

Opening Statement of the Honorable Greg Walden
Subcommittee on Energy Hearing on: “Oversight of the Federal Energy
Regulatory Commission and FY2019 Budget”
April 17, 2018

(As prepared for delivery)

Good morning and welcome to our FERC commissioners. The last time the Energy and Commerce Committee heard testimony from all five commissioners was in 2015, as Commissioner LaFleur may remember. However, this is a first under the Chairmanship of Commissioner McIntyre, so we’re grateful for the opportunity and looking forward to today’s hearing.

The Federal Energy Regulatory Commission – known as FERC – oversees many critical aspects of our nation’s energy infrastructure and industry. Through authorities provided by Congress, namely the Federal Power Act and the Natural Gas Act, the commission regulates the interstate transmission of electricity, natural gas, and oil; reviews proposals to build LNG terminals and interstate natural gas pipelines; and, oversees the licensing of hydropower projects.

Our nation’s energy industry is at the forefront of an unprecedented period of change – driven in part by changes in fuel mixes, technological innovation, and market competition.

Declining natural gas prices, stable demand, zero cost generation resources, and greater efficiency have led to a generation mix differentiated not solely by cost but through operational characteristics such as dispatchability, flexibility, and ramping.

A well-functioning energy system is dependent on competitive markets. However, in some wholesale electricity markets, certain generation resources such as coal and nuclear are struggling to recover costs and remain competitive. In some cases, under wholesale market rules, inflexible generation units are not permitted to set price. This presents real challenges for cost-recovery, which *could* ultimately have an impact on the reliability and resiliency of our grid. I am hopeful that FERC will take this matter seriously as it conducts its review of comments

regarding resiliency in the organized electricity markets.

At the same time, advances in digital and information technologies are driving change, creating new opportunities for a more intelligent and dynamic energy system. Many of these advanced energy technologies have applications on the distribution side and behind the meter, beyond the regulatory reach of FERC. However, given the interconnected nature of our grid, we're beginning to see their impacts on the bulk power system and wholesale electricity markets.

Of course, as our generation mix shifts toward natural gas, we're going to need more pipelines to transport gas from producing wells to end-use consumers. New England is especially feeling the crunch, as we saw when they had to import LNG from Russia on two occasions this year to meet the market demand.

I am hopeful that Chairman McIntyre's review of FERC's procedures for evaluating applications for new gas pipelines will result in more efficient and timely decisions. I understand that FERC will be taking formal action on this review at its open meeting on Thursday.

With our abundant shale resources, we can be entirely self-sufficient on natural gas – but we must construct new pipelines. While cross-border trade with our neighbors Canada and Mexico may be a win-win, we should never have to be reliant on Russian imports again.

Since taking the gavel as chairman for this committee I have made it my promise to always put the consumer first in everything we do. The modern consumer expects greater control, convenience, and choice when it comes to their energy consumption.

I am excited about the changes taking place and the opportunities that it presents for our nation's economy and energy security. With that, I'd like to thank the Commissioners for appearing before us today, and I look forward to their testimony.