I mean, my concern when I was at the Commission,  
2655 thinking back, is that some of the planning mandates coming  
2656 out of order 1000 may be inappropriate for certain  
2657 situations. And Florida was a great example, where it is a  
2658 peninsula state, not a lot of interconnection with other  
2659 regions, and overriding the directives potentially of the  
2660 Florida Commission, who really looks at serving local  
2661 consumers, might end up with sub-optimal solutions.

2662 \*Ms. Lee. Thank you, Mr. Chairman. I am out of time, I  
2663 yield back.

2664 \*Mr. Latta. Thank you very much. The gentlelady yields  
2665 back and the chair now recognizes the gentleman from New  
2666 York's 20th district for five minutes for questions.

2667 \*Mr. Tonko. Thank you, Mr. Chair. Members across the  
2668 aisle have said that it is a national security and economic  
2669 imperative that we compete with China, especially on the AI

2670 race. So I really hope that this hearing can be a first step  
2671 toward acknowledging that to fully compete we must enable the  
2672 expansion of our electricity system on a national level.

2673 I would welcome the opportunity for us to work together  
2674 to actually address some of the very real hurdles that are  
2675 currently preventing good projects from being considered, let  
2676 alone successfully developed. I have seen it firsthand in  
2677 New York State.

2678 But I am excited that we are finally expecting the  
2679 Champlain Hudson Power Express to be energized next month. I  
2680 have been on record supporting this project since 2011, and  
2681 when it is completed this one high-voltage line is expected  
2682 to fulfill some 20 percent of New York City's electricity  
2683 needs with Canadian hydropower.

2684 So, Mr. Skelly, I know you have experienced developing  
2685 similarly large projects. Can you tell us how much harder  
2686 and more expensive it becomes when a project drags on for 10  
2687 or 15 years?

2688 And does that lead to more expensive financing or other  
2689 cost overruns?

2690 \*Mr. Skelly. So there is two big costs, and I am glad  
2691 you mentioned that project because it is a great project and  
2692 will do a lot to improve air quality in New York City, which  
2693 is, I know, a big issue for you all. In Houston we built  
2694 transmission into the city, and that helps us with our air

2695 quality as well.

2696           So in terms of the costs, there is really two costs.  
2697 One is sort of time value of money and the other is the risk  
2698 premium. So if you have a project like -- in this case it is  
2699 Blackstone -- they carry that project on the books for, like,  
2700 it will be, like, 15 years of development costs and a lot of  
2701 uncertainty. And investors are like normal people. If they  
2702 are taking a lot of risk, they will want a premium associated  
2703 with the amount of risk that they are taking. And developing  
2704 transmission, it is a fairly risky enterprise, so people will  
2705 look for higher returns during that risk period.

2706           Now, once you get a project over the finish line, the  
2707 risk drops dramatically because you have mechanisms in place  
2708 where it is like a nice consistent revenue. So the costs are  
2709 uncertainty, and then the other huge cost is all the projects  
2710 that we don't do that -- those cost the country a lot.

2711           \*Mr. Tonko. Thank you for that. And I am looking at  
2712 reports from the EIA and the Brattle Group, where they  
2713 indicate about \$30 billion worth is spent annually on  
2714 transmission infrastructure. The Brattle Group also did some  
2715 analyses finding that most transmission investments in 2023  
2716 were reliability projects. Other big drivers of investment  
2717 include addressing aging infrastructure and load growth,  
2718 which, in a sense, are also a function of maintaining  
2719 reliability.

2720           So Mr. Gramlich, does this track with your  
2721 understanding? Is most of the \$30 billion spent annually on  
2722 transmission investments to improve system reliability?

2723           \*Mr. Gramlich. Yes, and it is somewhat frustrating. We  
2724 are spending all this money, close to \$30 billion a year, and  
2725 we are not actually expanding the capacity.

2726           Now, we do have to spend almost all, if not all, that  
2727 money because the lines are 75 or more years old and need  
2728 replacement. Or severe weather requires us to, you know,  
2729 upgrade them or just pay to rebuild when they get blown down  
2730 in a storm. So that is a lot of spending, but we also need  
2731 to expand the capacity.

2732           \*Mr. Tonko. Thank you. And I also want to focus on a  
2733 point you made in your testimony. Even if there were to be  
2734 significant changes in how we plan, site, permit, and cost  
2735 allocate major transmission projects, this wouldn't change  
2736 the fact that states and regions, not the Federal Government,  
2737 will still have primary responsibility for considering major  
2738 aspects of the overwhelming majority of transmission  
2739 investments. Is that correct?

2740           \*Mr. Gramlich. That is correct. I outlined in my  
2741 testimony many, many roles that states will continue to play,  
2742 even if, you know, a transmission title and permitting reform  
2743 pass.

2744           \*Mr. Tonko. Right. And what are some of the

2745 characteristics of a transmission project that may warrant it  
2746 to be given elevated national significance?

2747 \*Mr. Gramlich. Yes, I would say the higher-capacity,  
2748 longer-line, multi-state nature of those lines would, you  
2749 know, put them in another category.

2750 \*Mr. Tonko. Right. I fully acknowledge that not all  
2751 transmission proposals are going to be good, but it is clear  
2752 that well-planned projects can reduce congestion, improve  
2753 reliability, and unlock access to low-cost generation. But  
2754 if grid planners constrain themselves to only regional and  
2755 local options, they may overlook projects that provide access  
2756 to low-cost resources from neighboring regions. And when  
2757 regions don't need to plan together, it makes it more  
2758 unlikely that an interregional project will be planned for at  
2759 all, and that means consumers may be missing out on hugely  
2760 beneficial projects.

2761 So why is it so difficult to get regions to jointly  
2762 conduct interregional planning?

2763 \*Mr. Latta. Well, I am sorry, the gentleman's time has  
2764 expired and he will submit that question for you in writing.

2765 [The information follows:]

2766

2767 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

2768

2769           \*Mr. Latta. Thank you very much, and the chair now  
2770 recognizes the vice chair of the subcommittee, the gentleman  
2771 from Texas's 14th district, for five minutes for questions.

2772           \*Mr. Weber. Thank you, Mr. Chair.

2773           Mr. Christie, I am going to come back to you for a  
2774 couple of questions. Can you endure that?

2775           \*Mr. Christie. I will try.

2776           \*Mr. Weber. Okay. Well, we know you will. The lady  
2777 from Virginia earlier talked about transmission lines and  
2778 pipelines as if they were one and the same, should be treated  
2779 the same and, you know, all that kind of stuff. How do you  
2780 think transmission and, you know, wires, if you want to call  
2781 them that, and pipelines are different?

2782           \*Mr. Christie. Well, pipelines are different in several  
2783 ways.

2784           First of all, it was Congress, I think, that made the  
2785 decision back in World War II to give what was in the Federal  
2786 Power Commission the permitting authority. I think it was a  
2787 wartime measure. But another difference is a -- and we  
2788 permitted those at FERC, and did a lot of them.

2789           A pipeline is financed differently. A transmission line  
2790 is going to be financed by consumers because it is going to  
2791 go into something called rate base. It is a utility asset.  
2792 And consumers are going to pay for it, really, from the -- in  
2793 RTOs consumers pay for it from the minute it goes into the

2794 regional plan, they start paying. Even if it doesn't get  
2795 built -- and I can give you an example called the PATH  
2796 project, which never got built, and a quarter billion dollars  
2797 was spent and charged to consumers in Virginia for a project  
2798 that never got built. That doesn't happen with pipelines.

2799 Pipelines are financed by shippers, so the shipper pays  
2800 for the pipeline. So it is really not a utility asset in  
2801 that sense. A pipeline might serve a utility like a local  
2802 distribution company, which is a utility, a state-regulated  
2803 utility, but the pipeline itself is going to be paid for by  
2804 shippers who sign contracts called precedent agreements. And  
2805 at FERC we don't approve a pipeline unless there is  
2806 sufficient market demand in the form of precedent agreements  
2807 to pay for the pipeline. But a transmission line, consumers  
2808 are going to pay from the second it goes into regional --  
2809 into a regional plan.

2810 \*Mr. Weber. Right. That is a good analogy. People --  
2811 I want to come back to you -- people often tout the  
2812 interregional transfer capacity report from NERC as evidence  
2813 of the benefits of interregional transmission. Since you  
2814 were chair of FERC at the time, you may have a different  
2815 opinion. You know what I am talking about.

2816 What was the conclusion of the report, and what should  
2817 Congress take away from this report's findings?

2818 \*Mr. Christie. Well, I reported the preliminary

2819 findings from NERC last August, when I was chair. What NERC  
2820 said was, yes, we need interregional transmission, and I  
2821 think there is no disagreement on that. I fully agree with  
2822 it. We benefitted during Hurricane Uri, Winter Storm Uri,  
2823 from interregional transfers.

2824         The FERC point was we need interregional transmission,  
2825 but there is no basis for an ex ante mandate plucked out of  
2826 the air where you say -- okay, I think there is a Senate bill  
2827 that said 15 percent of the load in 2 regions you had to  
2828 build transmission to that degree. That is going to submit a  
2829 lot of money on transmission that hasn't passed a cost  
2830 benefit test.

2831         We need interregional transmission. What NERC's point  
2832 was, we need interregional transmission, it needs to be done  
2833 on an individual basis where the regions come up with  
2834 individual fact-finding that supports the individual project,  
2835 which, by the way, is the way all utility assets ought to be  
2836 built if you want least cost, pro-consumer results.

2837         \*Mr. Weber. Yes, leave it to the states, I think I  
2838 heard you saying, and boy, I will tell you we experienced  
2839 that in February of 2021, Winter Storm Uri in Texas.  
2840 Fortunately, ERCOT was, you know, on track with things.

2841         So Mr. Clark, I am going to come back to you for just a  
2842 minute. Do you kind of agree with his assessment that  
2843 pipelines and electrical lines are different, or do you have

2844 a different perspective?

2845 \*Mr. Clark. No, Congressman, thank you for the  
2846 question. I have exactly the same perspective, and would  
2847 have answered that portion of it the same way that Chair  
2848 Christie did.

2849 I would add a couple of other things to it, where I  
2850 think there is differentiation between pipelines and  
2851 transmission lines. With pipelines there was a decision made  
2852 at the national level that, look, there is really just --  
2853 there is one source area that you are attempting to collect  
2854 the gas from to deliver to one demand area. So you have to  
2855 connect it via a pipeline, and there is not a lot of other  
2856 decisions to be made in that regard, in addition to the fact  
2857 that it is actually the shippers paying it, as opposed to  
2858 sort of everyone in a rate base.

2859 The transmission is totally different. There are lots  
2860 of different ways that you can deliver power. You can have  
2861 generation closer to load, you can build a certain type of  
2862 transmission in one place or another. It is a much more  
2863 dynamic process that doesn't lend itself to federalization in  
2864 the same way.

2865 \*Mr. Weber. And it is good for the ratepayers. Would  
2866 you agree with that, Mr. Howard?

2867 \*Mr. Howard. I would agree.

2868 \*Mr. Weber. Mr. Gramlich?

2869           \*Mr. Gramlich. I think there is a Federal role for  
2870 transmission on a grid that is a single machine across dozens  
2871 of states.

2872           \*Mr. Weber. Mr. Skelly?

2873           \*Mr. Skelly. I think we heard from other witnesses that  
2874 interregional transmission is necessary and helpful, but --  
2875 so we need to come up with mechanisms to make it happen.

2876           \*Mr. Weber. Mr. Rikard?

2877           \*Mr. Rikard. I agree.

2878           \*Mr. Weber. Okay. Thank you, Mr. Chairman. I yield  
2879 back.

2880           \*Mr. Latta. Well, thank you very much. The gentleman  
2881 yields back the balance of his time, and the chair now  
2882 recognizes the gentleman from Texas's 33rd district for five  
2883 minutes for questions.

2884           \*Mr. Veasey. Thank you, Mr. Chair.

2885           Gentlemen, I will tell you what really worries me right  
2886 now is the fact that the Chinese Communist Party is  
2887 leveraging state-directed investment to build grid  
2888 infrastructure, and we simply just aren't matching it. I  
2889 don't know how we are going to keep up. If we can't power AI  
2890 at scale here, that industry will just migrate to  
2891 jurisdictions that can. A grid that can power the future is  
2892 a strategic -- that cannot -- I am sorry -- a grid that  
2893 cannot power the future is a strategic liability.

2894            Luckily, in Texas we show that we don't have to be  
2895            reactive. The CREZ program proved that proactive planning  
2896            unlocks massive private investment. We built about 3,600  
2897            miles of high-voltage lines, and the private sector responded  
2898            with billions in new generation. We are currently failing to  
2899            apply that Texas speed at the Federal level. We have seen  
2900            recently ratepayer protection pledges, but, as experts note,  
2901            vague pledges don't build substations. We have to have real  
2902            institutional architecture that converts data center capital  
2903            into public grid investment.

2904            And we also need to move toward a model where large  
2905            loads like these hyperscalers don't just connect the grid,  
2906            but actually help finance the modernization that benefits  
2907            every residential taxpayer in the district. We can't  
2908            continue to ask companies to commit billions if the Federal  
2909            Government can simply pull the rug from under them midstream.  
2910            That is not a good way to do business. Investors need to  
2911            know that a final permit is exactly that, that it is final.  
2912            If we can provide that certainty, we shouldn't need Federal  
2913            subsidies. We need Federal stability to let private capital  
2914            do the work.

2915            And I wanted to ask, Mr. Gramlich, how can Federal  
2916            policy move away from the current reactive interconnection  
2917            model and towards a proactive planning framework that  
2918            anticipates load growth like the data center boom we are

2919 seeing?

2920           \*Mr. Gramlich. Yes, those transmission lines built in  
2921 the -- right around 2010, 2013 in Texas were a huge benefit  
2922 to the state, and enabled a lot of load, a lot of generation  
2923 to be connected. They were, in fact, a model for then, in  
2924 the upper Midwest -- Mr. Clark was involved in upper Midwest  
2925 states doing that proactive, multi-state, regional  
2926 transmission development in the Midwest. Southwest Power  
2927 Pool followed, California, a number of other states have been  
2928 doing this regional approach that were all sort of the model  
2929 for FERC order 1920, which hopefully will be fully  
2930 implemented nationally. But we are still not doing it yet in  
2931 most of the country, so that proactive transmission approach  
2932 with also Texas's example of simpler and cheaper  
2933 interconnection for generation, really have been an effective  
2934 model for the rest of the country.

2935           \*Mr. Veasey. Do you think there is anything that  
2936 Congress can do? Do you think there is a lever that we can  
2937 pull to help these other states that aren't quite there yet?

2938           \*Mr. Gramlich. Sure. I do think the planning,  
2939 permitting, and paying to proactively build out the grid and  
2940 not try to do what we do in most of the country, which is try  
2941 to build a national interstate grid through the  
2942 interconnection process, which is a crazy way to do it. You  
2943 know, the next straw on the camel's back has to build, you

2944 know, the whole new camel. I ran out of my metaphor there,  
2945 but you get the idea that the network should be built as a  
2946 network, not just in response to a single generator. That  
2947 would be a good model.

2948           You could also, if you wanted to do something closer to  
2949 the generator interconnection approach of Texas, Congress  
2950 could say FERC should fix what it is supposed to be, that  
2951 energy resource interconnection service, but it never really  
2952 worked out that way.

2953           \*Mr. Veasey. Yes.

2954           \*Mr. Gramlich. That could be -- direct the improvement  
2955 of that to go back to its original intent could be a  
2956 directive in a law.

2957           \*Mr. Veasey. Yes. No, no, thank you very much.

2958           Mr. Skelly, I wanted to ask you. You are in the  
2959 business of putting steel in the ground, and you know that  
2960 time is the enemy of many major infrastructure projects.  
2961 When you are looking at a multi-million-dollar project, how  
2962 does the idea that a permit can be undone after years of work  
2963 impact your ability to secure financing? Because if you  
2964 ain't got no financing, you ain't got no project.

2965           \*Mr. Skelly. Well, yes, I would say that the thing that  
2966 perhaps most keeps us awake at night -- we do everything we  
2967 possibly can to do great work in terms of community  
2968 consultations, working with tribes, working with all the

2969 different Federal agencies to come up with a record of  
2970 decision on NEPA that is as strong as possible. But the  
2971 prospect of somebody challenging that decision five, six  
2972 years down the road is -- that will keep you awake at night.  
2973 So --

2974 \*Mr. Veasey. Yes.

2975 \*Mr. Skelly. -- we worry a lot about that. So --

2976 \*Mr. Veasey. And then -- yes, I can imagine that you  
2977 do.

2978 So in my last few seconds here I just wanted to ask you  
2979 -- you can answer it quickly -- is finality in the permitting  
2980 process just as important as the speed of the initial review?  
2981 Because we don't talk about that enough around --

2982 \*Mr. Skelly. Yes.

2983 \*Mr. Veasey. Yes. Thank you very much.

2984 Mr. Chairman, I yield back.

2985 \*Mr. Latta. Well, thank you very much. The gentleman  
2986 yields back the balance of his time, and the chair now  
2987 recognizes the gentleman from South Carolina's 7th district  
2988 for five minutes for questions.

2989 \*Mr. Fry. Thank you, Mr. Chairman. Thank you to the  
2990 witnesses for being here.

2991 I don't think it is any surprise to anybody in this room  
2992 that energy demand is rising rapidly in the United States.  
2993 The EIA estimates that annual growth rates ranging from 3.7

2994 percent to 15 percent by 2030. At the same time, reports  
2995 show that generation resources and transmission development  
2996 are not keeping pace. As you have all talked about, meeting  
2997 this demand obviously requires new energy infrastructure in a  
2998 timely and efficient manner, which is somewhat opposite of  
2999 what Washington does on a routine basis.

3000 Federal permitting reform has been a major concern of  
3001 this committee. I have seen this at the state level and for  
3002 sure at the Federal level. But reform should focus on  
3003 streamlining existing Federal processes and not necessarily  
3004 preempting state authority and oversight. Permitting delays  
3005 are largely the result of Federal bureaucracy, not on the  
3006 states often times. For example, over the last six years  
3007 twice as many transmission lines over which states have  
3008 primary jurisdiction were built, compared to that of natural  
3009 gas pipelines where Federal agencies have jurisdiction.

3010 So Mr. Clark and Mr. Christie, section 216, as amended,  
3011 of the Federal Power Act established a backstop transmission  
3012 siting process in which the Department of Energy would  
3013 conduct an evaluation in consultation with states to identify  
3014 national interest transmission corridors. Under this  
3015 process, as the law now requires, if a state rejects a  
3016 transmission project developed in one of those corridors, the  
3017 applicant can go to the FERC for another assessment and FERC  
3018 may override the state.

3019 Mr. Christie, is that roughly how this process works?

3020 \*Mr. Christie. That is how it is written in law. There  
3021 has never been a project actually built because the state  
3022 said no, so it is sort of a virtue signaling, frankly.

3023 \*Mr. Fry. Yes. Why has it never been used, Mr. Clark?

3024 \*Mr. Clark. So the two -- the backstop siting  
3025 authority, something we haven't talked about today, is  
3026 actually -- for the first several years of it there was a  
3027 reason that it wasn't used, and that -- there was actually  
3028 some court cases that came through that made it prohibitive  
3029 for it to be used. But I believe it was through the IIJA  
3030 that was reformed. So we have only had a few years since the  
3031 reform has happened.

3032 Then, as Chairman Christie noted, there hasn't been an  
3033 application under that statute. We think that that exists,  
3034 it is there, it is possible to be used if an entity qualified  
3035 for it. And we would be very concerned about broadening that  
3036 in such a way that it creates sort of a loophole where it no  
3037 longer becomes backstop siting authority, but it becomes  
3038 Federal primary siting authority as a mechanism to get around  
3039 state process.

3040 \*Mr. Fry. Which you have cautioned against, the Federal  
3041 siting authority.

3042 \*Mr. Clark. That is correct.

3043 \*Mr. Fry. Mr. Christie, there are proposals to

3044 eliminate the role of the Department of Energy, a cabinet  
3045 agency, with -- responsible for national energy policy -- to  
3046 eliminate the NIETC process, and to put FERC, a rate  
3047 regulator, in the driver's seat to determine whether  
3048 individual interstate transmission projects are in the  
3049 national interest and overrule states that object. It seems  
3050 a little bit misguided to me. Is FERC positioned to  
3051 determine what is in the national interest, especially when  
3052 looking at just one component of the electric system outside  
3053 of the normal planning process?

3054       \*Mr. Christie. No, Congressman, but I don't think the  
3055 Department of Energy is either. I don't think either Federal  
3056 agency is in a position to make a better decision than a  
3057 state regulator on when a transmission line is appropriately  
3058 sited and should be built.

3059       \*Mr. Fry. States make a lot of decisions that may  
3060 affect the cost of surrounding states. State renewable  
3061 portfolio standards drive out reliable generation in some  
3062 places, which puts reliability burden on the grid in other  
3063 states. If FERC is given authority to assess the national  
3064 interest, should it also assess the national interest  
3065 implications of state environmental policies on other states?

3066       \*Mr. Christie. Well, I don't think FERC should be given  
3067 the authority to draw a national interest corridor, because I  
3068 don't think FERC has any more expertise than anyone else, nor

3069 does the Department of Energy. I don't think it is a Federal  
3070 role. I think it ought to be a state role. So I wouldn't  
3071 give FERC any add-on authority, as you mentioned.

3072 \*Mr. Fry. None?

3073 \*Mr. Christie. I wouldn't give them to either one.

3074 \*Mr. Fry. All right, good. Mr. Rikard, as a system  
3075 planner you said that studies advocating for large-scale,  
3076 interregional transmission build-outs often rely on over --  
3077 or on simplified power flow models that do not fully reflect  
3078 the complexities of real-time operations. Could you briefly  
3079 explain how accounting for actual power flow physics can add  
3080 cost and complexity, and why planners must consider full  
3081 system costs and alternatives before selecting interregional  
3082 transmission?

3083 \*Mr. Latta. And the gentleman has 15 seconds.

3084 [Laughter.]

3085 \*Mr. Rikard. Yes, thank you. And we think  
3086 interregional provides value as long as a full accounting of  
3087 the cost benefit happens.

3088 One of the aspects I think you are referring to is the  
3089 need for voltage support, which local generation can provide.

3090 \*Mr. Fry. And I am -- perfect timing.

3091 \*Mr. Latta. You are right on.

3092 \*Mr. Fry. I yield back.

3093 \*Mr. Latta. Thank you. The gentleman yields back, and

3094 the chair now recognizes the gentlelady from Washington State  
3095 for eight minutes for questions -- or five minutes for  
3096 questions.

3097 [Laughter.]

3098 \*Mr. Latta. Sorry. From district 8 for --

3099 \*Ms. Schrier. I will take eight.

3100 [Laughter.]

3101 \*Ms. Schrier. Thank you, Mr. Chairman, and thank you to  
3102 all of our witnesses here today.

3103 I just first want to express my sincere appreciation to  
3104 the majority for holding this hearing on transmission  
3105 permitting. It is desperately needed to meet the energy  
3106 demands now and in the future. And the energy sector of the  
3107 West, including utilities, regulators, consumer and  
3108 environmental advocates, and more all agree that we need more  
3109 interregional transmission. In fact, in February a broad  
3110 coalition of these experts released a 10-year west-wide  
3111 transmission study that found interregional transmission  
3112 build-out is simply not keeping pace with steeply increasing  
3113 need driven by load growth, new resource capacity, and  
3114 extreme weather events like cold snaps and heat waves. So  
3115 experts agree that we need this more nimble and resilient,  
3116 flexible grid that can transfer large amounts of power, and  
3117 so I am grateful for the hearing.

3118 Mr. Gramlich, as you know well, the West is developing

3119 two Day-Ahead Markets to purchase and sell wholesale  
3120 electricity. And barring any major departures from the  
3121 current plan, it appears we will have both SPP's and CAISO's  
3122 markets bordering, meshing, sometimes entangling each other  
3123 at the market seams. And I know Grid Strategies has studied  
3124 this quite a bit. I was wondering if you could talk about  
3125 how strong, smart transmission planning can play a critical  
3126 role in reducing seams, reducing congestion, and making  
3127 things work smoothly.

3128       \*Mr. Gramlich. Sure. Well, our perspective on that is  
3129 I was working for the FERC chairman when we approved some  
3130 very awkward configurations of RTOs. And we thought, well,  
3131 let's just put seams agreements in place. And the reality is  
3132 they didn't work. They just never actually resolved the  
3133 seams problems and the inefficiency and the reliable -- harm  
3134 to reliability from power flow looping through different  
3135 systems. A colleague on my team used to run markets for  
3136 MISO, and he says, yes, those seams agreements just don't  
3137 work very well.

3138       So the lesson that we have is configuration matters.  
3139 The organization that you join makes a big difference. And  
3140 you can try to fix it with seams, and you have to if that is  
3141 where you wind up, but you really should try to work on a  
3142 good configuration that is consistent with power flow in  
3143 order to improve reliability and efficiency.

3144           \*Ms. Schrier. It is sort of to minimize the number of  
3145 seams is the idea.

3146           \*Mr. Gramlich. Yes.

3147           \*Ms. Schrier. Okay, thank you.

3148           Mr. Skelly, you previously mentioned the North Plains  
3149 Connector that will help connect the Pacific Northwest with  
3150 the plains states, and GridUnited puts the real estate work  
3151 and the relationship-building with landowners and locally-  
3152 impacted stakeholders ahead of permitting. Like, getting the  
3153 permission from the people impacted before the permitting.  
3154 Can you talk about that model?

3155           And as we look forward to Federal permitting reform, how  
3156 can law-makers smooth this process and incentivize more of  
3157 that kind of work?

3158           \*Mr. Skelly. So what we do is -- you know, it is sort  
3159 of a question of sequence. So we believe that, to deconflict  
3160 the permit process -- and we are not the only people who do  
3161 this. Lots of oil pipelines in particular do this because  
3162 they don't have Federal authority. So we go out and talk to  
3163 the landowners first, and then we move up the chain of  
3164 approval. So it is not sort of unique to us. Many, many  
3165 other folks do this, as well.

3166           So what can we learn at a national level to -- that is  
3167 instructive? I mean, I think to the extent that you are  
3168 thinking about, like, different -- reapportioning

3169 authorities, it should be a very high bar if there is state  
3170 backstop, a Federal backstop authority. So Iowa, for  
3171 example, says you got to have 85 percent of the land signed  
3172 up before you show up. I think in Montana it is like 70  
3173 percent. So there should be a very strong showing. Most  
3174 state commissions expect that, as well. So that is one way  
3175 to do it.

3176 I am sort of with --

3177 \*Ms. Schrier. This kind of goes back to --

3178 \*Mr. Skelly. -- Mr. Christie on this --

3179 \*Ms. Schrier. -- states?

3180 \*Mr. Skelly. -- on this filling of gymnasiums. If you  
3181 don't do this right, you are going to get run out of town.  
3182 And so you could introduce that sort of provision before --

3183 \*Ms. Schrier. Socialize it first.

3184 \*Mr. Skelly. Yes.

3185 \*Ms. Schrier. Okay. Last question, and this one is for  
3186 you, Mr. Gramlich, but in, like, 16 seconds.

3187 Bonneville is about to get a new administrator. We need  
3188 a lot more transmission. If you were giving advice, what  
3189 would you recommend to build out more transmission and  
3190 Bonneville's responsibility in that?

3191 \*Mr. Gramlich. Yes, well, I would say regional  
3192 proactive, long-term transmission would work for the  
3193 northwest just like all the other regions.

3194 \*Ms. Schrier. Okay, thank you.

3195 Five seconds left I will yield back.

3196 \*Mr. Latta. Thank you very much. The gentlelady yields  
3197 back, and the chair now recognizes the gentleman from Texas's  
3198 12 for five minutes for questions.

3199 \*Mr. Goldman. Thank you, Mr. Chairman. Thank you,  
3200 panelists, very much for being here.

3201 Mr. Clark, Texas has been a national leader in  
3202 successfully planning and building transmission under state  
3203 oversight through ERCOT and the PUC, the Public Utility  
3204 Commission. Why is it so important for states like Texas to  
3205 retain primary siting and permitting authority rather than  
3206 expanding Federal control from Washington?

3207 \*Mr. Clark. Thank you for the question, Congressman.

3208 So I think the short answer is because, especially in  
3209 the electricity space, one size really does not fit all. The  
3210 solutions that Texas has created for it was some really kind  
3211 of unique circumstances, which is most of the state is within  
3212 ERCOT and not federally jurisdictional, it is contained  
3213 solely within the State of Texas. The answers that Texas has  
3214 been able to come up with with their market structure has  
3215 worked very well for Texas.

3216 But that same resource base doesn't exist in other parts  
3217 of the country. There are a lot of other dynamics at play.  
3218 I think about a place like the upper Midwest. How you

3219 generate power in the upper Midwest is very different than  
3220 Texas, where you have very different resources and you have  
3221 different system peaks, and you have a different  
3222 configuration of states, utilities, and ways to deliver the  
3223 least-cost power.

3224         So I think the answer is the reason that we vest so much  
3225 authority and should at the state level on these issues is  
3226 because one size does not fit all, and doing it all from  
3227 Washington, D.C. could end up with some very sub-optimal  
3228 solutions for consumers.

3229         \*Mr. Goldman. All right, thank you very much.

3230         Mr. Christie, as a former FERC chairman you have warned  
3231 that expanding FERC's backstop siting authority or imposing  
3232 Federal mandates will drive up costs for consumers. Texas  
3233 has successfully built major transmission projects under  
3234 state authorities to support load growth. Why should  
3235 Congress maintain states' primary role in permitting  
3236 transmission projects rather than expanding Federal override  
3237 power?

3238         And should this approach apply equally to states within  
3239 FERC jurisdiction?

3240         \*Mr. Christie. Well, I think states should retain the  
3241 authority they have now to permit and site transmission  
3242 projects. That is who is doing it now, that is who is  
3243 getting projects built. And projects are getting built and

3244 states are approving transmission projects.

3245           If you are a state regulator and you see the need for a  
3246 project, you want it to get built. I mean, we proved well  
3247 over 100 under my tenure on the Virginia Commission. I don't  
3248 think we turned down one, not because we were a rubber stamp  
3249 but because we looked at the facts and said these projects  
3250 are needed.

3251           So I don't see where a FERC backstop authority --  
3252 because the presumption of that is the state regulator  
3253 doesn't want to build the project, the state regulator wants  
3254 to be an obstacle. That is the presumption of that. And so  
3255 the basis is, well, if the state regulator is going to be in  
3256 the way, we need FERC in Washington telling a regulator in  
3257 Texas or Utah or North Dakota, "We know better than you do.  
3258 You said no, but we think you -- we want you to say yes.'" I  
3259 just don't think it is politically tenable.

3260           I also don't think it is going to get projects built  
3261 because a 765 kV line, a 500 kV line, these are big parts of  
3262 the built landscape. You don't hide them, they are not  
3263 underground. And frankly, everybody in the vicinity is going  
3264 to be affected by it. And to get those built, you have to  
3265 have local buy-in and local acceptance of a decision which is  
3266 going to be extraordinarily controversial. You are not going  
3267 to get that with FERC saying you have to do it even though  
3268 your state commission said no.

3269           \*Mr. Goldman. Thank you, sir.

3270           Mr. Howard, most witnesses have noted that the biggest  
3271 delays in transmission projects usually come from Federal  
3272 processes such as EPA reviews or crossing Federal lands, not  
3273 from state processes. Can you give examples of projects  
3274 where states like Texas were ready to move forward, but  
3275 Federal requirements slowed them down?

3276           \*Mr. Howard. I can't give specific Texas examples, but  
3277 I have plenty of examples where the Federal processes, where  
3278 we wanted to upgrade existing lines, where we have determined  
3279 that the lines are no longer -- they weren't designed or  
3280 engineered for the types of extreme weather events that we  
3281 are seeing today and we wanted to upgrade those lines, and  
3282 you had to go through a Federal process, a NEPA process that  
3283 made you look at the line as if it had never been built from  
3284 the beginning instead of saying, no, you have an existing  
3285 corridor, you have a disturbed land, you have everything  
3286 there, all you are trying to do is re-engineer the line so it  
3287 will withstand the conditions that it is now going to be  
3288 subject to, and that has been a more common issue.

3289           The other is when we have these big wildfires in the  
3290 West and we have burned down transmission, and we want to  
3291 build back more resilient than it was when it burned down,  
3292 you know, first and foremost is you need to get the power  
3293 back on for those customers. But we are having to go through

3294 a NEPA process if we want to make it more resilient than it  
3295 was.

3296 \*Mr. Goldman. Thank you, sir.

3297 Thank you, Mr. Chairman. I yield back the balance of my  
3298 time.

3299 \*Mr. Latta. Well, thank you very much. The chair now  
3300 recognizes the gentlelady from Texas's 7th district for five  
3301 minutes for questions.

3302 \*Mrs. Fletcher. Well, thank you, Chairman Latta, for  
3303 making it possible for us to have this important hearing  
3304 today, and thank you to our witnesses for being here.

3305 I have been a bit of a broken record on permitting  
3306 reform since I have been on this committee and in Congress  
3307 because it is such an important issue to the people that I  
3308 represent at home in Houston who were involved in every  
3309 aspect of our energy system at home and around the world.  
3310 And they have told me how essential it is to have permitting  
3311 reform of all kinds to keep us moving forward, to keep the  
3312 lights on, to keep the costs down, to keep our competitive  
3313 advantage and maintain our energy security and national  
3314 security.

3315 And I am lucky to have so many Houstonians with so much  
3316 expertise to learn from, and particularly glad that one of  
3317 the people that I look to for thoughtful, informed, and  
3318 realistic guidance on energy issues of all kinds is one of

3319 our witnesses today. So thank you, Mr. Skelly, for sharing  
3320 your thoughts with us here today.

3321 It is clear that improving our ability to build  
3322 transmission efficiently will mean a more affordable and  
3323 abundant energy supply, whether that energy is generated from  
3324 traditional or renewable sources. And without better  
3325 transmission, the development of innovative technologies,  
3326 technologies that a lot of people on this committee have  
3327 expressed great interest in like geothermal and small modular  
3328 nuclear reactors, they can be held back by inefficient and  
3329 uneconomical connections to the markets.

3330 So what do I mean by that, right? Like, generation we  
3331 want won't be able to get where we want it to go. And all  
3332 the generation in the world isn't going to solve energy  
3333 shortages if we can't move it. So as we discussed in last  
3334 month's legislative hearing on this topic, it seems to me  
3335 that any meaningful permitting reform package has to address  
3336 core barriers to building transmission at scale, and that is  
3337 planning across regions, which I think everybody here today  
3338 has said they support; permitting certainty, which everyone  
3339 everywhere wants; and workable cost allocation. And I think  
3340 that is really the sticking point here.

3341 So as we have heard throughout this morning, I think  
3342 this is where the committee needs real guidance. And I would  
3343 like to get a better sense of how the committee should think

3344 about fairly allocating the costs of building interregional  
3345 transmission and protecting consumers from high rates.

3346 But before I get to my question, I want to follow up on  
3347 something Mr. Goldman was just asking about, a note that we  
3348 have heard concerns today from some of the witnesses, some of  
3349 my colleagues about FERC's backstop siting authority for  
3350 interregional transmission projects. And at least part of  
3351 the explanation we have heard today is based on community  
3352 input, and community input is vitally important to the  
3353 permitting process for all forms of energy, and we should  
3354 incentivize a robust public input process. That is hugely  
3355 important. I have been saying that here for a long time.

3356 But when we are facing a national shortage of available  
3357 electricity and projects that are clearly in the national  
3358 interest, we need a mechanism to reconcile regional input and  
3359 local buy-in with all the other concerns. And I have heard a  
3360 lot of proposals from my Republican colleagues on this topic  
3361 for permitting interstate gas pipelines. And look, I share  
3362 them, and I certainly understand those concerns, I absolutely  
3363 share them. It is a huge issue in my district at home. But  
3364 we need to consider these solutions equally for all forms of  
3365 energy infrastructure. I think that is really important.

3366 So with all that in mind and not a lot of time left, Mr.  
3367 Skelly, you have talked about regional transmission. And  
3368 cutting right to the question, can you just share a little

3369 bit more of your thoughts? You got cut off earlier, but on  
3370 how you think we can address cost allocation, what benefits  
3371 should be considered when allocating costs for a new line  
3372 and, just generally, how better rules of the road around cost  
3373 allocation can help provide low-cost energy to consumers?

3374 \*Mr. Skelly. So maybe it is helpful to use an example.  
3375 So let's say that Colorado and Utah build -- develop a lot of  
3376 their geothermal resources, okay? Kansas doesn't have very  
3377 good geothermal. And they -- there is an opportunity to  
3378 connect those regions, okay? Now, this is between the  
3379 eastern and western grid, so it makes it a little bit -- the  
3380 thought experiment a little bit easier.

3381 If you did connect those regions, the west that built  
3382 the geothermal would get some reliability benefits because  
3383 they could lean on Kansas during extreme events, okay? It  
3384 also gives them an opportunity to export power to Kansas.  
3385 Now, Kansas in this case would benefit a little bit more  
3386 because they are getting access to this cheap energy to the  
3387 west. So if we had a process where you could align -- was  
3388 proposed like that, the costs and benefits would be measured  
3389 just the way we measure costs and benefits in the existing  
3390 RTO process, and then costs would be assigned to each of the  
3391 states or each of the regions, and then we would get the  
3392 economic development, a more reliable grid, cheaper power, et  
3393 cetera.

3394           \*Mrs. Fletcher. Okay. Well, and that is super helpful,  
3395 and I have already gone over my time, so I have more  
3396 questions for the record.

3397           [The information follows:]

3398

3399           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

3400

3401           \*Mrs. Fletcher. I want to thank you all, and you are  
3402 going to see some more questions for me for the record. But  
3403 thank you very much for your testimony today.

3404           And I yield back.

3405           \*Mr. Latta. Well, thank you very much. The  
3406 gentlelady's time has expired and she yields back. The chair  
3407 now recognizes the gentleman from Colorado's 8th district for  
3408 five minutes for questions.

3409           \*Mr. Evans. Thank you, Chairman, Ranking Member. Thank  
3410 you, of course, to our witnesses for coming today.

3411           Last week I spent it in my district, visited a lot of  
3412 small businesses, and I heard from families, veterans, small  
3413 business owners. Energy prices are top of mind in Colorado.  
3414 Unfortunately, the ruling Democrats in my state are  
3415 continuing to raise electric bills through climate mandates  
3416 that are impossible to meet, over-regulation on  
3417 municipalities and utilities, new taxes, new fees on  
3418 traditional energy resources. And Coloradans now pay higher  
3419 bills to receive 2,000 gigawatt hours less generation, and a  
3420 less reliable grid.

3421           There is no doubt in my mind we can reduce electricity  
3422 prices through Federal permitting reform and integrated  
3423 planning to improve generation and transmission and  
3424 distribution, and we have got to have all of that. Why would  
3425 we build transmission if we don't have generation to support

3426 it? Why build generation if we can't get that power to where  
3427 it needs through transmission and distribution? We have to  
3428 prioritize all of those things together to have affordable,  
3429 safe, reliable energy. And I think it starts with permitting  
3430 reform. I am working on a lot of different bills:  
3431 cosponsoring the SPEED Act; leading two bipartisan bills  
3432 here, the FIRE Act, the CERTAIN Act.

3433           Unfortunately, in Colorado it has become more expensive  
3434 to permit energy projects at times than it is to actually  
3435 build them. That is unacceptable. I have a local utility in  
3436 Colorado. They had to fight for five years to get two  
3437 redundant permits to upgrade an existing line in an existing  
3438 right of way in order to lower wildfire risk. Five years and  
3439 all of that associated cost is too much.

3440           So Mr. Rikard, my first question is to you. Can you  
3441 talk about robust permitting reform policies that prioritize  
3442 judicial review and shorter permitting timelines, and how  
3443 would that reduce costs for ratepayers?

3444           \*Mr. Rikard. Thank you for the question, and it  
3445 absolutely would reduce costs.

3446           Like I said earlier, energy infrastructure, both the  
3447 fuel pipeline, the generation, and the transmission, this is  
3448 a capital intensive endeavor. And any time we can provide  
3449 certainty to both the cost and the timeline, our customers  
3450 benefit. So for example, on judicial review, if we can limit

3451 the time for challenges with some type of statute of  
3452 limitations, that provides that much-needed certainty that  
3453 our customers need.

3454 \*Mr. Evans. Thank you for that.

3455 Mr. Gramlich, my next question will be to you. Beyond  
3456 just permitting reform, what other reforms do you think are  
3457 needed to ensure timely and affordable generation -- we are  
3458 going to need another 170 gigawatts by 2030 -- generation and  
3459 transmission that prioritizes local input early and often?  
3460 What else do we got to do?

3461 \*Mr. Gramlich. Yes, well, I would encourage requiring  
3462 more proactive planning, regional and interregional, and then  
3463 clarifying the benefits that are used for cost allocation,  
3464 some further interconnection reform directives.

3465 I would also say we haven't had enough conversation  
3466 today about advanced transmission technologies, but those can  
3467 really help speed up access to power in a very cost-effective  
3468 way.

3469 \*Mr. Evans. Thank you. I am going to go to Chairman  
3470 Christie next.

3471 I hear concerns from farmers in Colorado about eminent  
3472 domain. I represent a big ag-producing region, but it is  
3473 also adjacent to a major metro area, so a lot of growth. And  
3474 a lot of the farmers and ranchers that I talk to are dealing  
3475 with land grabs from the state and their leftist climate

3476 mandates for non-critical political pet projects. And this  
3477 can hurt public support for essential infrastructure like  
3478 generation and transmission.

3479         So first, is it true that both states and FERC already  
3480 have eminent domain authority?

3481         \*Mr. Christie. Well, states have an eminent domain  
3482 authority. If you are building a transmission line and you  
3483 permit the line, the utility that is building it gets the  
3484 eminent domain authority, which is a big reason why states  
3485 are in a far better position to permit a 765, a 500 kV line,  
3486 which are very big projects that are seen from 30 miles away,  
3487 and they are very controversial. So the eminent domain  
3488 authority is there with the state, and that is why you want  
3489 that local buy-in. When FERC approves a -- the only eminent  
3490 domain authority FERC has, if it approves a pipeline that  
3491 carries eminent domain authority with it because that is part  
3492 of the statute.

3493         But again, back to the point about the transmission  
3494 lines, these are controversial projects. These are big, big  
3495 physical projects. And without the local buy-in and  
3496 understanding of why it is being built, why it is needed, why  
3497 we have to build it -- and that includes use of eminent  
3498 domain to take private property, which is a huge thing in the  
3499 United States -- you have a much better chance of getting the  
3500 local acceptance of that if it is a state entity that

3501 approved the line as opposed to, in your case, Colorado all  
3502 the way back in Washington.

3503 \*Mr. Evans. I am out of time. I yield back.

3504 \*Mr. Latta. Well, thank you very much. The gentleman's  
3505 time has expired and he yields back. The chair now  
3506 recognizes the at-large member from the State of North Dakota  
3507 for five minutes for questions.

3508 \*Mrs. Fedorchak. Good afternoon everyone. Thank you  
3509 for being here. It is great to see a great panel of experts,  
3510 including a dear friend and fellow North Dakotan, Tony Clark.  
3511 Thank you, Mr. Chairman, for continuing to bring forward  
3512 important discussions like this that get to the heart of  
3513 affordability for Americans and citizens in my state.

3514 And today's hearing really gets to the heart of that  
3515 principle. Transmission costs are rising, and largely  
3516 families, businesses, and others who are utility customers,  
3517 they are paying the bill. We continue to hear we need to  
3518 spend more money to save money. And utility ratepayers are  
3519 frustrated by that.

3520 [Chart]

3521 \*Mrs. Fedorchak. Mr. Christie, I want to start with  
3522 you. As you can see from the chart displayed behind me,  
3523 transmission costs are far outpacing the costs of generation  
3524 in terms of their growth and cost to utility customers. Can  
3525 you help explain this to me and help talk about what some of

3526 the drivers of those costs are, and how Federal policies like  
3527 the tax incentives may have contributed to this?

3528 \*Mr. Christie. Well, distribution costs have been going  
3529 up because a lot of the utilities have been required and are  
3530 doing it -- they are hardening the systems, particularly  
3531 against inclement -- against emergency weather events like  
3532 hurricanes. So the distribution costs, which are under local  
3533 state regulation, have largely been driven by trying to  
3534 harden the system appropriately against storms.

3535 Transmission costs are going up. Again, it is another  
3536 utility asset. The one thing people need to understand is --  
3537 you know this as a former state regulator -- most of your  
3538 utility bill is for utility assets. They go into rate base.  
3539 And the cost mounts year by year, which, as you have seen  
3540 with transmission -- I think personally that we have got a  
3541 major regulatory gap in transmission. FERC regulates  
3542 transmission rates in most parts of the country, and in those  
3543 parts of the country that went into RTOs there is no local  
3544 review of local projects, which is the largest part of the  
3545 cost.

3546 So there is -- I think there is a regulatory gap because  
3547 -- in the RTO specifically with the lack of local authority  
3548 to look at local transmission costs.

3549 \*Mrs. Fedorchak. Okay. Thank you for that.

3550 Mr. Clark, thank you for representing NARUC and state

3551 regulators here. State regulators are constantly dealing  
3552 with multiple challenges. A few years ago it was  
3553 electrification, but it seems like today's challenges are  
3554 largely focused on meeting large load demands.

3555 I have another question for you, but first would you  
3556 agree with that, that that is one of the biggest challenges  
3557 for state regulators today, the large load demands?

3558 \*Mr. Clark. Congresswoman, I would agree.

3559 \*Mrs. Fedorchak. Awesome. Thank you for that. And  
3560 thank you for all the work that state regulators are doing  
3561 through large load tariffs to address some of those issues.

3562 In our last hearing on transmission policy, every single  
3563 panelist, regardless of party, agreed that Americans should  
3564 not be burdened with costs from energy infrastructure that  
3565 they don't cause. There is a term, "beneficiaries pay" --  
3566 we have heard it today -- that is widely used. Tony, could  
3567 you talk a little bit how a loose definition of a term like  
3568 that that encompasses both congestion relief and broad policy  
3569 goals could be forcing families to subsidize projects that  
3570 they neither use nor need?

3571 \*Mr. Clark. Sure, Congresswoman, thank you for the  
3572 question. And I would be remiss if I didn't acknowledge you  
3573 are a former president of NARUC, so thank you for the service  
3574 to our association, as well.

3575 The -- having too loose a definition of what a

3576 beneficiary is can cause problems because consultants can get  
3577 studies to say a lot of things, right? And what regulators  
3578 try to do, the -- it is a bedrock principle that cost causers  
3579 should be cost payers. But if that definition is too loose,  
3580 it can encourage project developers to sort of avoid the  
3581 trickier question which I have talked about throughout the  
3582 course of this, which is what is this investment compared to  
3583 something else? And that is really the key question that  
3584 state regulators are especially focused on, is what is that  
3585 alternative comparison that you could have invested in that  
3586 might have caused rates to go down?

3587           But once you build a project based on perhaps a top-down  
3588 planning mandate, once you build that project it can  
3589 basically make other investments that would have been a  
3590 better investment uninvestable because you have sunk costs  
3591 into a --

3592           \*Mrs. Fedorchak. Right.

3593           \*Mr. Clark. -- huge fixed cost network that has to be  
3594 recovered from captive ratepayers.

3595           \*Mrs. Fedorchak. Thank you.

3596           I want to just close the loop here quickly back to you,  
3597 Mr. Christie. I have been talking a lot about cost causers  
3598 driving the need, rather than beneficiaries. Could you speak  
3599 to that and how that would help ensure that costs are  
3600 properly allocated to the drivers, not the beneficiaries?

3601           \*Mr. Christie. Right. The benefits can be grossly  
3602 inflated. The independent market monitor, MISO, said their  
3603 latest tranche -- the benefits were grossly inflated, and he  
3604 critiqued it on that basis, which means you are going to get  
3605 cost allocations spread across people who didn't cause the  
3606 cost. Equal focus needs to be on the causation of the cost,  
3607 as well as some made-up benefits, which is what the IMM said  
3608 was happening in MISO.

3609           \*Mrs. Fedorchak. Thank you, sir.

3610           I am over my time, I yield back.

3611           \*Mr. Latta. The --

3612           \*Mrs. Fedorchak. I would love to work with the rest of  
3613 you on --

3614           \*Mr. Latta. The gentlelady's time has expired, and she  
3615 yields back. The chair now recognizes the gentleman from  
3616 Pennsylvania's 13th district for five minutes for questions.

3617           \*Mr. Joyce. Thank you, Mr. Chairman, and thank you for  
3618 holding this important hearing and for our witnesses for  
3619 participating here today.

3620           My home state of the Commonwealth of Pennsylvania is a  
3621 home to vast energy resources and to strong generation  
3622 assets. And because of this we often see large-scale  
3623 transmission projects proposed to move that electricity  
3624 either elsewhere within the Commonwealth of Pennsylvania or  
3625 to address the demand of adjacent neighbors.

3626           At the Federal level I have worked on legislation that  
3627 would ease bureaucratic red tape to help with the timely  
3628 permitting and completion of all types of critical energy  
3629 infrastructure projects. We have all seen energy demands  
3630 rise. My top priority remains that these projects and those  
3631 who regulate them are responsive to the needs and the  
3632 concerns of those who will ultimately live with the effects  
3633 and with the costs of this new infrastructure.

3634           Mr. Christie, thank you for being here. With your  
3635 personal experience both at FERC and at state public utility  
3636 commissions, can you provide any additional examples of how,  
3637 as a state regulator, you were able to respond to local  
3638 concerns with a precision that would be impossible from a  
3639 Federal position?

3640           \*Mr. Christie. We do that all the time because when you  
3641 are doing an IRP proceeding, when you are looking at your  
3642 major utilities -- our major utility in Virginia is Dominion.  
3643 That is our largest utility. So you do an IRP proceeding,  
3644 you are looking at what are their generating resources that  
3645 they have coming in, coming down the line, and what are the  
3646 distribution costs that they have. You look at the whole  
3647 thing, and you look at what the transmission costs.

3648           So you can look at, on a real-time basis, what is going  
3649 to be needed to serve the millions of people who are in  
3650 Dominion's territory, and FERC just doesn't do that. FERC

3651 doesn't do integrated resource planning. It has -- first of  
3652 all, it is not its fault. It doesn't have the authority  
3653 under the Federal Power Act to do integrated resource  
3654 planning; states do. And that is where the rubber hits the  
3655 road, so to speak, about making sure that utilities that  
3656 serve consumers are on top of their game and are actually  
3657 getting the resources they need -- generation, transmission,  
3658 distribution -- because it is all integrated whole, it is all  
3659 part of the same utility system.

3660       \*Mr. Joyce. You talked about when the rubber hits the  
3661 road, and I like that analogy because it is so important  
3662 because at the state, and then subsequently at the local  
3663 levels, that is so important. Do you feel that you are  
3664 empowered at the state level to make sure that the consumer  
3665 -- that my constituent knows that that rubber hitting the  
3666 road -- that there is an advocate for them?

3667       \*Mr. Christie. I think, frankly, if states that went  
3668 into an RTO if they unbundled their transmission, one of the  
3669 problems is you gave up control of your transmission costs to  
3670 FERC, and I think that was a mistake. I think states are  
3671 better off if they had kept the transmission costs under  
3672 state regulation because that is a huge part of the bill.

3673       Congresswoman Fedorchak put the chart up showing how  
3674 much transmission had gone up. Well, that has been under  
3675 FERC control. So I think we would be better off under state

3676 regulation because, look, state regulators are the ones who  
3677 have to do the retail rates that people pay in their bills.  
3678 So state regulators are the ones who are the most sensitive  
3679 to what actual costs are, far more than FERC.

3680       \*Mr. Joyce. Mr. Clark, do you have any additional  
3681 examples of the sorts of details and precise changes that can  
3682 be made by state regulators to benefit the local landowners  
3683 and the local consumers?

3684       \*Mr. Clark. Congressman, yes, thank you for the  
3685 question.

3686       I had mentioned it just briefly in my opening statement,  
3687 but having sat through these transmission hearings -- and  
3688 siting transmission, electric transmission, is very different  
3689 than a pipeline. With a pipeline -- and I have sited a lot  
3690 of both -- a pipeline, it is 36 or 48 inches underground. It  
3691 is sort of out of sight, out of mind once it is sited. A  
3692 transmission line is very different. It impacts the land in  
3693 a very different way, so what state regulators are able to do  
3694 and local officials who work on these permits, is ensure that  
3695 when a project is built, it is done in such a way that the  
3696 landowner can accept it, that it is put in a place on, say,  
3697 farming operations, where it makes the most sense for that  
3698 farmer's land use. It is things like that that can be teased  
3699 out in a forum that state commissions excel at doing that I  
3700 worry would fall in the gaps if that --

3701           \*Mr. Joyce. Do you feel that landowners and their  
3702 concerns often do fall in those aforementioned gaps that you  
3703 talk about?

3704           \*Mr. Clark. I think moving those decisions to  
3705 Washington, D.C. would almost certainly ensure that there  
3706 would be more of those gaps. I think their ability to access  
3707 their local commission is much greater than it is if it gets  
3708 bounced to a Federal siting process.

3709           \*Mr. Joyce. I think I agree with you that that local  
3710 input is paramount, that that local control and  
3711 responsiveness to the local landowner must be heard and must  
3712 be acted on.

3713           We all share the same desire to see affordable and  
3714 reliable energy available to support the local consumers and  
3715 local industries. As we build out the necessary  
3716 infrastructure, state regulators must hold protecting local  
3717 consumers and local landowners as their number-one priority.

3718           I again thank you for testifying here today.

3719           Mr. Chairman, I yield back.

3720           \*Mr. Latta. Thank you very much. The gentleman's time  
3721 has expired and he yields back. The chair now recognizes the  
3722 gentleman from Georgia's 1st district for five minutes for  
3723 questions.

3724           \*Mr. Carter of Georgia. Thank you, Mr. Chairman, and  
3725 thank all of you for being here. This is extremely

3726 important.

3727           We all know that when we talk about the need for energy,  
3728 that we typically just fill our -- or focus on generation of  
3729 energy. But we have got to also understand how important it  
3730 is that it -- to be able to move it. If we can't do that,  
3731 then having all the energy in the world doesn't help us. And  
3732 we have got to be able to move it. And one of the strengths  
3733 of our energy system is that states can choose the  
3734 transmission model that works best for their region.

3735           And in Georgia we are very fortunate, where utilities  
3736 like Southern Company operate largely outside of FERC  
3737 jurisdictional RTOs. We have had success seeing economic  
3738 growth and reliability.

3739           Mr. Rikard, I want to ask you. We are hearing a lot  
3740 about issues building infrastructure in this country, but my  
3741 understanding is that Georgia Power is moving with speed to  
3742 build energy infrastructure. Can you tell us how Georgia  
3743 Power and Southern Company are able to quickly meet growing  
3744 demand?

3745           \*Mr. Rikard. Yes, sir. Thank you for the question.

3746           It is really simply our vertically-integrated holistic  
3747 planning approach. Because we are coordinated, we have  
3748 headlights in the future. We see needs, both fuel generation  
3749 and transmission, well in advance. And because of our  
3750 constructive state regulatory environment and the fact that

3751 we make prudent investments, they allow us to make those  
3752 investments in a timely manner so that we can maintain  
3753 reliability and affordability.

3754 \*Mr. Carter of Georgia. I want to remind everyone that  
3755 Georgia for the past 12 years in a row has been the number-  
3756 one state in which to do business. One of the reasons for  
3757 that is the availability of energy, and the power, and the  
3758 affordability of it. So thank you for that. Thank you for  
3759 your contribution to making us the number-one state in which  
3760 to do business.

3761 Other parts of the country are not as fortunate as  
3762 Georgia. We hear about stories about transmission lines and  
3763 energy projects that take years and years to permit and to  
3764 build. And it is essential that we address those permitting  
3765 delays while we are making sure and ensuring that states get  
3766 the transmission rights that are not impacted. Georgia  
3767 doesn't experience some of the transmission permitting issues  
3768 that are prevalent in other parts of the country.

3769 Mr. Rikard, how do we ensure that Federal permitting  
3770 reform is not a one size fits all, and that -- a solution  
3771 that can negatively impact states like Georgia?

3772 \*Mr. Rikard. I really appreciate that question, because  
3773 it also gives me another opportunity to circle back to a  
3774 question I think I misunderstood from Representative Peters,  
3775 in that we evaluate all solutions. We evaluate interregional

3776 solutions after we do our bottoms-up approach. Are there  
3777 better ways, are there better cost solutions for our  
3778 customers?

3779 I think one way we can protect our customers and not --  
3780 and maybe even avoid the cost allocation conversation, is to  
3781 make sure that we are not prescribing outcomes, prescribing  
3782 mandates that will result in uneconomic transmission. And I  
3783 think that is one way we can do it.

3784 We are also, though, very open to further conversations  
3785 about is there a better interregional transmission process  
3786 that we can work with this group on to find.

3787 \*Mr. Carter of Georgia. Great. Mr. Christie, let me  
3788 ask you. Whether we are deploying grid enhancing  
3789 technologies or streamlining the interconnection queues or  
3790 even utilizing existing right of ways, what are the consensus  
3791 items that Congress can act on immediately that could be  
3792 included on a broader permitting package without getting  
3793 derailed by the larger jurisdictional and market structure  
3794 fights?

3795 \*Mr. Christie. Well, the term GETs, which is the  
3796 acronym you hear all the time, grid enhancing technologies,  
3797 covers a wide array of technologies. Some of them work  
3798 really well and some of them don't. Some of them work some  
3799 places and not other places. The important thing is the  
3800 engineers ought to make the decision. The engineers ought to

3801 decide what -- whether it is an advanced conductor ring, it  
3802 works some places it works others; it works better some  
3803 places. And before you charge consumers for it -- and this  
3804 is my whole point -- don't charge consumers until you know  
3805 they are getting the value for their money.

3806         The utilities are being urged and required to consider  
3807 GETs, and they should be. You don't want a Federal mandate  
3808 that says you always have to use all GETs in all places  
3809 because it -- from an engineering standpoint, it is not going  
3810 to work, but yet consumers are going to get charged for it.  
3811 So I think, frankly, you ought to let the utilities and their  
3812 regulators handle that issue of the use of grid enhancing  
3813 technologies and let them figure out where -- let the  
3814 engineers decide where it works, and don't make consumers pay  
3815 when it doesn't work.

3816         \*Mr. Carter of Georgia. And this kind of goes back to  
3817 what I was talking about earlier and this one size fits all  
3818 that we think that -- you know, we just use a cookie cutter  
3819 model.

3820         \*Mr. Christie. Right. In this utility field -- and I  
3821 have been in it for 22 years -- in this utility field,  
3822 advanced mandates, mandates that say you have to build X  
3823 amount of transmission without any factual basis, mandates  
3824 that say you have to use GETs without any factual basis of  
3825 individual situations, mandatory renewable that says you have

3826 to use this kind of generation to the exclusion of other  
3827 types, they don't work in the long run because you are  
3828 ignoring the facts in the field, in individual cases. That  
3829 is what utility regulators do is we look at the facts in  
3830 individual cases whether it is generation, transmission,  
3831 distribution.

3832 \*Mr. Latta. I am sorry to interrupt.

3833 \*Mr. Carter of Georgia. Okay. Well --

3834 \*Mr. Latta. The gentleman's time has expired.

3835 \*Mr. Carter of Georgia. Well, thank you all for being  
3836 here. And we have got a great utility regulator, by the way,  
3837 who we appreciate being on this committee.

3838 \*Mr. Latta. Well, thank you very much. The gentleman's  
3839 time has expired and yields back. The chair now recognizes  
3840 the gentlelady from Iowa's 1st district for five minutes for  
3841 questions.

3842 \*Mrs. Miller-Meeks. Thank you, Chairman Latta and  
3843 Ranking Member Castor -- if she is here -- for holding this  
3844 hearing, and I thank our witnesses for being here.

3845 Demand is rising rapidly, as we all know. And while we  
3846 agree more transmission is needed, we lack agreement on how  
3847 to evaluate it, value it, and talk about it. From Iowa's  
3848 experience in MISO -- and let me say that Iowa is a state  
3849 that has any of the above when it comes to energy generation  
3850 -- I have seen the strengths of collaborative, intra-regional

3851 and interregional planning, how different regions  
3852 legitimately weigh costs and benefits in different ways.

3853         Across regions stakeholders may describe the same  
3854 benefits differently because they hold distinct local, state,  
3855 and regional perspectives. Order 1920-A starts the work of  
3856 creating a shared language for those perspectives, but more  
3857 clarity is needed so regions can compare benefits without  
3858 erasing their differences.

3859         Mr. Clark, you state that when transmission is truly  
3860 needed and cost effective, states typically site and permit  
3861 projects expeditiously. But I want to dig into that phrase.  
3862 How do different state commissions define "truly needed,"  
3863 and how do they define "cost effective"? Are those  
3864 definitions consistent across state lines?

3865         And when a project requires two or more states with  
3866 different definitions of those terms to agree upon whether to  
3867 build and how to share the cost, what happens to the process?

3868         \*Mr. Clark. So, Congressman, thanks for the --  
3869 Congresswoman, thanks for the excellent question.

3870         It is a little bit driven by state statute. Some states  
3871 have need processes, some are just a permitting statute,  
3872 which is just the physical infrastructure itself. And in  
3873 some states like the State of North Dakota, it depends on who  
3874 the project developer is that brings the project, whether  
3875 there is a need analysis and/or an environmental analysis.

3876 So a bit of it is driven by state statute.

3877 In the context of interstate lines, it again depends on  
3878 the region, getting back to this issue of one size does not  
3879 fit all. In the upper Midwest, for example, in the MISO  
3880 region, where -- which serves much of Iowa and the upper  
3881 Midwest, there is often a regional planning process that  
3882 takes place. And what I found, as a state commissioner from  
3883 that region, is when something went through a thorough and  
3884 rigorous process where a line was determined to be needed by  
3885 multiple states and everyone benefitted from it, you didn't  
3886 have issues of states unreasonably blocking lines.

3887 So what it took was that sort of analysis that allowed  
3888 the state regulator to be comfortable that this line -- while  
3889 the beneficiaries might be a little different in different  
3890 states, everybody benefitted from it. If you couldn't meet  
3891 that standard, that is when you started having some issues  
3892 with getting lines sited.

3893 But honestly, when you look across the country, states  
3894 are doing, I think, a tremendous job of getting needed  
3895 projects built. It is just you have to demonstrate that need  
3896 in the record.

3897 \*Mrs. Miller-Meeks. Thank you.

3898 Mr. Christie, you described voting to approve  
3899 controversial 500 kilowatt lines after fully litigated  
3900 proceedings with public hearings. What, in your experience,

3901 are the biggest points of contention in those proceedings?

3902 What gets litigated most heavily?

3903 And has the nature of those disputes changed over the  
3904 last 10 years?

3905 \*Mr. Christie. Well, when you have a big line like that  
3906 -- and 500 kV, 765 kV are big lines -- they generally cover a  
3907 lot of distance: 50, 100, 150 miles. So there is a lot of  
3908 people impacted. You don't hide a transmission line like  
3909 that. You can't put it underground. It is going to dominate  
3910 the built landscape for miles around. So, of course, people  
3911 who don't have it in their viewshed right now are not going  
3912 to want to see a 765 coming through. They are not sightly.  
3913 And so they are going to be controversial.

3914 But you have to give the public the opportunity, which  
3915 state regulators do, to come out and voice their opinions.  
3916 And most of them are going to be opposed. Again, every high  
3917 school gym I went to with 300 or 400 people, every one was  
3918 against the line. Nobody came out and said, yes, we want to  
3919 build something to mess up my view. It is the nature of  
3920 building that kind of an asset.

3921 People will ultimately -- I believe people will  
3922 ultimately accept the intrusion on their landscape, even  
3923 eminent domain, where the property is actually seized, if  
3924 they think that they had a fair shake in voicing their  
3925 opinion and, most importantly, that a state agency seriously

3926 did its due diligence, looked at the facts, and came out with  
3927 a credible opinion, as we did in several controversial cases,  
3928 that said if we don't build this we are going to have  
3929 brownouts, we are going to have blackouts, okay, from line  
3930 overloads. And the public ultimately accepted that, even  
3931 though they didn't want to look at a 765 kV. I think that is  
3932 the only way you get stuff built.

3933       \*Mrs. Miller-Meeks. Yes, we are facing some of those  
3934 challenges in Iowa now, so I appreciate it.

3935       I also have some questions for the record I would like  
3936 to submit, Mr. Chair.

3937       [The information follows:]

3938

3939       \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

3940

3941           \*Mrs. Miller-Meeks. And with that I yield.

3942           \*Mr. Latta. Well, thank you very much. The gentle lady  
3943 yields back.

3944           And seeing no other members wishing to ask questions, we  
3945 want to thank our witnesses for appearing before the  
3946 subcommittee today. Members may have -- and it sounds like  
3947 we will have -- additional written questions for you, and I  
3948 remind members that they have 10 business days to submit  
3949 additional questions for the record. I ask our witnesses to  
3950 do their best to submit their responses within 10 business  
3951 days upon receipt of those questions.

3952           I ask unanimous consent to insert in the record the  
3953 documents included on the staff hearing documents list.

3954           Without objection, so ordered.

3955           [The information follows:]

3956

3957           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

3958

3959           \*Mr. Latta. And without objection, the subcommittee  
3960 stands adjourned.

3961           [Whereupon, at 1:30 p.m., the Subcommittee was  
3962 adjourned.]