

# Federal Energy Regulatory Commission

## **STRATEGIC PLAN** **Fiscal Years 2022-2026**

March 28, 2022  
Chairman Richard Glick



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# Message from the Chairman

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America's energy landscape is undergoing profound change. The development of, and demand for, cleaner electricity is rapidly reshaping the resource mix. This requires us to consider how to ensure the reliable delivery of affordable electricity. This includes putting in place and enforcing market rules and regulations to ensure that competition works for the benefit of consumers everywhere. In addition, the increased attention paid to how we generate, transport, and consume energy provides an opportunity to ensure that the process by which we plan and permit necessary energy infrastructure is open, inclusive, and performed with an eye to the future.



At the same time, our energy infrastructure is facing unprecedented threats. Extreme weather caused by climate change—including more dangerous wildfires, hurricanes, droughts, as well as severe heat and cold—threatens our ability to reliably deliver energy, often when it is needed most. Similarly, the threat of cyberattacks on energy infrastructure is growing.

The Federal Energy Regulatory Commission has an important role to play in enabling the United States to benefit from the changes taking place while mitigating the threats. In this Strategic Plan, I outline the Commission's role and the priorities on which we must focus. I am privileged to work with the Commission's superb and diligent staff to pursue these priorities.

**Richard Glick**

Chairman

Federal Energy Regulatory Commission

# Introduction

The Federal Energy Regulatory Commission (FERC, or the Commission) is an independent agency that regulates the transmission and wholesale sale of electricity and natural gas in interstate commerce, as well as the transportation of oil by pipelines in interstate commerce. FERC also reviews proposals to build interstate natural gas pipelines, natural gas storage projects, and liquefied natural gas (LNG) terminals. FERC licenses non-federal hydropower projects. Congress assigned these responsibilities to FERC in various laws, including the Federal Power Act, enacted 100 years ago, the Public Utility Regulatory Policies Act of 1978, the Natural Gas Act, the Natural Gas Policy Act of 1978, and the Interstate Commerce Act. More recently, as part of the Energy Policy Act of 2005, Congress gave FERC additional responsibilities: to protect the reliability and cybersecurity of the Bulk-Power System through the establishment and enforcement of mandatory reliability standards, as well as additional authority to enforce FERC regulatory requirements through the imposition of civil penalties and other means.

While the Commission has many statutory responsibilities, there are areas outside its responsibilities which fall to other federal agencies or state public utility commissions. Examples are outlined below.

WHAT FERC DOES	WHAT FERC DOES NOT DO
Regulates the transmission and wholesale sale of electricity in interstate commerce	Regulate retail electricity and natural gas sales to consumers
Reviews certain mergers and acquisitions and corporate transactions by electricity companies	Approve physical construction of electric generation facilities
Regulates the transmission and sale of natural gas for resale in interstate commerce	Regulate activities of the municipal power systems, federal power marketing agencies, and most rural electric cooperatives
Regulates the transportation of oil by pipelines in interstate commerce	Regulate nuclear power plants
Approves the siting and abandonment of interstate natural gas pipelines and storage facilities	Issue State Water Quality Certificates
Reviews the siting application for electric transmission projects under limited circumstances	Oversee the construction of oil pipelines
Assesses the safe operation and reliability of proposed and operating LNG terminals	Oversee abandonment of service as related to oil facilities
Licenses and inspects private, municipal, and state hydroelectric projects	Regulate mergers and acquisitions as related to natural gas and oil companies
Protects the reliability of the high voltage interstate transmission system through mandatory reliability standards	Exercise responsibility for pipeline transportation on or across the Outer Continental Shelf or for pipeline safety
Monitors and investigates energy markets	Regulate local distribution pipelines of natural gas
Enforces FERC regulatory requirements through imposition of civil penalties and other means	Oversee development and operation of natural gas vehicles
Oversees environmental matters related to natural gas and hydroelectricity projects and other matters	Address reliability problems related to failures of local distribution facilities
Administers accounting and financial reporting regulations and conduct of regulated companies	Regulate tree trimmings near local distribution power lines in residential neighborhoods

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
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## Guiding Principles

**Organizational Excellence:** The Commission strives to use its resources efficiently and effectively to achieve its strategic priorities.

**Due Process and Transparency:** Paramount in all its proceedings is the Commission's determination to be open and fair to all participants.

**Regulatory Certainty:** In each of the thousands of orders, opinions, and reports issued by the Commission each year, the Commission strives to provide regulatory certainty through consistent approaches and actions.

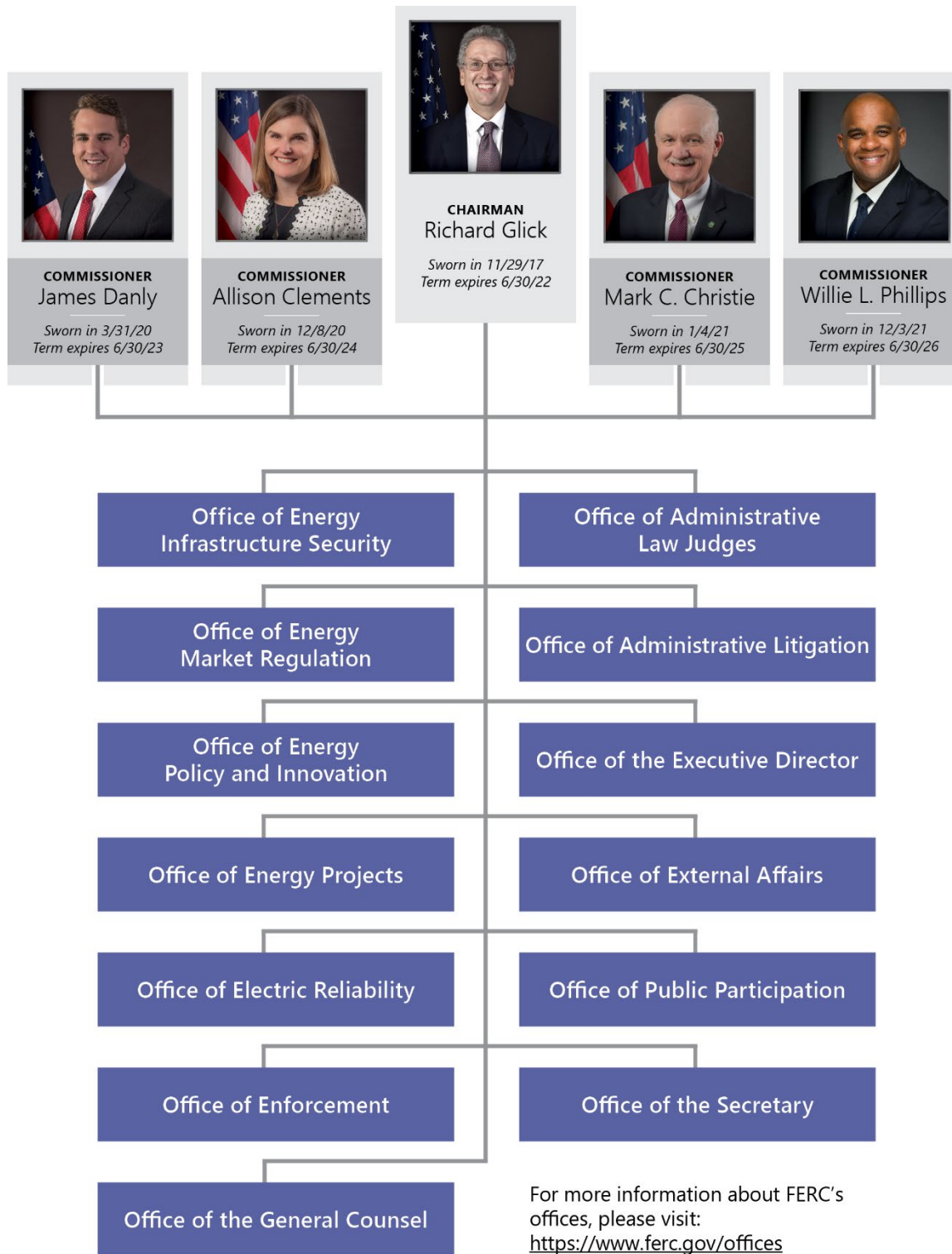
**Stakeholder Involvement:** The Commission conducts regular outreach to ensure that interested parties have an appropriate opportunity to contribute to the performance of the Commission's responsibilities.

**Timeliness:** The Commission's goal is to reach an appropriate resolution of each proceeding in an expeditious manner.

## The Organization

FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve staggered five-year terms and have an equal vote on the orders through which FERC acts. The President appoints one of the commissioners to be the chairman of FERC, the administrative head of the agency. FERC is a bipartisan body; no more than three commissioners may be of the same political party. To carry out its authorities, the Commission has approximately 1,500 staff members that are organized into 13 offices. Commission staff is located primarily in the Washington, D.C. region, with several field offices across the country.

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# About This Document

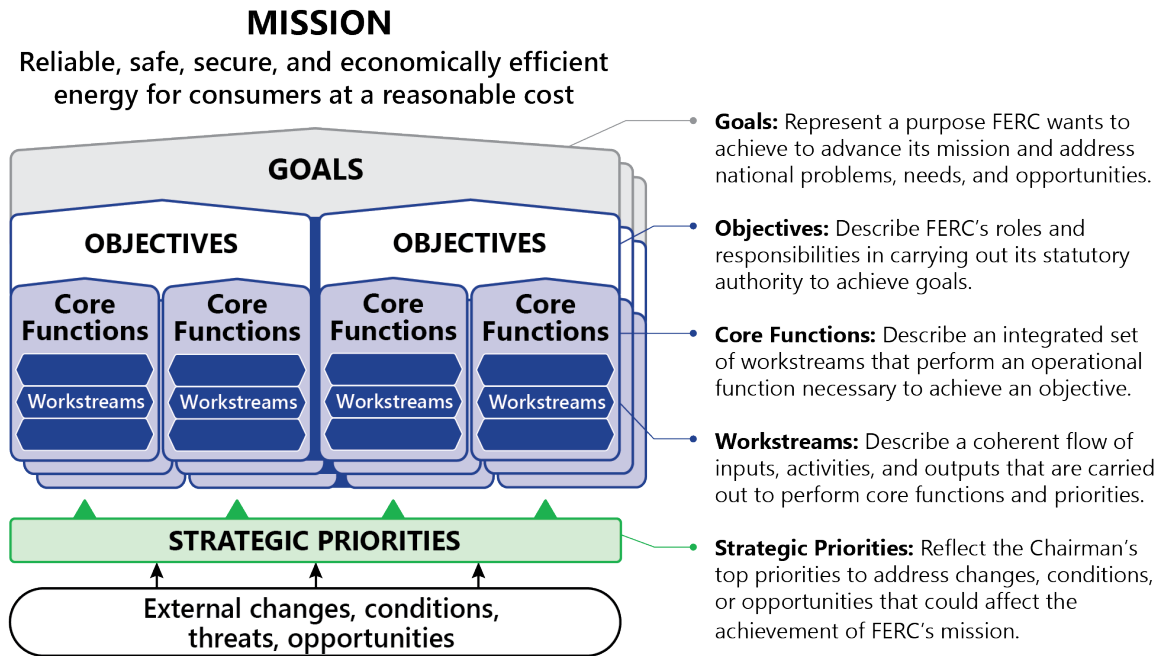
## Document Purpose

The GPRA Modernization Act of 2010 requires every Federal agency to produce a new Strategic Plan at the beginning of each new term of an Administration. The Strategic Plan defines the agency mission, long-term goals, objectives to achieve those goals, strategies planned to address specific national problems, needs, challenges, and opportunities related to its mission.

The purpose of FERC’s Strategic Plan is to:

- Communicate to employees, Congress, and the public a direction for the future, addressing challenges affecting the mission.
- Provide a framework describing FERC’s mission and scope of responsibilities, including statutory authorities.
- Provide employees with alignment to the mission and support collaboration across organizational units toward common results.
- Inform decision-making about resource requests, the need for major new acquisitions, information technology, and strategic human capital planning.

As a regulatory agency, the foundation of FERC’s Strategic Plan is rooted in its federal mandates under various laws and statutes. The plan also demonstrates FERC’s responsiveness to external changes and conditions. The figure depicts how the elements of FERC’s strategic framework work together to achieve the mission.



## How to Navigate this Document

This document first presents the Strategic Priorities, each of which is linked to a particular objective. It is then organized according to the strategic framework to allow the reader to understand how FERC accomplishes its work within each Goal. Use the navigation links at the bottom of each page and in headings throughout the document to jump between sections quickly and easily.

# Strategic Framework

## Mission

Reliable, Safe, Secure, and Economically Efficient Energy for Consumers at a Reasonable Cost

Assist consumers in obtaining reliable, safe, secure, and economically efficient energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.

## Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions

**OBJECTIVE 1.1:** Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

- **STRATEGIC PRIORITY:** Modernizing Electric Market Design
  
- **STRATEGIC PRIORITY:** Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix
  
- CORE FUNCTION 1.1.1:** Determine whether FERC rules and policies need to be added or changed.
  - Workstream:** Evaluate Policies and Pursue Changes to Regulations Where Necessary
  - Workstream:** Conduct Outreach and Information Sharing
  
- CORE FUNCTION 1.1.2:** Analyze and act on filings in a fair, clear, and timely manner.
  - Workstream:** Analyze and Act on Filings
  - Workstream:** Conduct Settlement Judge Procedures
  - Workstream:** Conduct Hearing Procedures

**OBJECTIVE 1.2:** Promote compliance with FERC rules, including by detecting and deterring market manipulation.

- **STRATEGIC PRIORITY:** Promoting a Strong and Robust Enforcement Program
  
- CORE FUNCTION 1.2.1:** Assess compliance and financial filings of regulated entities.
  - Workstream:** Conduct Compliance, Operational, Financial, and Other Audits
  - Workstream:** Establish Accounting Policies and Analyze Financial Filings
  - Workstream:** Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms
  
- CORE FUNCTION 1.2.2:** Monitor market activity and explore potential violations.
  - Workstream:** Conduct Surveillance of Natural Gas and Electric Markets
  - Workstream:** Conduct Investigations
  - Workstream:** Conduct Enforcement Proceedings



## Goal 2: Ensure Safe, Reliable, and Secure Infrastructure Consistent With the Public Interest

**OBJECTIVE 2.1:** Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.

● **STRATEGIC PRIORITY:** Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects

**CORE FUNCTION 2.1.1:** Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.

**Workstream:** Review Applications for Interstate Natural Gas Pipeline, Storage, and LNG Projects

**Workstream:** Review Applications for Hydropower Projects

**CORE FUNCTION 2.1.2:** Assess compliance with environmental mitigation conditions in FERC orders during construction and operation of natural gas and hydropower infrastructure.

**Workstream:** Conduct Natural Gas Pipeline, Storage, and LNG Project Inspections/Reviews

**Workstream:** Conduct Hydropower Project Inspections/Reviews

**OBJECTIVE 2.2:** Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

● **STRATEGIC PRIORITY:** Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

**CORE FUNCTION 2.2.1:** Conduct comprehensive and timely inspections of hydropower and LNG facilities to ensure compliance.

**Workstream:** Conduct LNG Facility Inspections

**Workstream:** Conduct Hydropower Facility Inspections

**CORE FUNCTION 2.2.2:** Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.

**Workstream:** Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards

**Workstream:** Review and Approve Proposed Reliability Standards

**Workstream:** Oversee the ERO and the Enforcement of Reliability Standards

**CORE FUNCTION 2.2.3:** Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.

**Workstream:** Collaborate With the Critical Infrastructure Community to Inform and Address Infrastructure Security

**Workstream:** Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure

### Goal 3: Provide Mission Support Through Organizational Excellence

**OBJECTIVE 3.1:** Manage resources effectively through an engaged workforce.

**CORE FUNCTION 3.1.1:** Maintain processes and provide compliant services that enable FERC offices to manage resources effectively and efficiently.

**Workstream:** Design and Implement Effective Internal Control and Accountability Systems

**Workstream:** Manage FERC’s Finance, Accounting, and Acquisition Requirements

**Workstream:** Design and Implement Human Capital Strategies to Attract a Diverse and Effective Workforce

**Workstream:** Maintain a Secure and Reliable IT Infrastructure

**Workstream:** Maintain the Safety, Security, and Resilience of FERC Operations

**CORE FUNCTION 3.1.2:** Provide tools and services that enable employees to perform their jobs effectively and drive FERC’s success.

**Workstream:** Protect Employees and Provide a Safe Workplace

**Workstream:** Provide Technical Support to Employees

**Workstream:** Develop and Engage Employees

**OBJECTIVE 3.2:** Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.

● **STRATEGIC PRIORITY:** Improving Accessibility and Participation in Proceedings

**CORE FUNCTION 3.2.1:** Maintain legal and other processes in accordance with the principles of due process, fairness, and integrity.

**Workstream:** Provide Ethical and Legal Support and Analysis Regarding FERC’s Operational Functions

**Workstream:** Provide Legal Guidance and Representation to FERC on Rehearing and Appeal of Commission Issuances

**Workstream:** Provide Guidance to the Commission on Matters Involving Environmental Justice and Equity

**CORE FUNCTION 3.2.2:** Promote understanding, participation, and engagement.

**Workstream:** Educate, Inform, and Engage

**Workstream:** Provide Outreach and Assistance on Individual Proceedings

**Workstream:** Maintain and Provide Public Information Systems and Services to Facilitate Public Engagement

**Workstream:** Coordinate Intervenor Funding

# Strategic Priorities

The Commission has established the following six strategic priorities. The description that follows each strategic priority has four parts. The **Overview** identifies a significant external change, condition, or trend that FERC has assessed as an opportunity, threat, problem, or issue that is likely to affect the achievement of its mission and therefore must be addressed through the execution of its regulatory authority. The **Rationale for FERC’s Involvement** describes why FERC can and should address the priority based on FERC’s authority, capabilities, and/or core functions. **FERC’s Activities and Their Expected Impact** describe the expected outcome (i.e., improvement/benefit achieved, or difficulty/disaster avoided) that FERC anticipates from addressing this priority. Finally, the **Link to Relevant Objective** indicates the objective to which the priority aligns and includes a link to that objective within the strategic plan. For each priority, the Commission has established a performance goal with a milestone-based performance indicator. Progress made on performance goals will be reported annually in the Congressional Justification.

- Modernizing Electricity Market Design
- Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix
- Promoting a Strong and Robust Enforcement Program
- Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects
- Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security
- Improving Accessibility and Participation in Proceedings

## ● Priority: Modernizing Electricity Market Design

### Overview

The organized wholesale electric markets (i.e., capacity, energy, and ancillary services markets) operated by Regional Transmission Organizations/Independent System Operators (RTOs/ISOs) need to be modernized to maintain their ability to serve wholesale electric customers efficiently and reliably in the future. The system resource mix is evolving to include more variable energy resources such as wind, solar, and battery storage. Customer demand or load is also expected to change due to increases in distributed energy resources, electrification, and other technology developments.

Together, the expected changes to the resource mix and load profiles will create new operational needs that markets are not currently designed to address. Increased operational flexibility will be

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				CF 3.2.2	CF 3.2.2

necessary to help address these changing system needs. Given the time it takes to identify, refine, and implement market design reforms, it is imperative that the Commission proactively examine and identify necessary reforms to existing markets to ensure that the market operators (RTOs/ISOs) can procure new grid services, operate more flexibly, and send appropriate price signals to reflect the needs of the modern electric grid.

**Rationale for FERC’s Involvement**

A core component of the Commission’s mission is to ensure that the rates, terms, and conditions of jurisdictional service are just, reasonable, and not unduly discriminatory or preferential. Where appropriate, FERC leverages competitive market forces to promote efficiency for customers, including in organized wholesale electric markets. FERC has exclusive jurisdiction over wholesale electric market rules and the energy, ancillary services, and capacity prices determined in those markets. Therefore, the Commission oversees organized wholesale electric markets to ensure that they continue to provide efficient and reliable electric service to customers.

Changes to the modern electricity sector may necessitate that the Commission examine whether existing markets, as designed, enable market operators to procure new grid services needed to deliver electricity efficiently and reliably. Commission staff members have a comprehensive understanding of the complexities of wholesale electric market design, as well as the economic, engineering, policy, and legal expertise to evaluate reforms proposed by stakeholders, including market operators. In addition, this expertise equips the Commission to proactively engage in independent research, outreach, and analysis to propose reforms to existing markets to reflect the needs of the modern electric grid.

**FERC’s Activities and Their Expected Impact**

FERC intends to conduct an examination of the existing organized wholesale electric markets to determine whether reforms are necessary to meet the needs of the modern electric grid. The Commission will engage stakeholders, including market operators, resource owners, customer groups, governmental entities, industry experts, the Department of Energy National Labs, academia, and others to identify reforms that ensure existing markets provide appropriate incentives to resources for the operational capabilities that market operators need to serve customers efficiently and reliably. The Commission will also identify potential reforms to existing market rules that facilitate the integration of new and emerging technologies, such as battery storage, hybrid and co-located resources, and aggregated distributed energy resources, to allow these resources to offer their full capabilities and value to these markets. Based on an evaluation of filings submitted to the Commission under sections 205 or 206 of the Federal Power Act, or a targeted inquiry or generic rulemaking under section 206, the Commission will determine whether broader reforms are needed to modernize organized wholesale electric markets. The Commission expects that its efforts to address this priority will ensure that these markets continue to provide efficient and reliable service to customers amid the emerging transformation of the electricity sector.

**Link to Relevant Objective**

This Priority aligns to: Objective 1.1: *Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.*

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## ● **Priority:** Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix

### **Overview**

The electricity sector is rapidly transforming. The energy resource mix increasingly includes new resources with characteristics that differ from the resources that have traditionally provided the majority of the nation’s electricity supply. For example, the generation fleet is shifting from resources located close to population centers toward resources, such as wind and solar, that often produce electricity most efficiently in areas located far from where that electricity will be used. The rapid growth in demand for such resources also is creating delays and other challenges for new resources seeking to be interconnected to the electric grid. A large amount of additional electric transmission infrastructure is needed to address these issues and facilitate the participation of these new resources in wholesale electric markets efficiently, while maintaining the reliability of the electric grid. A more efficient, cost-effective, and reliable electric grid benefits all. Furthermore, the transforming electric grid can help to relieve communities that currently shoulder disparate energy burdens.

### **Rationale for FERC’s Involvement**

The Commission is responsible under the Federal Power Act for ensuring that rates, terms, and conditions of service for the transmission of electricity in interstate commerce are just, reasonable, and not unduly discriminatory or preferential. Fulfilling that responsibility involves careful attention to the processes by which utilities plan new electric transmission infrastructure and by which the costs of those facilities are allocated to transmission rates. Amid the rapid transformation of the electricity sector and the corresponding need for development of a large amount of additional electric transmission infrastructure, it is all the more important for the Commission to ensure that its rules and policies promote not only the continued reliability of the electric grid, but also planning that identifies more efficient and cost-effective new transmission infrastructure and allocates its costs roughly commensurate with its benefits. Additionally, while primary authority to approve and site electric transmission facilities continues to remain with the states, Congress recently expanded the Commission’s authority to approve and site electric transmission facilities under certain circumstances. The Commission is responsible for implementing this new siting authority which will include consideration of stakeholder and community interests.

### **FERC’s Activities and Their Expected Impact**

The Commission expects to implement a series of reforms that will facilitate the development of new electric transmission infrastructure needed for a more reliable and resilient grid that can accommodate the rapidly changing resource mix. These expected reforms include changes to regional transmission planning and cost allocation and interregional coordination processes, as well as the interconnection queue process. Overall, the Commission expects that its reforms will accommodate the evolution of the electric grid more efficiently and cost effectively.

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Building upon the relationships that it has developed, the Commission will also engage with state partners as it considers potential reforms, helping it to identify and address potential barriers to transmission development. The Commission expects its reforms to facilitate the development of transmission infrastructure needed to meet the changing needs of the electricity system and to ensure that rates for Commission-jurisdictional services are just and reasonable.

**Link to Relevant Objective**

This Priority aligns to: Objective 1.1: Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

**● Priority: Promoting a Strong and Robust Enforcement Program**

**Overview**

Recently, energy markets have become increasingly complex due to, among other things, changes in the topography of energy resources and the emergence of new participants. These changes have led to new compliance challenges and reinforced the need for a rigorous and robust enforcement program. Vigilant monitoring and oversight, combined with timely actions against manipulative activity, including the imposition of civil penalties, are necessary to stay ahead of those changes and effectively detect and deter market manipulation and anticompetitive conduct that threatens the integrity of energy markets. Left unchecked, such behavior harms consumers and other stakeholders, results in inaccurate prices and unreliable price-setting mechanisms and interferes with market operations. It also causes entities participating in, benefiting from, or affected by energy markets to lose confidence that those markets are functioning fairly and producing results consistent with market rules and fundamentals.

Strong oversight and enforcement are also a priority for infrastructure projects and the Bulk-Power System. Commission-imposed requirements in pipeline certificates of public convenience and necessity and hydropower licenses must be met to ensure that infrastructure projects minimize adverse effects on the environment, landowners, and communities, including the most vulnerable communities, such as environmental justice communities, which tend to be minority and low-income populations that bear a disproportionate share of the adverse impacts of energy infrastructure project development. Similarly, failure to comply with the mandatory reliability standards for the Bulk-Power System approved by the Commission can jeopardize electric reliability and cause significant harm.

**Rationale for FERC’s Involvement**

The Federal Power Act and the Natural Gas Act, along with other statutory authorities, give FERC oversight and enforcement responsibilities that focus on increasing compliance of regulated entities and detecting and deterring market manipulation and other market violations. In

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particular, the Energy Policy Act of 2005 increased both the Commission’s responsibilities and its civil penalty authority. FERC collects and has access to high quality, relevant, and timely data, which it uses to conduct market surveillance to detect potential market violations and take proactive steps to reduce the probability that violations will occur. FERC also obtains information about potential violations through an Enforcement Hotline, referrals from ISOs/RTOs and their market monitoring units, referrals from other program offices within the Commission, self-reports, whistleblowers, and information gathered in other investigations. FERC analyzes this information to identify potential violations of applicable laws, the Commission’s regulations, or market rules, to conduct investigations, and, when appropriate, to exercise FERC’s civil penalty authority to discourage violations.

FERC’s authority, along with its surveillance, information gathering, and analytic capabilities, enable it to exercise vigilance and detect emerging compliance issues and make sure that its policies, procedures, and guidance are sufficient to inform industry action.

**FERC’s Activities and Their Expected Impact**

FERC expects to maintain an enforcement program that promotes compliance and deters market misconduct. Maintaining a strong and robust enforcement program will benefit energy markets by increasing the transparency of market information and enhancing market confidence. A robust enforcement program also ensures that infrastructure development is conducted in accordance with Commission regulations, rules, and orders, and that the electric grid is reliable and secure.

**Link to Relevant Objective**

This Priority aligns to: Objective 1.2: *Promote compliance with FERC rules, including by detecting and deterring market manipulation.*

**● Priority: Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects**

**Overview**

Since the issuance of the Commission’s Certificate Policy Statement in 1999, the Commission has seen significant changes in the way the nation produces, transports, and uses natural gas. Those changes have contributed to an increase in proposals before the Commission for siting of natural gas infrastructure.

The same time period has also seen increasing threats to our nation’s energy infrastructure due to climate change as well as growing concerns of adverse impacts to environmental justice communities. Great strides have been made in understanding how the production, transportation, and consumption of natural gas, and the corresponding release of greenhouse gas emissions,

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contribute to the adverse effects caused by climate change. In addition, stakeholders in the Commission’s natural gas infrastructure certification proceedings increasingly have commented that energy and industrial infrastructure presents various health and safety risks that disproportionately burden environmental justice communities, which often already are affected by adverse health, economic conditions, and other factors. More recently, Executive Orders have conveyed a commitment to considering the greenhouse gas emission impacts of federal permitting decisions and to addressing equity and environmental justice implications of agency actions related to underserved communities.

Meanwhile, the Commission expects that between FYs 2021 and 2031, about 340 relicense applications will be filed, constituting one-third of all active Commission-issued licenses. The Commission will need to prepare for this volume of applications while maintaining its commitment to the timely review of hydroelectric license applications.

**Rationale for FERC’s Involvement**

Section 7 of the Natural Gas Act requires the Commission to issue certificates authorizing the construction and operation of facilities for the transportation and storage of natural gas in interstate commerce to the extent the Commission finds such construction and operation is, or will be, required by the present or future public convenience and necessity. Section 3 of the Natural Gas Act provides that the Commission shall approve applications for the siting, construction, expansion, and operation of LNG terminals unless it finds that such approval will not be consistent with the public interest. Under both sections 3 and 7 of the Natural Gas Act, Congress vested authority in the Commission to make a record-based determination and to decide the appropriate balance between the benefits and need for the project relative to the project’s adverse impacts, including environmental impacts (based on the Commission’s findings under the National Environmental Policy Act [NEPA]), impacts on landowners and communities, including environmental justice communities.

In recent years, federal appeals courts have found the Commission’s examination of greenhouse gas emissions and analyses of environmental justice impacts related to proposed natural gas infrastructure to be insufficient. Given these court decisions, the Commission must improve its consideration of these issues, consistent with its statutory authority and obligations.

Under the Federal Power Act, the Commission’s hydroelectric responsibilities include licensing, relicensing, and surrender and decommissioning. The Commission’s review under NEPA must ensure transparency for stakeholders regarding the potential environmental impacts and required mitigation measures for hydropower projects. In executing these responsibilities, the Commission plays an important coordination role with its federal agency partners to meet anticipated timelines for review and analysis. The Commission also maintains an enduring safety responsibility over all licensed hydroelectric facilities.

**FERC’s Activities and Their Expected Impact**

The Commission anticipates that a revised analytical framework will help ensure that its evaluation of potential impacts of proposed natural gas infrastructure will help protect the public from undue adverse impacts of such infrastructure. A revised analytical framework will help the Commission better ensure that the records compiled in its natural gas infrastructure proceedings are

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sufficiently robust on all factors implicating the public interest. These include issues of need for a proposed project; potential environmental impacts, including climate change; and impacts on landowners and the public, including environmental justice communities, as well as mitigation of adverse impacts. A revised analytical framework also will support well-reasoned and more durable Commission decisions and promote regulatory certainty and reduced litigation.

In anticipation of the large number of relicense applications, the Commission will continue to coordinate with federal agency partners during the environmental review process to ensure timely processing. Additionally, in consultation with the hydroelectric industry and its stakeholders, the Commission will consider financial assurance requirements for licensees, which would be included in licensing, amendment, and transfer proceedings, as the Commission executes its dam safety responsibilities.

**Link to Relevant Objective**

This Priority aligns to: [Objective 2.1](#): *Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.*

**● Priority: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security**

**Overview**

Increasingly, extreme weather events and climate change pose a distinct and serious threat to the electric grid. In recent years, extreme weather events—such as prolonged record cold, heat waves, drought, and wildfires—have led to extended power outages affecting millions of Americans. The intensity, geographic extent, duration, and severity of these weather-induced events and impacts may increase over the next five years. These events and impacts cause severe economic impacts and can literally be a matter of life and death. Customers that are already vulnerable, such as low-income communities, communities of color, and Native communities, often suffer some of the worst effects.

In addition, the electric grid is increasingly facing advanced, persistent, and rapidly evolving cybersecurity threats. Cyberattacks have the potential to cause widespread disruption of electric service, which can threaten national security and endanger the health, safety, and economic well-being of millions of people. Cybersecurity threats originate from a variety of new and quickly emerging sources, including supply chain compromises, insider attacks, destructive malware, ransomware campaigns, and internet-of-things vulnerabilities.

**Rationale for FERC’s Involvement**

The Commission, in coordination with the North American Electric Reliability Corporation (NERC), plays an important role in ensuring the reliability of the electric grid. Under section 215 of the Federal Power Act, the Commission requires owners, operators, and users of the Bulk-Power

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
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	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

System to meet reliability standards. These standards include Operations and Planning reliability standards and Critical Infrastructure Protection reliability standards, among others. The Commission also fosters partnerships that allow it to work collaboratively with other federal agencies, states, and regulated entities to identify and promote best practices. This two-pronged approach of employing mandatory reliability standards, while also working collaboratively with stakeholders, enables the Commission to both establish foundational practices and alert industry to best practices in light of emerging threats.

**FERC’s Activities and Their Expected Impact**

To address this priority and ensure the reliability of the electric grid, the Commission expects to evaluate and undertake measures to address the threats to grid reliability from both extreme weather and climate change, and from cyberattacks. For example, to address threats from extreme weather and climate change, the Commission is considering whether revisions to reliability standards to ensure the adoption of additional grid planning and operation practices to improve grid performance during extreme weather events are necessary. Commission efforts to address cybersecurity threats will be directed toward closing current security gaps, improving the probability of early attack detection, and helping to mitigate future threats. Overall, the Commission anticipates that its actions will serve to mitigate or avoid the adverse effects of widespread and extended power outages that may result from extreme weather, climate change, and cybersecurity threats. Such actions will help to protect all, including those communities which are most vulnerable.

**Link to Relevant Objective**

This Priority aligns to: Objective 2.2: *Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.*

**● Priority: Improving Accessibility and Participation in Proceedings**

**Overview**

In recent years, FERC has seen increased interest in, and desire to, participate in Commission proceedings. Concurrently, there has been a growing need for assistance and support to ensure an opportunity and ability to access and participate in Commission proceedings. In FY 2021, the Commission took several steps in support of this priority.

First, the Commission established the Office of Public Participation (OPP). To develop OPP in a manner that would best serve the public, the Commission held numerous listening sessions, hosted a full-day workshop attended by the Commissioners, and reviewed written comments from affected members of the public and others interested in the Commission’s decision-making processes. Commenters indicated that many members of the public lack the necessary resources to participate in Commission proceedings or do not understand how the Commission’s actions may affect them until after intervention or comment deadlines have passed, diminishing their

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES	
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	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 >	CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 >	CF 3.2.1 CF 3.2.2

ability to meaningfully participate in those proceedings. Commenters also urged the Commission to make information about its actions and processes more accessible to the public through improved outreach, educational materials targeted at audiences that are less familiar with the Commission or have less technical knowledge, and communications in multiple languages.

Second, the Commission took steps, through its Office of External Affairs, to assess and improve Tribal government consultation and engagement practices. This effort recognizes the importance of feedback from Tribal Nations and a growing interest by Tribes to engage in Commission proceedings on a variety of matters.

Finally, as part of the Commission’s initial steps in assessing how it can integrate environmental justice and equity considerations into Commission processes and decision-making, the Commission began bringing an equity lens to its work, to see how FERC can remove barriers to participation by members of the public who are underserved, such as environmental justice communities. It is essential to hear from communities who are unduly burdened and may be affected by Commission actions, to help meaningfully inform the Commission’s way forward, consistent with environmental justice and equity.

**Rationale for FERC’s Involvement**

Section 319 of the Federal Power Act directed the Commission to establish OPP to “coordinate assistance to the public with respect to authorities exercised by the Commission,” including assistance to those intervening or seeking to intervene in Commission proceedings. Section 319 also allows the Commission, under rules it promulgates, to provide funding to compensate “any person whose intervention or participation substantially contributed to the approval, in whole or in part, of a position advocated by such person” (16 U.S.C. § 825q-1(b)(2)). OPP will focus on its statutory mission, including coordinating public assistance, outreach, and education, and any potential intervenor funding opportunities.

Several statutes, regulations, executive orders, and Presidential memoranda implicate the Commission’s trust responsibility to Tribes, which the Commission implements through its Policy Statement on Consultation with Indian Tribes in Commission Proceedings. Executive Order 13175 of November 6, 2000 (Consultation and Coordination with Indian Tribal Governments) mandated the creation and submission of Tribal consultation policies at all executive departments and agencies—and encouraged the same at independent agencies such as FERC—requiring that “[e]ach agency shall have an accountable process to ensure meaningful and timely input by [T]ribal officials in the development of regulatory policies that have [T]ribal implications.” The Council on Environmental Quality’s regulations implementing NEPA require that agencies engage in early consultation with Tribal governments “when their involvement is reasonably foreseeable.” Section 106 of the National Historic Preservation Act requires federal agencies to consider the impacts of any undertakings, prior to the issuance of any license or permit, on properties of religious and cultural significance to Indian Tribes, Alaska Natives and Native Hawaiians, and to consider inclusion of those properties in the National Register of Historic Places. The Federal Power Act, in several provisions, also requires the consideration of Tribes.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1
				Obj 3.1 >	CF 3.1.1
				Obj 3.2 >	CF 3.2.1
					CF 3.1.2
					CF 3.2.2

In carrying out its statutory responsibilities, and consistent with executive orders and federal guidance, the Commission must ensure that underserved communities, such as environmental justice communities, are able to participate meaningfully in proceedings that affect their interests. Directives, such as Executive Order 13985, provide that agencies identify and remove barriers to underserved communities and “increase coordination, communication, and engagement” with such communities.

**FERC’s Activities and Their Expected Impact**

The Commission anticipates that OPP will assist the public to participate meaningfully in Commission proceedings. In support of this goal, OPP also will engage with other Commission program offices working to improve outreach, technical assistance, and education to affected members of the public, including landowners and environmental justice communities. As a result of OPP’s work, the Commission anticipates that more members of the public who may be affected by the Commission’s actions may intervene or comment in proceedings, or initiate proceedings themselves. FERC also anticipates that enhanced public engagement will enable FERC to make more comprehensive and well-informed decisions.

The Commission expects that staff from across the agency will continue efforts to improve Tribal engagement and consultation procedures, with meaningful opportunities for input from Tribal leaders and government representatives. These improvements will enhance the Commission’s government-to-government engagement and Tribal consultation practices to ensure Tribal Nations are able to access and engage in the Commission’s decision-making processes more meaningfully and consistently.

The Commission also anticipates that its continued assessment of its work will produce ways to effectively integrate environmental justice and equity considerations into Commission processes and decision-making. Removing barriers to meaningful participation by members of the public who are underserved, such as environmental justice communities, supports well-informed Commission decision-making and durable decisions, and is consistent with Commission statutory obligations and environmental justice and equity.

**Link to Relevant Objective**

This Priority aligns to: *Objective 3.2: Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.*

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2



**GOAL 1**

# Ensure Just and Reasonable Rates, Terms, and Conditions

**Ensure that rates, terms, and conditions of jurisdictional services are just, reasonable, and not unduly discriminatory or preferential.**

The nation’s security and economic prosperity depend on maintaining reliable, safe, secure, and economically efficient energy services at a reasonable cost for consumers. FERC’s regulations ensure just and reasonable rates, terms, and conditions for jurisdictional services.

In carrying out its regulatory role, FERC uses a range of ratemaking activities as well as market oversight and enforcement. FERC’s jurisdiction includes the wholesale sale and transmission of electricity and natural gas in interstate commerce, the interconnection of new electric generation in interstate commerce, and the transportation of oil and other liquid fuels by pipeline in interstate commerce. FERC’s ratemaking activities leverage both regulatory and market means and involve the issuance of orders and the establishment of rules and policies. Its enforcement activities include both increasing compliance and detecting and deterring market manipulation.

Through these efforts, FERC ensures that consumers have access to the energy services they need, and that service providers are reasonably compensated.

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**GOAL 1 > OBJECTIVE 1.1**

**Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.**

Electricity, natural gas, and oil are vital resources that fuel economic activity and help to meet the nation’s energy needs. Through the Federal Power Act, Public Utility Regulatory Policies Act, Natural Gas Act, and Interstate Commerce Act, among other laws, Congress gave FERC authority to regulate the transmission and wholesale sale of electricity and natural gas in interstate commerce, and to regulate the transportation of oil by pipeline in interstate commerce. The Commission’s responsibility in the exercise of this authority is to ensure that rates, terms, and conditions for wholesale sales and transmission of electric energy and natural gas in interstate commerce, as well as for transportation of oil by pipeline in interstate commerce, are just and reasonable and not unduly discriminatory or preferential. When faced with the possibility of substantial investment in future infrastructure, including electric transmission facilities, the Commission must ensure that its rules and regulations result in jurisdictional entities addressing these challenges in an efficient and reliable manner.

FERC carries out this responsibility by issuing orders and establishing rules and policies that continually balance two important interests. First, protecting energy consumers against excessive rates, such as by promoting competition among traditional and emerging technologies in jurisdictional wholesale markets, and second, by providing an opportunity for regulated entities to recover their costs and earn a reasonable return on their investments. FERC’s orders, rules, and policies use both market and regulatory means to impact energy service provider practices. FERC leverages competitive market forces to promote efficiency for consumers where appropriate. When competitive market conditions do not exist, or competitive forces are inadequate to protect consumers, FERC relies on traditional rate-setting authority and tools such as cost-of-service ratemaking.

In exercising its authority, FERC ensures that interested stakeholders have the opportunity to provide their views, and that the Commission’s ultimate decisions are adequately supported by the public record. Stakeholder engagement and transparency help FERC establish rules and policy that result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions.

- The Strategic Priority of **Modernizing Electric Market Design** will provide a strategic focus for this objective’s activities, particularly the development of new, or the modification of existing, rules and policies to ensure markets continue to provide efficient and reliable service to customers.

- The Strategic Priority of **Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix** will provide a strategic focus for this objective’s activities, particularly by focusing on reforms to facilitate the development of new electric transmission infrastructure needed to address the changing resource mix.

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		<u>Obj 1.1 &gt; CF 1.1.1 CF 1.1.2</u>	<u>Obj 2.1 &gt; CF 2.1.1 CF 2.1.2</u>	<u>Obj 3.1 &gt; CF 3.1.1 CF 3.1.2</u>	
		<u>Obj 1.2 &gt; CF 1.2.1 CF 1.2.2</u>	<u>Obj 2.2 &gt; CF 2.2.1 CF 2.2.2 CF 2.2.3</u>	<u>Obj 3.2 &gt; CF 3.2.1 CF 3.2.2</u>	

**GOAL 1 > OBJECTIVE 1.1 > CORE FUNCTION 1.1.1**

Determine whether FERC rules and policies need to be added or changed.

**PURPOSE OF THE CORE FUNCTION**

To adapt to emerging issues and changing circumstances.

Ensure that **consumers/stakeholders**:

- Have reasonable access to needed jurisdictional services.
- Have confidence that FERC takes accountability for, and is effective at, adjusting its rules and regulations and ensuring that they continue to serve the public interest.
- Have confidence in the quality and impartiality of the Commission’s analyses.
- Have the opportunity to comment and participate in Commission proceedings.

Ensure that **jurisdictional entities**:

- Are appropriately compensated for responding to system needs in a rapidly changing marketplace.
- Can be confident that the Commission is aware of changes impacting energy industry stakeholders and will respond to changing market conditions and trends.
- Have the opportunity to comment and participate in Commission proceedings.
- Understand how Commission rules and policies are established, why they were established, and the relevance they have to the entity’s business and operations.

To accomplish this core function, FERC draws on its staff’s understanding of both FERC policy and the complexities of energy markets, as well as expertise in qualitative and quantitative analyses, economics, engineering, rate design, policy, and law.

FERC carries out this core function through the workstreams described below.

**Evaluate Policies and Pursue Changes to Regulations Where Necessary**

To adapt to emerging issues and changing circumstances in the electric, natural gas, and oil industries, FERC evaluates existing rules and policies to assess whether they continue to ensure just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of service. This evaluation allows FERC to develop new, or modify its existing, rules and policies to improve economic efficiency and operations in markets and FERC-jurisdictional infrastructure. The evaluation also enables FERC to ensure adequate compensation for resources responding to system needs, to remove barriers to ensure access to the market and grid for all resources, and to ensure that consumers have reasonable access to the jurisdictional services they need.

FERC accomplishes its ongoing review of existing rules and policies in a number of ways. Based on its knowledge and experience with the industries that it regulates, FERC may gather information through technical conferences or other means of outreach with stakeholders. The regulated community or other stakeholders may also petition the Commission for changes to its regulations. FERC also keeps informed of national and international events and trends and draws on its staff’s knowledge and experience with its jurisdictional industries to detect important recurring or

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		<b>Obj 1.1 &gt; CF 1.1.1</b>	<b>Obj 2.1 &gt; CF 2.1.1</b>	<b>Obj 3.1 &gt; CF 3.1.1</b>	
		CF 1.1.2	CF 2.1.2	CF 3.1.2	
		Obj 1.2 > CF 1.2.1	Obj 2.2 > CF 2.2.1	Obj 3.2 > CF 3.2.1	
		CF 1.2.2	CF 2.2.2	CF 3.2.2	
			CF 2.2.3		

emerging issues. FERC gathers and uses data to perform economic, engineering, financial and technical analyses of the energy markets and infrastructure access and development issues to inform policy recommendations. For instance, FERC researches energy market design issues and evaluates the outcomes of recent policy changes on market participant behavior and market operations.

Where necessary, the Commission pursues changes to its regulations through rulemaking proceedings. The Commission follows the rulemaking process established for all federal agencies to ensure transparency, due process, stakeholder engagement, and public participation.

**Workstream Impact**

- Enable the Commission to better understand the potential impacts of changing external conditions.
- Develop responsive rules and policies that effectively balance the needs of jurisdictional entities and energy consumers.

**Conduct Outreach and Information Sharing**

The Commission and its staff undertake a variety of outreach and stakeholder engagement activities, including presentations and speeches, hosting technical conferences and workshops, and regularly meeting with stakeholders. This outreach and engagement allow the Commission to learn from stakeholders, share information, and educate different stakeholder groups on issues related to the function, evolution, and regulation of energy markets, as well as Commission policy and regulatory efforts. Staff also prepares recurring reports such as state of the market reports, annual assessments, and other Congressionally mandated reports. Commission staff also engages international stakeholders, and the Commission may establish memoranda of understanding with other countries.

**Workstream Impact**

- Allow the Commission to maintain a connection with stakeholders.
- Allow staff to learn from, educate, and exchange information with different groups regarding trends and recurring and emerging issues.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	<b>Obj 1.1 &gt;</b>	<b>CF 1.1.1</b> CF 1.1.2	<b>Obj 2.1 &gt;</b> CF 2.1.1 CF 2.1.2	<b>Obj 3.1 &gt;</b> CF 3.1.1 CF 3.1.2	
	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	



**GOAL 1 > OBJECTIVE 1.1 > CORE FUNCTION 1.1.2**

Analyze and act on filings in a fair, clear, and timely manner.

**PURPOSE OF THE CORE FUNCTION**

To take appropriate action on filings made to the Commission.

Ensure that **consumers/stakeholders**:

- Have access to energy and related jurisdictional services at a reasonable rate.
- Are able to voice their concerns and challenge filings.
- Receive due process.

Ensure that **jurisdictional entities**:

- Have an opportunity to recover their costs, earn a reasonable return on their investments, and react to changing market and industry conditions.
- Understand FERC’s decisions and the basis on which they were made.
- Implement FERC’s orders and regulations.
- Receive due process.

To accomplish this core function, FERC draws on a wide range of staff capabilities. The analysis of filings requires broad legal and technical expertise from attorneys, economists, accountants, engineers, and rate and policy analysts. The hearing and settlement procedures require negotiation, mediation, and litigation skills to facilitate settlement of complex cases, and assure the development of a complete and accurate record if the case goes to a hearing. These procedures also require expert legal and technical analysis to structure settlements or arrive at complex decisions that balance the needs of regulated entities and stakeholders, provide due process, reflect the facts, and uphold Commission policy.

FERC carries out this core function through the workstreams described below.

**Analyze and Act on Filings**

The Commission analyzes and acts on a wide range of filings from jurisdictional entities and other stakeholders. Jurisdictional entities have tariffs on file with the Commission that state what rates they can charge for jurisdictional services and establish the terms and conditions of service. Each year, the Commission receives thousands of rate filings regarding the rates, terms, and conditions of jurisdictional services. These filings, which come from public utilities, natural gas pipelines, and oil pipelines and hydroelectric projects request changes to their rates or tariff provisions or the establishment of new rates or services. The Commission establishes just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of service by reviewing and acting on these filings from external entities. The Commission also receives a variety of other filings, including stakeholder complaints and requests for Commission action on issues related to mergers and acquisitions of jurisdictional facilities, qualifying facility status and related obligations, and authority to issue securities and incur debt. Commission staff uses qualitative and quantitative analysis, as appropriate, to inform decision making. FERC staff develops recommendations to the Commission regarding potential actions to enable the Commission to

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		<b>Obj 1.1 &gt; CF 1.1.1 CF 1.1.2</b>	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

issue a fair, clear, and timely order accepting, modifying, suspending, setting for hearing, or rejecting the rates, terms, and conditions of service. When rehearing is requested on an order, the Commission is committed to resolving that request in a timely manner.

**Workstream Impact**

- Allow the Commission to act in a timely, informed, and transparent manner on the filings it receives.

**Conduct Settlement Judge Procedures**

Although the Commission is able to analyze and resolve the merits of the majority of filings, there are cases where there are disputed issues of material fact that the Commission determines should be set for hearing. However, the Commission encourages settlements where possible, recognizing the value of resolving issues through consensual means. Settlements of disputes greatly reduce the time, expense, and resources the Commission and outside parties would otherwise devote to litigating these cases.

To facilitate settlement, the Commission often pauses hearing procedures for a short time and establishes a process to help parties negotiate a settlement. Commission staff, including administrative law judges (serving as settlement judges), trial staff, and dispute resolution staff, all play important roles in resolving matters and thus avoiding full litigation. Settlement negotiations often involve a balancing of the diverse interests of filing parties and representatives of a variety of stakeholders, including state commissions, residential energy consumers, local distribution companies, natural gas companies, public utilities, industrial and small commercial energy users, energy marketers, energy producers, and power generators.

After a settlement judge is appointed, trial staff and parties conduct informal information exchanges to secure the information needed to develop fact-based settlement positions. Trial staff also conducts a multidisciplinary analysis of the issues and develops an initial comprehensive settlement offer as the starting place for negotiations. The settlement judge acts as a mediator to help the parties reach a consensual resolution. The Commission’s dispute resolution staff will also work with administrative law judges to broker settlements in certain cases. During the settlement judge proceedings, the judge reports to the Commission on the progress of the proceedings. If a settlement is reached, the judge certifies the settlement to the Commission. All settlements require Commission review and approval. If, when using the settlement judge procedures, the negotiations reach an impasse, settlement negotiations may continue with the trial staff. However, if the staff cannot bring the parties to a consensus, the Commission’s chief administrative law judge will terminate settlement judge procedures and appoint a presiding administrative law judge to conduct a hearing, and issue an initial decision.

During settlement judge proceedings, FERC trial staff plays a vital role helping parties reach a consensual resolution, both during and outside of settlement conferences, or after settlement negotiations reach an impasse. In addition, trial staff utilizes its legal and technical expertise and negotiation skills to structure the resolution of the numerous issues that must be decided in order to secure a settlement that is both consistent with the public interest and acceptable to all parties.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		<b>Obj 1.1 &gt; CF 1.1.1 CF 1.1.2</b>	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**Workstream Impact**

- Limit the time, expense, and resources the Commission and outside parties devote to litigation.
- Reduce the likelihood of Commission decisions being appealed to the courts.
- Increase business certainty, which facilitates investment in needed energy infrastructure.
- Provide ratepayers with just and reasonable rates and terms and conditions of service in a timely manner.

**Conduct Hearing Procedures**

In instances where a settlement cannot be achieved, or when the Commission deems it necessary, a case may be set for hearing. The presiding judge convenes prehearing conferences, resolves discovery disputes, issues subpoenas, and orders. During the hearings, which can be lengthy, judges admit evidence, rule on motions and objections, and ensure the compilation of a record upon which judges can issue an initial decision. The judge ensures due process is afforded to all case participants and acts impartially and independently of the Commission in issuing a decision. The Commission’s trial staff helps develop the factual and legal record for administrative law judge action and Commission review. Trial staff conducts comprehensive discovery and file several rounds of expert testimony and exhibits addressing the issues presented in the case. Trial staff also introduces evidence, conducts direct and cross-examination of witnesses, and undertakes oral argument on issues that arise during the hearing. Following the hearing, trial staff files briefs addressing the factual, legal, and policy issues presented in the proceeding. Thereafter, the presiding judge issues an initial decision and certifies to the Commission a record that consists of all official exhibits, transcripts, evidence, and orders entered in the proceeding.

Following the issuance of the initial decision, the parties and trial staff may file further briefs with the Commission, after which the Commission issues its final decision in the case. The Commission can affirm (in part or in full), reject or remand for further consideration, any issue addressed in the initial decision.

**Workstream Impact**

- Provide parties with due process and fair representation.
- Ensure that Commission decisions are based on full, complete, and transparent information.
- Provide ratepayers with just and reasonable rates and terms and conditions of service in a timely manner.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	<u>Obj 1.1 &gt;</u>	<u>CF 1.1.1</u>	<u>CF 1.1.2</u>	<u>Obj 2.1 &gt;</u>	<u>CF 2.1.1</u>	<u>CF 2.1.2</u>	<u>Obj 3.1 &gt;</u>	<u>CF 3.1.1</u>	<u>CF 3.1.2</u>	
	<u>Obj 1.2 &gt;</u>	<u>CF 1.2.1</u>	<u>CF 1.2.2</u>	<u>Obj 2.2 &gt;</u>	<u>CF 2.2.1</u>	<u>CF 2.2.2</u>	<u>CF 2.2.3</u>	<u>Obj 3.2 &gt;</u>	<u>CF 3.2.1</u>	<u>CF 3.2.2</u>

**GOAL 1 > OBJECTIVE 1.2**

**Promote compliance with FERC rules, including by detecting and deterring market manipulation.**

The Federal Power Act and the Natural Gas Act, along with other statutory authorities, give FERC oversight and enforcement responsibilities that focus on increasing compliance of regulated entities and detecting and deterring market manipulation. The Energy Policy Act of 2005, in particular, increased both the Commission’s responsibilities and its penalty authority.

Within the compliance focus of this objective, FERC gathers information about, and analyzes, market fundamentals, behavior, and trends in order to take proactive steps to reduce the probability of violations of applicable laws, the Commission’s regulations, or market rules. FERC also promotes internal compliance programs and employs a robust audit program to identify problems and provide recommendations to improve compliance. FERC also makes market and audit data transparent to the public and market participants so that market efficiency is promoted, and anomalies and areas of concern may be identified and reported.

Fraud and market manipulation pose a significant threat to the markets overseen by the Commission, and the financial harm imposed by such actions ultimately is borne by consumers. To detect and deter fraud and market manipulation, FERC uses market surveillance and other sources to identify indications of misbehavior. FERC then conducts investigations, and, when appropriate, may assess civil penalties to discourage violations.

Promoting compliance and inhibiting market misconduct strengthen markets, increase market confidence, and support the Commission’s goal of ensuring that rates, terms, and conditions of jurisdictional energy services are just, reasonable, and not unduly discriminatory or preferential.

- The Strategic Priority of **Promoting a Strong and Robust Enforcement Program** will provide a strategic focus for this objective’s activities, particularly through promoting compliance and deterring market misconduct.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		<b>Obj 1.2 &gt;</b> CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 1 > OBJECTIVE 1.2 > CORE FUNCTION 1.2.1**

**Assess compliance and financial filings of regulated entities.**

**PURPOSE OF THE CORE FUNCTION**

To maximize compliance of jurisdictional entities with FERC orders, policies, and regulations.

Ensure that **consumers/stakeholders** have increased confidence in:

- The market and the ability of FERC’s orders and policies to ensure just and reasonable rates, terms, and conditions.
- FERC’s ability to ensure compliance with its orders and policies.

Ensure that **jurisdictional entities**:

- Are aware of existing and emerging compliance issues/factors and understand how to achieve compliance.
- Are maintaining compliance and addressing compliance issues on an ongoing basis.
- Have increased confidence in the market and the ability of FERC’s orders and policies to ensure just and reasonable rates, terms, and conditions.

To accomplish this core function, FERC draws on its staff’s understanding of both FERC policy and the complexities of energy markets, as well as the expertise of different Commission offices with multidisciplinary skills in auditing, accounting, engineering, rate design, policy, and law.

FERC carries out this core function through the workstreams described below.

**Conduct Compliance, Operational, Financial, and Other Audits**

The Commission conducts audits of jurisdictional entities—including public utilities, natural gas pipelines, and oil pipelines—to assess compliance with the Commission’s authorizing statutes, orders, rules, and regulations. Each year, the Commission develops an audit plan that specifies the entities to be audited and particular areas of focus. The audit plan balances the Commission’s intention to comprehensively cover potential areas of noncompliance with a risk-based approach that prioritizes key areas of regulatory importance. In addition to assessing compliance, the audits help the Commission identify and analyze factors affecting noncompliance. To help regulated entities maintain compliance, FERC auditors provide informal feedback and recommendations during the audit engagements and issue a publicly available audit report that provides formal recommendations. The Commission also conducts outreach with jurisdictional entities, industry groups, and state commissions to encourage compliance with the Commission’s authorizing statutes, orders, rules, and regulations. The Commission encourages timely implementation of recommended corrective actions within six months of an audit’s completion.

**Workstream Impact**

- Increase compliance by informing regulated entities of areas of noncompliance and by providing encouragement, guidance, and specific recommendations for steps to take to move back into compliance.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		<b>Obj 1.2 &gt; CF 1.2.1</b> CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

### Establish Accounting Policies and Analyze Financial Filings

The Commission’s accounting program is instrumental in ensuring that rates established for jurisdictional companies are just and reasonable, and not unduly discriminatory or preferential. The accounting program establishes Commission accounting policies. In addition, the accounting program processes accounting filings and analyzes accounting matters in other filings submitted by regulated entities to ensure compliance with Commission accounting and related financial reporting regulations. Additionally, the program bolsters the accuracy, transparency, and usefulness of accounting information for the Commission, regulated entities, and interested parties in the development and oversight of rates. The accounting program also conducts outreach to discuss emerging accounting issues and potential Commission actions. This outreach helps to inform accounting policy.

#### Workstream Impact

- Inform market rule changes or other Commission actions.
- Ensure that market rules are effective and practicable for those who must follow them.

### Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms

The Commission requires that entities participating in markets under its jurisdiction submit electric quarterly reports regarding jurisdictional sales and also requires other forms providing financial statements and operational data. Commission staff screens the forms to confirm that industry entities are complying with requirements. If an entity fails to file or submits a filing that is incomplete or has errors, Commission staff may issue a notice of failure to comply, and, if necessary, may refer the matter for investigation. For electric quarterly reports, Commission staff also conducts industry outreach via electric quarterly report user group meetings to answer questions and help entities comply with requirements. In addition, on an ongoing basis, Commission staff synthesizes and analyzes a large variety and quantity of data from these filings and other data sources to perform ex-post analysis of market-based rate authorizations. This analysis helps determine whether there are indications of an exercise of market power and ensure that jurisdictional rates remain just and reasonable and not unduly discriminatory or preferential. Finally, FERC continually seeks ways to improve data collected in all forms by conducting maintenance and improvement of internal systems and issuing notices of proposed rule changes.

#### Workstream Impact

- Ensure that jurisdictional entities comply with requirements to file electric quarterly reports and other forms by alerting companies of incomplete, erroneous, or absent filings, and by providing general guidance regarding filing requirements.
- Provide necessary information to the Commission to exercise its market oversight responsibilities.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		<b>Obj 1.2 &gt; CF 1.2.1</b> CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 1 > OBJECTIVE 1.2 > CORE FUNCTION 1.2.2**

**Monitor market activity and explore potential violations.**

**PURPOSE OF THE CORE FUNCTION**

To promote fair and competitive markets for energy market participants and consumers.

Ensure that **consumers/stakeholders**:

- Have increased confidence in the market and the ability of FERC’s orders and policies to ensure just and reasonable rates, terms, and conditions.
- Experience minimal financial burden due to fraud, market manipulation, and other anti-competitive conduct.

Ensure that **jurisdictional entities**:

- Are deterred from engaging in market manipulation or anti-competitive conduct.
- Are able to operate on a level playing field and experience fair competition.
- Have increased confidence in the market and the ability of FERC’s orders and policies to ensure just and reasonable rates, terms, and conditions.

To accomplish this core function, FERC draws on a wide range of staff expertise and capabilities, including staff’s development of automated tools to algorithmically screen data from the physical and financial energy markets; staff’s application of various discovery methods (investigative testimony, interrogatories, witness interviews, and site visits); and staff’s experience with investigation and enforcement, legal analysis, and case development, as well as brief writing and pleadings.

FERC carries out this core function through the workstreams described below.

**Conduct Surveillance of Natural Gas and Electric Markets**

FERC staff conducts comprehensive monitoring and analysis of wholesale natural gas and electric markets to identify potential market manipulation and other violations. FERC staff monitors energy markets on a daily basis using sophisticated surveillance screens and tools developed by staff that algorithmically screen data from the physical and financial energy markets. FERC’s surveillance screening methods use market data collected from a variety of public and non-public sources to identify indications of potential misbehavior. When a screen indicates a potential violation, FERC staff conducts an inquiry involving follow-up analyses to determine whether the matter should be the subject of an investigation. Occasionally, the follow-up analyses may indicate an inefficient market design issue, which may be addressed through Commission rulemaking or orders.

**Workstream Impact**

- Deter market manipulation across the FERC-jurisdictional energy markets.

**Conduct Investigations**

When potential violations are identified through surveillance activities, hotline tips, market monitor or Commission referrals, or other sources, Commission staff conducts comprehensive

INTRO	PRIORITIES	<b>GOAL 1</b>	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		<b>Obj 1.2 &gt; CF 1.2.1 CF 1.2.2</b>	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

investigations to determine whether a violation has occurred, and whether, based on the facts presented, it is appropriate for the Commission to exercise its civil penalty authority.

FERC staff conducts investigations using various fact-finding methods (including comprehensive data collection and investigative interviews) and data analyses to determine what happened and whether a violation has occurred. If no violation is identified, or if the violation is not deemed to be sufficiently serious to warrant further action, the investigation is terminated. In many instances, Commission staff may seek authorization from the Commission to attempt to resolve the investigation through settlement. If a settlement is not reached, Commission staff may recommend that the Commission pursue further enforcement proceedings at the Commission and, potentially, before an administrative law judge or federal district court. Investigations that reach this stage typically produce an administrative record that forms the basis for the investigative findings and legal conclusions. The Commission provides guidance to the regulated community where possible, including in the Annual Report on Enforcement, the publication of settlements and adjudicative orders, and through regular interactions with regulated entities.

**Workstream Impact**

- Produce a fair resolution of each investigation, including closure of that investigation, a settlement, or a move to an enforcement proceeding.

**Conduct Enforcement Proceedings**

If a settlement is not reached, FERC staff may recommend that the Commission issue an Order to Show Cause directing the subject to explain why it did not commit a violation and why penalties, disgorgement, or other proposed remedies are not warranted. After considering the factual record and legal arguments submitted during the Order to Show Cause process, if the Commission concludes that the subject committed a violation that warrants civil penalties and disgorgement, the Commission will issue either an Order Assessing Civil Penalties (in most matters arising under the Federal Power Act) or, if there are material issues of fact to resolve before the Commission issues a final order, the Commission will set the matter for hearing before an administrative law judge (in some matters arising under the Federal Power Act and matters arising under the Natural Gas Act). Upon a decision by an administrative law judge related to a matter arising under the Natural Gas Act, the Commission may issue an order assessing civil penalties. The entity that is subject to such penalties has the opportunity to seek rehearing of the Commission penalty decision and subsequent judicial review in a U.S. Court of Appeals.

If the Commission issues an Order Assessing Civil Penalties pursuant to the Federal Power Act, and the company or individual fails to pay the penalty in a timely fashion, the Commission seeks to enforce that assessment in federal court. Results of enforcement proceedings and settlements are publicly and transparently published to provide regulated communities and the public at large with knowledge of the Commission’s actions.

**Workstream Impact**

- Ensure entities or individuals who violate rules are held accountable.
- Act as a deterrent to fraud, market manipulation, and other violations.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		<b>Obj 1.2 &gt; CF 1.2.1 CF 1.2.2</b>	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	





**GOAL 2**

# Ensure Safe, Reliable, and Secure Infrastructure Consistent With the Public Interest

**Promote infrastructure that is safe and reliable, both physically and cyber-secure, and consistent with the public interest.**

Infrastructure for which FERC approval is required includes interstate natural gas pipelines and storage projects, LNG facilities, and non-federal hydropower that are found to be in the public interest. In addition, the Commission has authority to site electric transmission facilities in certain circumstances. Ensuring the development of safe, reliable, and secure infrastructure that provides energy for consumers at a reasonable cost is a significant, multifaceted challenge.

FERC’s role as an independent regulatory agency includes the review of infrastructure projects balancing the benefits of the proposed project against its adverse impacts, including environmental concerns, as well as impacts to landowners and communities. Additionally, FERC considers the minimization of risks to the public in the operation of the infrastructure. To promote safe, reliable, and secure infrastructure, FERC must ensure the sustainability and safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle; oversee the development and review of, as well as compliance with, mandatory reliability and security standards for the Bulk-Power System; and help to secure the Bulk-Power System from cyber and physical attacks.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 2 > OBJECTIVE 2.1**

Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.

The Natural Gas Act and the Federal Power Act, among other statutory authorities, charge FERC with the responsibility to oversee the development of reliable and secure energy infrastructure that operates safely. Under these statutes, FERC must determine whether a project is in the public interest. FERC oversees the construction of interstate natural gas pipelines and storage projects, as well as restoration of land following such construction. FERC also oversees the construction and operation of LNG facilities and non-federal hydropower projects. FERC has authority to impose conditions on projects that it approves and to ensure compliance with those conditions.

FERC’s review of proposed projects must balance the benefits of a proposed project against its adverse impacts. In this balancing, FERC must consider competing interests, legal requirements, environmental concerns, and impacts to landowners, communities, and Tribes. FERC routinely coordinates with other agencies, as appropriate, to consider issues related to environmental statutes such as the Endangered Species Act, National Historic Preservation Act, Coastal Zone Management Act, and Clean Water Act. In exercising its authority, FERC must first find that projects are in the public interest and then, if certificated or licensed, must ensure the development of safe, reliable, and secure infrastructure.

- The Strategic Priority of **Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects** will provide a strategic focus for this objective’s activities, particularly: (1) the use of a revised analytic framework to ensure that the Commission’s evaluation of potential environmental impacts of proposed natural gas infrastructure will help protect the public from undue adverse impacts of such infrastructure; and (2) coordination with federal agency partners during environmental reviews to ensure timely processing of hydropower relicense applications.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**GOAL 2 > OBJECTIVE 2.1 > CORE FUNCTION 2.1.1**

Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.

**PURPOSE OF THE CORE FUNCTION**

To respond to energy infrastructure applications from private sector project sponsors with well-reasoned decisions, reached within a review period suitable to the complexity of the proposal.

Ensure that **stakeholders:**

- Are given a voice in the Commission’s infrastructure review process.
- Are aware of how to actively participate in the Commission’s review process.
- Understand FERC’s decisions and the basis on which they were reached.

Ensure that **applicants:**

- Recognize the environmental issues that may influence their project design and planning.
- Understand the types of studies and field surveys they will need to conduct as part of the FERC review process.
- Understand how to adhere to the compliance requirements contained in any Commission authorization for a project.

To accomplish this core function, FERC draws on a wide range of experts, including engineers, biologists, archaeologists, geologists, other environmental scientists, accountants, economists, and lawyers, who thoroughly review and analyze applications from environmental, engineering, economic, and legal perspectives.

FERC carries out this core function through the workstreams described below.

**Review Applications for Interstate Natural Gas Pipeline, Storage, and LNG Projects**

This workstream is broken down into three substreams: Pre-Filing Process, Application Review, and Outreach Efforts.

**PRE-FILING PROCESS**

The Commission established a pre-filing process that engages Commission staff and stakeholders prior to an applicant filing a formal application with the Commission. The goal of the pre-filing process is to identify and resolve issues early in the NEPA review process and reduce delays caused by incomplete filings. A six-month pre-filing period is mandatory for LNG projects; pre-filing is optional for gas pipeline and storage projects. During the pre-filing process, the Commission provides opportunities for applicants to engage staff and stakeholders to identify issues the applicant may want to address through changes to its proposal.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

APPLICATION REVIEW

Once an application is filed, the Commission conducts an environmental review, consistent with NEPA. This review assesses and discloses potential environmental impacts and, in many cases, identifies mitigation measures to lessen these impacts. Concurrently, the Commission also conducts an engineering analysis of proposed pipeline, storage, and LNG facilities. Both of these reviews serve to assess whether the proponent has demonstrated that the project is in the public interest, under the Commission’s statutory obligations and as defined by the Commission’s regulations and policy, and to ensure that project’s proposed initial recourse rates, tariff, and accounting treatment are consistent with Commission regulations and policy. Together, these activities provide for an efficient, timely, and well-supported determination by the Commission. As a result of the application review, the Commission issues an order indicating the Commission’s decision to approve or deny the application for construction of natural gas infrastructure. Approval may be granted with or without modifications and conditions. As needed, the Commission can establish rules and set policy relative to applications for the siting, construction, expansion, and operation of pipeline, storage, and LNG projects.

OUTREACH EFFORTS

Commission staff conducts outreach meetings with natural gas companies, stakeholder groups, and other permitting agencies to provide guidance and insight on the Commission’s environmental review process and compliance-related matters. Commission staff also conducts natural gas environmental training seminars, which provide an opportunity for open dialogue between Commission staff and stakeholders. These seminars are typically attended by state, local, and federal agency officials, natural gas company representatives, construction contractors, and consulting firm staff. The seminars provide information on the filing requirements for environmental reports, reporting requirements for blanket certificate projects, updates on new regulations, an overview of the Commission’s baseline construction and mitigation measures, and more. These seminars are instrumental in improving understanding of how to adhere to the Commission-issued certificates and authorizations and to help applicants to prepare more robust applications that can be reviewed more expeditiously. Commission staff also extends its outreach efforts to Indian Tribes to enhance their participation in the Commission’s environmental review process for natural gas projects.

**Workstream Impact**

- Provide transparency for stakeholders regarding the potential environmental impacts and required mitigation measures for natural gas pipeline, storage, and LNG projects.
- Ensure that applicants and other stakeholders have up-to-date information regarding the Commission’s policies and regulations.
- Provide a clear understanding of the Commission’s environmental review process and compliance program for natural gas pipeline, storage, and LNG projects.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

## Review Applications for Hydropower Projects

This workstream is broken down into three substreams: Pre-Filing Process, Application Review, and Outreach Efforts.

### PRE-FILING PROCESS

The pre-filing process typically begins three years before an applicant applies for a license or a small hydropower exemption. Under the Integrated Licensing Process (ILP), the Commission’s default process, Commission staff works with stakeholders throughout the pre-filing process to identify issues and study needs. Commission staff analyzes applicant study proposals and stakeholder study recommendations and issues study plan determinations. The study plan determination approves or modifies a proposed plan for conducting studies that will be used to prepare a license application.

A license applicant may request permission to use either the Traditional Licensing Process (TLP) or the Alternative Licensing Process (ALP) instead of the default ILP. Under both the TLP and ALP, the prospective license applicant leads the pre-filing process and works with stakeholders to identify issues and needs. Unlike the ILP, Commission staff is generally not involved in the TLP, and only minimally involved in the ALP, primarily during the first six months. Over the last five to ten years, about one third of pre-filing processes for license applications have used the ILP and two thirds have used the TLP. The ALP is rarely used. To prepare a small hydropower exemption application, the only pre-filing process available to the prospective applicant is the TLP, and the applicant is not required to file a notice of intent.

### APPLICATION REVIEW

The Commission conducts a NEPA analysis on most hydropower project applications, with the exception of most conduit projects, which are located on a conduit used for agricultural, municipal, or industrial water consumption. The Commission is responsible for ensuring that the environmental document analyzes the project’s effects on potentially affected resources—including geology and soils, aquatic resources (including water quality), terrestrial resources, threatened and endangered species, recreation, land use and aesthetic resources, and cultural resources. Furthermore, the Commission examines alternatives and makes recommendations for protection, mitigation, and enhancement measures to be included in any license issued.

The Commission reviews and acts on plans and reports filed by licensees and exemptees pursuant to the license or exemption issued, as well as requests for additional time to make the required filings. The Commission also analyzes, and acts on, requests to amend conditions or provisions included in licenses and exemptions. As needed, the Commission can establish rules and set policy relative to the siting of hydropower projects.

Regulated entities may also file preliminary permit applications to secure priority for hydropower development while the permit holder studies the feasibility of a hydropower project, including studying potential impacts. Permits allow the holder to study a particular site for four years with the potential for an up-to-four-year extension, for a total of up to eight years. A permit guarantees the holder “first-to-file” status for a particular site in cases where multiple applications are received by the Commission for a hydropower license. The Commission reviews preliminary permit applications and monitors

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

compliance with issued permits. A permit neither authorizes construction, nor requires the permit holder to apply for or to receive a license.

**OUTREACH EFFORTS**

Commission staff also conducts outreach efforts to educate and engage hydropower stakeholders. Staff actively participates in workshops to assist licensees with specific issues, as well as conduct hydropower licensing training sessions to provide guidance on how to obtain a license or exemption or how to effectively participate in the licensing and exemption processes. The sessions are typically attended by prospective and current licensees, federal and state natural resource agency personnel, Indian Tribes, and members of the public, and cover topics such as what licensing process to use, when to file comments and recommendations for license or exemption conditions, and how to officially intervene in a license or exemption proceeding.

**Workstream Impact**

- Provide transparency for stakeholders regarding the potential environmental impacts and required mitigation measures for hydropower projects.
- Ensure that applicants and other stakeholders have up-to-date information regarding the Commission’s policies and regulations.
- Inform stakeholders of licensing processes, Commission policy, and other issues regarding hydropower construction projects.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

**GOAL 2 > OBJECTIVE 2.1 > CORE FUNCTION 2.1.2**

Assess compliance with environmental mitigation conditions in FERC orders during construction and operation of natural gas and hydropower infrastructure.

**PURPOSE OF THE CORE FUNCTION**

To verify that project operators are meeting, as appropriate, the environmental protection obligations, engineering design requirements, and public use commitments contained in Commission authorizations.

Provide assurance to **stakeholders** that:

- Projects have oversight for meeting the responsibilities required under the Natural Gas Act and Federal Power Act.

Ensure that **applicants**:

- Understand the compliance requirements contained in any Commission authorization for a project.
- Take action to achieve and maintain compliance with the Commission’s requirements.

To accomplish this core function, FERC draws on its staff’s inspection experience and familiarity with environmental standards and requirements for energy infrastructure, including those related to facility design and construction, water and air quality, land use and recreation, erosion control, cultural resources, and wildlife and endangered species.

FERC carries out this core function through the workstreams described below.

**Conduct Natural Gas Pipeline, Storage, and LNG Project Inspections/Reviews**

The Commission’s on-site inspection program assesses implementation and compliance with the environmental protection and mitigation measures, as well as engineering design requirements, stated in its authorizations for natural gas facilities, throughout the construction and restoration phases. While major pipeline facilities are under construction, Commission staff conducts inspections at least once every 28 days to ensure adherence to the prescribed measures. Inspections are conducted throughout the construction and restoration phases, until project sites are deemed successfully restored. LNG projects are inspected at least once every 12 weeks during construction, and inspections continue through facility commissioning to ensure compliance with the Commission’s authorization.

Commission staff produces an inspection report that contains a summary of the inspection and compliance findings, including problem areas and areas of non-compliance. The report also includes corrective actions for deficiencies in compliance identified during construction and restoration inspections. Similarly, landowner concerns received directly by staff or via the Commission’s Landowner Helpline can be more efficiently and effectively resolved by on-site review during construction and restoration inspections. Annual reports are filed by regulated companies for any pipeline construction activities conducted during the prior year, under the blanket authorization provisions in the Commission’s regulations. FERC reviews the annual reports and assesses compliance with the Commission’s requirements, which in some cases require staff to conduct on-site inspections for larger projects. As needed, the Commission can issue orders and set policy relative to the construction and operation of pipeline, storage, and LNG projects.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**Workstream Impact**

- Ensure that natural gas pipeline, storage, and LNG facility operators understand and adhere to the engineering and environmental requirements of the Commission’s authorization.

**Conduct Hydropower Project Inspections/Reviews**

The Commission conducts environmental inspections of licensed and exempted projects to evaluate and assess compliance with environmental and public use conditions of licenses. Environmental and public use requirements typically result from terms and conditions specified by the state and federal resource agencies during the licensing and exemption processes, and from the amendment process. Environmental inspectors review the physical and operational features of a project’s facilities. During that effort, the inspector will look at all the required environmental protection and enhancement measures at a project and work with licensees and exemptees to identify common problem areas and assist licensees and exemptees with their responsibilities for maintaining compliance with license conditions.

The nature and frequency of environmental inspections at licensed or exempted projects depends on several factors and the type of environmental and public use impacts. With more than 1,200 projects under the Commission’s jurisdiction, the rate at which an environmental inspection occurs at any project over the course of a 40- to 50-year license term is limited. Generally, projects are prioritized based on factors such as whether the Commission has received complaints, the record of compliance, whether new license conditions or facilities have been recently added, and whether there are significant environmental or public use requirements—such as high recreational use areas, fish passage facilities, and wildlife mitigation areas.

Commission staff reviews licensees’ and exemptees’ compliance with requirements, terms, and conditions specified in license or exemption orders and approved plans. Typical examples of instances of non-compliance include minimum flow deviations, reservoir elevation deviations, water quality deviations, and deviations of required fish passage facility operations. During environmental inspections, the general findings are summarized with licensees and exemptees in the field. Subsequently, staff issues follow-up letters that provide regulated entities with a detailed description of the environmental inspection, including any areas of non-compliance or violations, and specify what corrective action must be taken by a certain date. Required follow-up actions are tracked until the licensee or exemptee completes the task. The environmental inspection program provides an opportunity for Commission staff to discuss the licensee’s compliance record with them one-on-one at the project, to confirm project compliance, and to provide specific guidance to ensure future compliance with license requirements. As needed, the Commission can establish rules and set policy relative to the construction and operation of hydropower projects.

**Workstream Impact**

- Ensure that hydropower facility owners/operators understand license/exemption requirements, are aware of any violations or areas of non-compliance, and understand the corrective actions that must be taken to achieve compliance with the Commission’s authorization.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	CF 2.1.2	CF 2.2.1
				CF 2.2.2	CF 2.2.3
				Obj 3.1 >	CF 3.1.1
				Obj 3.2 >	CF 3.1.2
					CF 3.2.1
					CF 3.2.2



**GOAL 2 > OBJECTIVE 2.2**

**Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.**

The Natural Gas Act and the Federal Power Act, among other statutory authorities, charge FERC with ensuring that certain energy infrastructure, once authorized, continues to operate safely and reliably. Failure of LNG or hydropower infrastructure due to structural issues, unsafe operations, natural disasters, cyber and physical attacks, or other hazards can result in loss of life as well as environmental and economic consequences. In addition, the Energy Policy Act of 2005 amended the Federal Power Act to give FERC authority with respect to reliability standards for the Bulk-Power System and oversight of an Electric Reliability Organization (ERO). To fulfill these responsibilities, FERC must minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

FERC achieves this objective through a range of activities. FERC conducts timely safety reviews and inspections with rigorous requirements, thereby advancing the safety of non-federal hydropower projects and LNG facilities throughout their entire life cycle. FERC also oversees the development and review of mandatory reliability and security standards for the Bulk-Power System, as well as compliance with these standards. In addition, FERC collaborates with regulated entities and other federal and state governmental agencies to identify solutions to cyber and physical threats to FERC-jurisdictional infrastructure, facilitating proactive efforts that prevent or mitigate loss or damage.

- The Strategic Priority of **Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security** will provide a strategic focus for this objective’s activities, particularly in terms of revising reliability standards and promoting best practices to address extreme weather and cybersecurity threats.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2 Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.1 > CF 2.1.1 CF 2.1.2 <b>Obj 2.2 &gt;</b> CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.1 > CF 3.1.1 CF 3.1.2 Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 2 > OBJECTIVE 2.2 > CORE FUNCTION 2.2.1**

**Conduct comprehensive and timely inspections of hydropower and LNG facilities to ensure compliance.**

**PURPOSE OF THE CORE FUNCTION**

To verify that LNG and hydropower facilities meet the Commission’s criteria and confirm projects are maintained and operated safely.

Provide assurance to **stakeholders** that:

- Projects have oversight for meeting operational responsibilities required under the Natural Gas Act and Federal Power Act.

Ensure that **owners/operators**:

- Understand the operational compliance requirements contained in any Commission authorization for a project.
- Take action to achieve and maintain compliance with the Commission’s requirements.

To accomplish this core function, FERC draws on staff’s engineering expertise, inspection experience, and familiarity with safety standards, best practices, and Commission requirements.

FERC carries out this core function through the workstreams described below.

**Conduct LNG Facility Inspections**

To assess whether a facility may pose an undue risk to the public, Commission staff conducts a comprehensive environmental and engineering review process that includes working very closely with other federal agencies such as the U.S. Coast Guard and the Department of Transportation, which establish and enforce LNG safety and security standards. Once in operation, jurisdictional LNG peak-shaving plants are inspected once every other year, and LNG import or export terminals are inspected once each year. The Commission issues recommendation letters identifying actions that companies should take within a certain timeframe to address issues identified during the inspection. As needed, the Commission can issue orders and set policy relative to the construction and operation of LNG projects.

**Workstream Impact**

- Alert facility owners/operators to areas of non-compliance and identify corrective actions.
- Ensure the safety of the public, as well as the continued operation of natural gas infrastructure facilities that have been determined to be in the public interest.

**Conduct Hydropower Facility Inspections**

Highly trained Commission engineers work closely with local and other federal officials at all stages of hydropower project development and operation. Before projects are constructed, Commission engineers review designs, plans, and specifications of the proposed facility. Through regularly scheduled and comprehensive inspections during construction and operation, Commission engineers

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1
				Obj 2.3 >	CF 2.2.2
				Obj 3.1 >	CF 3.1.1
				Obj 3.2 >	CF 3.2.1
					CF 3.1.2
					CF 3.2.2

verify that dams meet stipulated design criteria, identify necessary remedial modifications or required maintenance, and ensure compliance with requirements. The Commission issues hydropower inspection reports and follow-up letters documenting findings from these inspections. When issues are found, the Commission requires the licensee/exemptee to develop a plan and schedule for addressing the matter and conducting follow-up activities. The Commission is incorporating a risk-informed decision-making approach that provides the capability to assess non-traditional failure modes, provides leveled risk across different loading conditions, focuses inspections and surveillance on projects’ specific potential failure modes and monitoring programs, and guides remediation projects to provide an overall reduced level of risk to the public. As needed, the Commission can issue orders and set policy relative to the construction and operation of hydropower projects.

In support of the work conducting inspections, the Commission’s dam safety program includes additional activities described below to minimize risks to the public.

**Review Independent Consultant Reports.** The Commission requires comprehensive inspections and engineering evaluations of the high and significant hazard potential dams by independent consultants every five years. The Commission thoroughly reviews and evaluates all independent consultant inspection reports to determine whether additional studies are required or if remedial measures are necessary. Follow-up letters provide FERC’s review comments and input on the independent consultant’s proposed follow-up actions.

**Develop Hydropower Guidelines.** FERC publishes dam safety engineering guidelines to provide dam safety technical guidance to staff, the industry, consultants, and licensees/exemptees. The guidelines include the suggested procedures and criteria for the engineering evaluation and analysis of hydropower projects. The Commission’s surveillance and monitoring component provides methods to better identify and solve dam safety issues, and improves coordination, abilities, and trust among all stakeholders. FERC periodically updates existing engineering guidelines to reflect advancements in engineering standards and practices. In addition, FERC develops new guidelines to provide guidance on subject matter not currently covered by the existing guidelines.

**Review Emergency Action Plans.** All jurisdictional dams are required to develop and file emergency action plans (EAPs) with the Regional Engineer, unless exempted due to low hazard classification. EAPs provide for the development, maintenance, and periodic testing of project-specific plans for emergency response, including ensuring coordination and cooperation among the dam owners, state and local emergency management agencies, and the Commission. EAPs must be continually updated to reflect any changing internal and external conditions. Any changes made to an EAP must also be filed. FERC staff reviews EAPs and provide licensees with review letters that offer comments on the filing.

**Workstream Impact**

- Alert facility owners/operators to areas of non-compliance and identify corrective actions.
- Ensure the safety of the public, as well as the continued operation of hydropower infrastructure facilities that have been determined to be in the public interest.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	<b>Obj 2.2 &gt;</b>	<b>CF 2.2.1</b>	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**GOAL 2 > OBJECTIVE 2.2 > CORE FUNCTION 2.2.2**

Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.

**PURPOSE OF THE CORE FUNCTION**

To promote the reliability and security of the Bulk-Power System that delivers essential services to end users every moment of every day.

Provide assurance to **consumers/stakeholders** that:

- Blackouts and major Bulk-Power System disruptions are investigated, and results are used to prevent future blackouts and disruptions.
- Bulk-Power System planning and operation oversight leads to mandatory standards that evolve with the changing resource mix to continue to support reliable and safe operation.

Provide assurance to **users/owners/operators** that:

- Reliability and security standard development oversight leads to standards that efficiently and effectively support reliable and secure operation.
- ERO audits, investigations, and other compliance monitoring processes are fair and consistent and their outcomes, including penalties, are appropriate and reasonable.
- They have a voice and can provide input regarding trends affecting Bulk-Power System reliability and the range of possible actions to take to maintain and improve reliable and secure Bulk-Power System operations.

To accomplish this core function, FERC draws on its staff’s electrical engineering and cybersecurity expertise, including many years of experience in the utility industry.

FERC carries out this core function through the workstreams described below.

**Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards**

FERC actively monitors the performance of the Bulk-Power System. FERC maintains a monitoring system that provides up-to-the-minute data regarding the current performance of the grid. In preparation for, and during, events affecting Bulk-Power System performance, FERC staff actively engages with colleagues at the ERO to assess and report on current conditions and the status of restoration efforts. FERC augments its active Bulk-Power System monitoring with a wide range of data, including: ERO-collected data regarding generator and electric transmission system performance; ERO reports and studies; subscription data services; and direct engagement with Bulk-Power System users, owners, and operators. The Commission operates a 24/7 emergency message notification system to maintain Bulk-Power System situational awareness during active events such as storms and wildfires. To ensure that staff remains current regarding advancing power system technologies and cybersecurity, FERC actively engages with the U.S. Department of Energy, as well as with industry and professional organizations. In addition, FERC engages with

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	<b>Obj 2.2 &gt;</b>	CF 2.2.1	<b>CF 2.2.2</b>	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

stakeholders and experts, sometimes by hosting technical conferences, to remain abreast of trends that may affect Bulk-Power System reliability.

FERC uses this information to assess potential risks to reliability and security and identify opportunities for improving reliability standards and oversight. FERC also conducts inquiries into major blackouts and other grid-related events. These inquiries, often conducted jointly with the ERO, identify the root causes of the events, verify best practices, publicize lessons learned, and determine whether improvements to the reliability standards would lower the risk of future events. Often, FERC staff works with the ERO and its Regional Entities to look closely at areas of concern, including: the impacts of California wildfires on electric transmission; the potential impact of climate change, extreme weather, and a changing resource mix on reliability; and evolving cybersecurity threats and possible mitigating technologies. These efforts determine whether changes to reliability standards may be needed, or what other activities would be warranted to maintain reliability given the dramatic changes currently underway.

**Workstream Impact**

- Ensure that FERC is up to date on the performance of the Bulk-Power System and the implications of any trends on continued reliability and security of the Bulk-Power System.
- Ensure that enforceable reliability standards are sufficient to maintain the reliability and security of the Bulk-Power System, given the changes facing the electric industry.
- Apply lessons from previous blackouts and other grid-related cybersecurity events to prevent the reoccurrence of similar disruptive events.

**Review and Approve Proposed Reliability Standards**

Under section 215 of the Federal Power Act, the ERO develops and proposes reliability standards, including cybersecurity standards, for review and approval by FERC. FERC may approve, reject, or direct changes to proposed reliability standards, and may not write reliability standards. FERC reviews each proposed reliability standard to determine whether it will maintain and improve the reliable and secure operation of the Bulk-Power System. For proposed reliability standards that have complex or controversial provisions, FERC will typically go through an in-depth notice and comment rulemaking process to build a complete record prior to issuing a final rule addressing the standard. For non-controversial proposed reliability standards, the Commission may approve the proposed reliability standard more expeditiously following abbreviated public notice and comment.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 <b>CF 2.2.2</b> CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

FERC monitors and participates in the reliability standards development process to help ensure that the developed standards adequately address threats to reliability and security prior to being filed with the Commission.

**Workstream Impact**

- Ensure that approved mandatory standards support reliable and secure grid planning and operations.
- Provide reasonable notice and opportunity for public comment prior to Commission action.

**Oversee the ERO and the Enforcement of Reliability Standards**

FERC oversees the ERO, reviewing and approving its budget and rules of procedure. The Commission also oversees the ERO’s enforcement activities, including audits, investigations, determinations of violations, proposed penalties, and remediation activities carried out by industry. The ERO submits proposed enforcement actions for the Commission’s review and approval before taking effect to help ensure that any penalty imposed bears a reasonable relation to the seriousness of the violation and that effective remediation timely occurs. If the Commission determines that further review is warranted, it may issue an order initiating review of a proposed penalty.

The Commission exercises independent enforcement authority for the reliability standards. For serious reliability and security events, such as blackouts, FERC may investigate to determine if reliability standards were violated. Additionally, FERC conducts non-public audits of the reliability standards, focusing primarily on cybersecurity. These audits evaluate compliance with the reliability standards and assess the overall security posture of the registered entities. These audits provide the Commission with firsthand insight into the strengths and weaknesses of the reliability standards, especially the cybersecurity standards, and into regulated utilities’ cybersecurity practices and procedures. To help improve the cybersecurity posture of industry generally, FERC staff issues an annual report on lessons learned from the cybersecurity audits, which assists industry in improving its cybersecurity posture and compliance with the cybersecurity standards. FERC uses its oversight of the ERO’s enforcement processes and actions, and its experience with audits, to determine if changes to the reliability standards are needed.

**Workstream Impact**

- Ensure the ERO’s enforcement efforts result in effective reliability and security practices.
- Improve entities’ compliance with reliability standards.
- Improve the overall security posture of industry.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	<b>Obj 2.2 &gt;</b>	CF 2.2.1	<b>CF 2.2.2</b>	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**GOAL 2 > OBJECTIVE 2.2 > CORE FUNCTION 2.2.3**

**Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.**

**PURPOSE OF THE CORE FUNCTION**

To identify, communicate, assess, and address cyber and physical security threats on FERC-jurisdictional infrastructure through voluntary collaboration.

Provide assurance to **consumers/stakeholders** that:

- Operators of critical energy infrastructure facilities have access to the information and tools needed to secure their cyber and physical facilities.

Provide **energy facility owners/operators and stakeholders** with:

- Accurate and helpful alerts about the latest cyber and physical threats.
- Methods to address threats against their facilities.
- Access to classified information tailored to their needs.
- Clear best practices and tools for enhancing and maintaining cyber and physical security.
- Coordination with other sectors of critical infrastructure.

To accomplish this core function, FERC draws on its staff’s familiarity with FERC-jurisdictional infrastructure, extensive experience in grid operations, and cybersecurity expertise to enable FERC to coordinate with, and support, other government agencies and regulated entities in addressing security threats.

FERC carries out this core function through the workstreams described below.

**Collaborate With the Critical Infrastructure Community to Inform and Address Infrastructure Security**

FERC staff collaborates with the private sector as well as with federal partners on the latest threats to the security of energy infrastructure and countermeasures to those threats. FERC staff leverages these relationships to maintain awareness of new or existing threats, activities, and capabilities of adversaries that may initiate a cyber or physical attack on FERC-jurisdictional infrastructure. For example, FERC staff coordinates with its federal partners—including the Department of Energy, Department of Defense, Department of Homeland Security, the Office of the Director of National Intelligence, and the Transportation Security Administration—and energy industry entities to identify, analyze, and share information with energy industry entities about threats to jurisdictional energy infrastructure, as well as ways to mitigate and respond to these attacks. These collaborations often lead to the development and dissemination of tools, best practices, and threat mitigation measures and techniques among the critical infrastructure community.

**Workstream Impact**

- Ensure that other government agencies have information about the security posture of jurisdictional entities.
- Assist the critical infrastructure community to identify cyber and physical security priorities to inform best practices and mitigation strategies that protect against threats and vulnerabilities.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	<b>Obj 2.2 &gt;</b>	CF 2.2.1	CF 2.2.2	<b>CF 2.2.3</b>	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure**

FERC staff works with other federal agencies and regulated industries through architecture assessments, physical security reviews, exercises, reviews of cybersecurity programs, and other activities. Drawing on these experiences, staff uses their analysis and assessment capabilities to identify and characterize threats, vulnerabilities, responses, and countermeasures that are relevant to jurisdictional infrastructure.

FERC staff conducts assessments at individual electric, natural gas, and hydropower facilities, focusing on information technology (IT) and operational technology networks and the cyber and physical security of those networks. In these voluntary assessments, FERC staff examines an entity’s facilities to include a range of topics such as electromagnetic hardening, business environment, risk management, cybersecurity awareness and training, incident response and recovery, data security, protective technologies, network architecture, and supply chain security. Staff asks questions and makes observations, identifies options for improvement, and encourages facility operators to implement best practice mitigation strategies, countermeasures, and tools. FERC staff may review the entity’s audit plan for facilities that will be subject to a regulatory audit by NERC or the Commission to better guide the assessment schedule.

FERC staff also participates in large-scale security exercises, during which they deliver individualized feedback and guidance to the exercise participants. In addition, FERC staff supports infrastructure security research and development initiatives, when relevant to the security and resilience of critical energy infrastructure. Finally, FERC offers security information to state regulators and other organizations to help them better understand and improve their security efforts on critical energy infrastructure.

**Workstream Impact**

- Enable FERC to enhance and maintain cyber and physical security among critical infrastructure energy facilities.
- Allow FERC to analyze and understand broader infrastructure issues and provide a basis for identifying common vulnerabilities and developing best practices to mitigate them.
- Obtain feedback and insight about the efficacy of the advice, recommendations, and guidance it provides to owners of jurisdictional infrastructure.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	<b>Obj 2.2 &gt;</b>	CF 2.2.1	CF 2.2.2	<b>CF 2.2.3</b>	Obj 3.2 >	CF 3.2.1	CF 3.2.2





**GOAL 3**

# Provide Mission Support Through Organizational Excellence

**Achieve organizational excellence by using resources effectively, adequately equipping FERC employees for success, and executing responsive and transparent processes, as well as proactive engagement and education, to strengthen public trust.**

The public interest is best served when the Commission operates in an efficient, responsive, and transparent manner. The Commission pursues this goal by maintaining established processes and providing services in accordance with governing statutes, authoritative guidance, and prevailing best practices. The Commission’s staff, while serving in different program offices, must work collaboratively and execute processes that work in concert with each other to produce the high-quality results expected by the American people. In accomplishing this goal, the Commission will use its resources efficiently, empower its employees, and earn the public trust. These essential outcomes are indicative of a model regulatory agency.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
		Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
		Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 3 > OBJECTIVE 3.1**

## Manage resources effectively through an engaged workforce.

As the Commission faces new and increasing challenges, the demands on Commission offices and employees continue to grow. It is essential for the organization to provide support that addresses internal needs and enables organizational excellence.

FERC achieves this objective by providing processes and services that help office leadership prioritize resource allocations, make prudent investments that yield returns that directly benefit the agency’s mission, and use Commission resources in an efficient manner. These processes and services also help management meet federal statutes that require the Commission to recover its operating costs from the entities it regulates and do so in a manner that avoids unnecessarily increasing the cost of energy to consumers.

FERC also achieves this objective by providing services, tools, and resources that equip employees to drive success and accomplish the agency’s mission. On an annual basis, the Commission allocates over 60% of its budget to cover the compensation costs of its employees. Given this significant investment, the Commission places extremely high value on its employees, and is focused on ensuring that employees have a performance management system that clarifies expectations, removes barriers to performance and engagement, and provides useful feedback that supports employee effectiveness.

By providing processes and services that meet internal needs, FERC supports the effective use of resources, equips employees for success, and achieves organizational excellence.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**GOAL 3 > OBJECTIVE 3.1 > CORE FUNCTION 3.1.1**

Maintain processes and provide compliant services that enable FERC offices to manage resources effectively and efficiently.

**PURPOSE OF THE CORE FUNCTION**

To enable leadership to prioritize resource allocations, make prudent investments that yield returns that directly benefit FERC’s mission while complying with federal requirements.

Provide assurance to **external stakeholders** that:

- FERC is a good steward of the financial and human resources entrusted to it.
- FERC maintains the assets, resources, and capabilities to carry out its legislative mandate and achieve its mission.
- FERC operates in full compliance with regulations and laws and is fully accountable to its varied stakeholders.

Ensure **FERC offices**:

- Have the resources they need to carry out operations.
- Are compliant with applicable laws and regulations.
- Have the support and guidance to achieve operational excellence and efficiency.

To accomplish this core function, FERC draws on its staff’s understanding of financial management, appropriations law, human capital, performance and risk management, information technology, and safety and security practices.

FERC carries out this core function through the workstreams described below.

**Design and Implement Effective Internal Control and Accountability Systems**

The Commission maintains a comprehensive framework that integrates the execution of Commission-wide strategic planning, program performance measurement, internal controls, and risk management. The framework also provides a foundation for ensuring that the Commission meets reporting and accountability requirements. In addition, the Commission provides systems, procedures, and guidance to assist office leaders in using the elements of this framework to inform their own planning and decision making; identify, prioritize, and mitigate key sources of risk; and ensure their operations are effective, efficient, and compliant with federal requirements.

**Workstream Impact**

- Ensure FERC’s operations are carried out according to deliberate and purposeful plans and that risks are effectively managed.
- Provide FERC the ability to assess and provide reasonable assurance of achieving effectiveness and efficiency of operations, compliance with requirements, and reliability of reporting.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2		

**Manage FERC’s Finance, Accounting, and Acquisition Requirements**

In meeting its obligations to the public, the Commission must serve as a good financial steward. The Commission’s financial stewardship begins with establishing financial policies, procedures, and systems consistent with generally accepted accounting principles and guidance to ensure resources are used appropriately, and to minimize the risk of fraud, waste, and abuse. The Commission employs budgeting, acquisition, and related financial processes to ensure staff has the necessary resources to achieve its stated goals and objectives.

Further, the Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates under the Federal Power Act and the Omnibus Budget Reconciliation Act of 1986. It is critical that the Commission’s annual charges and financial reporting processes are accurate, appropriate, and transparent to earn the confidence of regulated industries and the American public. To this end, the Commission undergoes an annual, external financial statement audit to provide assurance that its financial statements are free from material misstatements.

**Workstream Impact**

- Ensure the effective, efficient, and transparent use of FERC’s financial resources.
- Document and demonstrate FERC’s financial stewardship, integrity, and accountability to external audiences.

**Design and Implement Human Capital Strategies to Attract a Diverse and Effective Workforce**

The Commission designs and implements human capital strategies to ensure that it has a diverse workforce with the skills and competencies needed to carry out its core functions effectively and meet current and future organizational needs. This begins with comprehensive workforce planning and competency modeling to both assess staffing needs and develop plans to meet those needs. The Commission identifies recruitment strategies to assist managers in acquiring highly skilled and qualified people to execute its authorities. The Commission’s human capital strategies reflect diversity and inclusion policies and strategies to strengthen the FERC community and support a diverse, healthy, and robust workforce culture. The Commission understands that diversity and inclusion are integral to maximizing operational effectiveness and retaining the required workforce. To further maintain and support a diverse and inclusive workforce, the Commission established its Diversity and Inclusion Strategic Plan which strives to remove barriers impeding equal opportunity for all employees.

**Workstream Impact**

- Ensure FERC can recruit the best candidates from across the country.
- Maintain a workforce with the right skills and competencies needed to achieve its mission.
- Ensure FERC supports and maintains a diverse, healthy, and robust workforce.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2 Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.1 > CF 2.1.1 CF 2.1.2 Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.1 > CF 3.1.1 CF 3.1.2 Obj 3.2 > CF 3.2.1 CF 3.2.2		

**Maintain a Secure and Reliable IT Infrastructure**

The Commission develops, coordinates, and maintains enterprise-wide IT systems that support the Commission’s critical operations and business needs. These systems include those used by external stakeholders to submit information to the Commission and to access public information. In addition, the Commission manages the hardware, software, and data needs of staff to ensure they have the tools and information needed to do their jobs. Critical to the IT program and agency operations, the Commission manages a robust cybersecurity program to ensure threats are effectively mitigated and information remains secure. In carrying out these responsibilities, the Commission develops necessary policies, procedures, and other documentation and ensures that all IT initiatives are compliant with applicable laws and regulations.

**Workstream Impact**

- Ensure that IT serves as a resource-multiplying asset to provide better quality information and faster service for FERC’s internal and external customers.

**Maintain the Safety, Security, and Resilience of FERC Operations**

Commission staff oversees the security and safety of Commission facilities and operations by conducting intelligence coordination and mission integrity activities. This includes managing and developing safety and physical security plans for facilities, continuity of operations plans, and Commission-wide oversight, guidance, coordination, and advocacy for national security information related activities. In addition, staff continuously evaluates and modifies Commission security, safety, and intelligence programs to ensure their effectiveness, compliance with government regulations, and coordination with local, state, federal, and private partners.

**Workstream Impact**

- Ensure the safety, security, and resilience of FERC operations and locations.
- Ensure that FERC has access to sensitive information and data from the intelligence community to monitor threats to energy infrastructure and to inform threat mitigation strategies.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2

**GOAL 3 > OBJECTIVE 3.1 > CORE FUNCTION 3.1.2**

Provide tools and services that enable employees to perform their jobs effectively and drive FERC’s success.

**PURPOSE OF THE CORE FUNCTION**

To ensure employees feel safe, equipped, and empowered for success.

Ensure that **employees:**

- Work in a safe and secure workplace.
- Have access to technical support so they can perform their jobs effectively.
- Work in an organization that supports their growth and development and values diversity and inclusion.
- Have clear expectations and useful feedback to perform effectively.
- Have recourse and assistance to address harassment and discrimination.

To accomplish this core function, FERC draws on its staff’s understanding of safety and security protocols, technical knowledge of Commission systems, and best practices related to training and developing an engaged workforce.

FERC carries out this core function through the workstreams described below.

**Protect Employees and Provide a Safe Workplace**

People are the Commission’s greatest asset, and the responsibility to protect staff is taken very seriously. The Commission continues to develop a mature and integrated protective operations program to ensure the security and safety of the Chairman, Commissioners, and Commission staff while they are conducting Commission activities throughout the United States. Additionally, the Commission has developed an Occupational Safety and Health Administration-Compliant Safety Program that identifies and addresses hazards facing FERC staff. The program also offers guidance to help employees ensure their own safety at work.

**Workstream Impact**

- Ensure that FERC employees are able to perform their jobs without any threat to their welfare or physical safety.

**Provide Technical Support to Employees**

The Commission provides a range of technical support services to employees. This includes IT support that covers IT problem solving, personal computers/laptops, applications, connectivity, telephony, and email. Commission support services also include the provision of office supplies and building related services such as furniture repairs, trash removal, and temperature regulation. Finally, the Commission

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1 CF 1.1.2	Obj 2.1 >	CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2
	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 >	CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2

provides employees with travel support by answering travel-related questions, processing reservations and vouchers, administering the travel card program, and offering system support.

**Workstream Impact**

- Ensure that FERC employees have the equipment, workspace, and tools they need to perform their jobs.

**Develop and Engage Employees**

The Commission strives to create an atmosphere and culture that values its diverse employees and empowers them to drive the Commission’s success. To that end, the Commission provides a range of services designed to develop and engage employees, support work/life balance, and help staff members maximize their contribution to FERC’s mission. The Commission provides employees various training and development opportunities based upon individual development plans and regular performance feedback between staff and supervisors. Diversity is highlighted and celebrated through monthly observances, guest speakers, and Employee Resource Groups, which are formed by employees across diverse demographics—race, national origin, gender, sexual orientation, military status—as well as shared interests. The Commission also ensures the work environment remains free from discrimination or harassment by providing various Equal Employment Opportunity (EEO) training and education, as well as maintaining an EEO issue and complaint resolution process in accordance with governing equal employment opportunity guidelines, laws, and regulations. The Commission routinely assesses and ensures that EEO principles are an integral part of its culture. EEO serves as an additional resource by providing direction, guidance, and monitoring of key activities to achieve a diverse workplace free of barriers to equal opportunity. The Commission’s EEO program helps support and ensure the workplace is free from discrimination in any of its management policies, practices, or procedures and supports the mission as reflected in its Diversity and Inclusion Strategic Plan.

**Workstream Impact**

- Inform and focus employee effort, encourage engagement, and enable employees to drive success.
- Ensure that employees have the opportunity to learn and grow.
- Ensure EEO principles are an integral part of the FERC culture, the workplace is free from discrimination and harassment, and employees have support mechanisms to resolve issues and secure reasonable accommodations.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

**GOAL 3 > OBJECTIVE 3.2**

## Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.

Facilitating understanding of how the Commission carries out its responsibilities and maintaining trust in the Commission are important components of the Commission’s commitment to organizational excellence. Trust and understanding increase acceptance of FERC decisions and reduce the potential for the public to dispute FERC rules and regulations. This enables the creation and enforcement of well-accepted policy.

The Commission achieves this objective by maintaining processes and public information services that promote transparency and open communication with respect to the conduct of the Commission’s business. FERC’s proactive communication, along with an online document repository and timely responses to inquiries, fosters awareness and understanding of the Commission’s activities. In particular, the Commission has a strong commitment to working with affected communities, including environmental justice communities and landowners who may be directly impacted by Commission infrastructure decisions.

In furtherance of this objective, the Commission has created the Office of Public Participation. This office will facilitate robust input from diverse perspectives, ensuring equity in FERC proceedings to provide more fulsome records that lead to stronger and fairer decision-making. The Commission is also renewing its commitment to Tribal governments by enhancing government-to-government consultation and engagement practices to ensure Tribal Nations are able to access and engage in the Commission’s decision-making processes more easily.

The Commission also furthers this objective by addressing in a timely manner arguments that the Commission made errors in its orders and other issuances. Timely consideration of such requests for rehearing allows parties aggrieved by Commission action to present their concerns to a U.S. Circuit Court of Appeals. Attorneys on Commission staff defend the Commission’s issuances in such court proceedings.

In addition, the Commission advances this objective by maintaining internal processes and services that ensure adherence to statutes, regulations, and self-imposed standards. FERC also provides training and guidance to promote an ethically informed workforce. These activities further encourage public confidence in the Commission’s activities and ability to fulfill its responsibilities.

- The Strategic Priority of **Improving Accessibility and Participation in Proceedings** will provide a strategic focus for this objective’s activities in three ways: (1) by focusing on improved outreach, technical assistance, and education to affected members of the public, including landowners and environmental justice communities to enhance public engagement; (2) by enhancing consultation and engagement practices with Tribal governments, and (3) by integrating environmental justice and equity considerations into Commission processes and decision-making. Together, these efforts enable FERC to make more comprehensive and well-informed decisions.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	<b>Obj 3.2 &gt;</b>	CF 3.2.1	CF 3.2.2



**GOAL 3 > OBJECTIVE 3.2 > CORE FUNCTION 3.2.1**

Maintain legal and other processes in accordance with the principles of due process, fairness, and integrity.

**PURPOSE OF THE CORE FUNCTION**

To demonstrate FERC’s commitment to integrity, fairness, and ethics as public servants and in the exercise of its regulatory authority.

Ensure that the **public, stakeholders, and jurisdictional entities:**

- Have a foundation for putting their trust into the Commission.
- Are given due process when challenging Commission orders and issuances.
- Understand how equity and environmental justice are considered within Commission processes.

To accomplish this core function, FERC draws on its staff’s legal expertise and experience regarding executive branch standards and requirements regarding ethics, transparency, and disclosure, as well as the arbitration and litigation of Freedom of Information Act (FOIA) requests, procurement, employment, and other administrative issues, where necessary.

FERC carries out this core function through the workstreams described below.

**Provide Ethical and Legal Support and Analysis Regarding FERC’s Operational Functions**

The Commission maintains staff that provides expert legal guidance, analysis, and support to the Commission’s operational functions as well as compliance with ethical standards and requirements. Commission legal staff ensures all Commission employees are aware of and adhere to the established ethical standards and related matters, such as standards of conduct and financial conflicts of interest. The Commission provides staff ethics training, answers staff questions, and provides guidance on matters such as recusals and post-employment requirements, and reviews certain employees’ financial disclosure reports.

The Commission’s internal legal support also provides guidance regarding administrative law, EEO, human resources, procurement laws, and the analysis of Executive Orders and Office of Management and Budget memos and how they impact the Commission. The Commission’s internal legal analysis also extends to determinations on FOIA and Critical Energy Infrastructure Information requests.

Finally, Commission counsel also represent the Commission in litigation and arbitration in the following areas: FOIA, procurement, employment, and other administrative issues.

**Workstream Impact**

- Demonstrate FERC’s high standards of ethics and commitment to integrity.
- Encourage a level of public trust and confidence.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 3.1 >	CF 3.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 3.2 >	CF 3.1.2
			Obj 2.1 >	CF 2.1.1	CF 2.1.2
			Obj 2.2 >	CF 2.2.1	CF 2.2.2
				CF 2.2.3	Obj 3.2 >
				CF 3.2.1	CF 3.2.2

**Provide Legal Guidance and Representation to FERC on Rehearing and Appeal of Commission Issuances**

Attorneys on Commission staff provide representation and guidance to the Commission when its orders or issuances are challenged through a request for rehearing or through a petition for review in a U.S. Court of Appeals. In accordance with the rehearing and judicial review frameworks under the Natural Gas Act, the Federal Power Act, and the Interstate Commerce Act, staff reviews and analyzes rehearing requests, and develops orders or notices to resolve them as appropriate.

Attorneys on Commission staff also represent the Commission when its issuances are challenged in a U.S. Court of Appeals. When a case involving a Commission issuance goes to the U.S. Supreme Court, attorneys on Commission staff support the Department of Justice in representing the Commission.

**Workstream Impact**

- Ensure that challenges to Commission issuances are handled in a manner that demonstrates integrity and fairness and assures due process for parties subject to Commission orders and issuances.

**Provide Guidance to the Commission on Matters Involving Environmental Justice and Equity**

Commission counsel provide guidance on measures to integrate environmental justice and equity considerations into Commission processes and decision-making, across all programs. Assessment of Commission policies and practices helps to inform staff’s development of an equity plan with actionable goals to guide the Commission’s work.

**Workstream Impact**

- Remove barriers that can block historically overburdened and underserved communities from benefitting from Commission policies and processes.
- Demonstrate Commission commitment to environmental justice and equity and facilitate public trust.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1
				Obj 3.1 >	CF 3.1.1
				Obj 3.2 >	CF 3.2.1
					CF 3.2.2

**GOAL 3 > OBJECTIVE 3.2 > CORE FUNCTION 3.2.2**

**Promote understanding, participation, and engagement.**

**PURPOSE OF THE CORE FUNCTION**

To promote transparency and understanding regarding FERC’s authority, activities, and proceedings, thereby enhancing participation and engagement in Commission activities.

Ensure that the **public, stakeholders, Tribes, and jurisdictional entities:**

- Understand how the Commission carries out its responsibilities.
- Have access to accurate and timely information about the Commission’s activities.
- Have the opportunity and support to participate in Commission proceedings, including through alternative dispute resolution, assistance with procedural or technical questions, and potentially an opportunity to seek intervenor funding.

To accomplish this core function, FERC draws on its staff’s expertise in public engagement and communication, an understanding of due process, Commission processes, procedures, and requirements, and in conflict resolution.

FERC carries out this core function through the workstreams described below.

**Educate, Inform, and Engage**

The Commission meaningfully engages with the public through outreach and education to facilitate greater understanding of Commission processes and solicit broader participation in matters before the Commission. This work includes educating the public, media, elected officials, and other stakeholders about FERC’s mission, role, direction, and policy, and ensuring that regulated entities and other interested stakeholders have access in a timely manner to accurate information about the Commission’s activities. Commission staff answers numerous questions from the public and stakeholders and leverage traditional and social media platforms (email, electronic public postings, podcasts, webinars, social media feeds, videos, presentations, press releases, reports, etc.) to share information from the Commission quickly with large and diverse audiences. Commission transparency is supported by timely responses to information requests as well as proactive communication and relationship building with stakeholders. Commission staff frequently addresses questions from Congress and other government agencies, state agencies and regulators, as well as from the media and the public at large.

Commission staff also serves as a liaison to Congress, other government agencies, Tribes, and foreign governments. In this liaison role, the Commission maintains relationships with members of Congress, coordinates the Commission’s participation in activities hosted by other agencies, facilitates consultation and engagement with Tribal governments on a variety of matters, and welcomes international visitors to the Commission.

**Workstream Impact**

- Facilitate understanding of how FERC carries out its responsibilities.
- Promote trust in and engagement with FERC.
- Demonstrate FERC’s commitment to transparency and open communication.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	<b>Obj 3.2 &gt;</b>	CF 3.2.1	<b>CF 3.2.2</b>

**Provide Outreach and Assistance on Individual Proceedings**

The Commission provides outreach and assistance on individual proceedings in a number of ways. Commission staff coordinates assistance to the public participating, or seeking to participate, in proceedings before the Commission through direct outreach, workshops, and with timely responses to inquiries received on its hotline. Commission staff manages a Landowner Helpline that assists landowners with issues relating to the construction or operation of FERC jurisdictional facilities. The Commission and its staff also act as a liaison to members of the public affected by Commission proceedings, including natural gas pipeline proceedings, by providing process information on individual proceedings, and coordinating requests for technical assistance. Staff ensures that the Commission is responsive to public input and that stakeholder interactions with the Commission are inclusive and fair.

The Commission also offers neutral and independent alternative dispute resolution services, assisting parties in the voluntary resolution of their energy and environmental disputes before, during, or after a complaint is filed with the Commission.

**Workstream Impact**

- Promote public participation and engagement with FERC.
- Ensure that individuals are treated in a manner that is inclusive and fair.
- Ensure that the concerns of Tribal members, environmental justice, energy justice, and other historically marginalized communities are fully and fairly considered in FERC proceedings.

**Maintain and Provide Public Information Systems and Services to Facilitate Public Engagement**

Commission staff maintains public information systems that allow for the submission by the public of comments, protests, and other correspondence about Commission proceedings. Commission information systems and services also allow the public to access submissions made to, and issuances posted by, the Commission. To facilitate public engagement, highly trained Commission staff prepares notices announcing incoming filings (shortly after filings are received by the Commission) or announcing proposed rules and establishing deadlines for interested stakeholders and/or the public to submit interventions, comments and/or protests to those filings or rules. To promote transparency, the evidentiary record that documents the basis for Commission decisions and rules is inputted and maintained in eLibrary (the Commission’s official document repository) and made available online for public view and examination. In addition, in advance of open public meetings where the Commission considers regulatory matters for final vote and processing, Commission staff issues public notices that list those matters to be discussed at the open public meeting. Finally, FERC issues a bi-weekly public notice to make the public aware of any off-the-

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 3.1 >	CF 3.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 3.2 >	CF 3.2.1
			CF 2.1.1	CF 2.1.2	CF 3.2.2
			Obj 2.2 >	CF 2.2.1	CF 2.2.2
				CF 2.2.3	

record communications to Commission staff that could influence the Commission’s decision-making process.

**Workstream Impact**

- Ensure that the public is kept up to date on Commission decisions and activities.
- Promote the efficient sharing of information between the agency, the public, and external stakeholders.
- Ensure that public and external stakeholders can comment on filings made with the Commission, rulemakings, and Commission issuances.

**Coordinate Intervenor Funding**

Section 319(b)(2) of the Federal Power Act authorizes the Commission to provide funding to compensate any person whose intervention or participation in a proceeding substantially contributed to the approval of a position advocated by that person. The Commission may compensate a person for reasonable attorney’s fees, expert witness fees, or other costs of intervening or participating in a significant proceeding before the Commission upon a showing of significant financial hardship. The Commission intends to establish a workstream by which staff provides advice and recommendations to the Commission with respect to potential intervenor funding. The Commission intends to conduct a rulemaking process to seek public comment on this topic.

**Workstream Impact**

- Ensure that any intervenor funding by FERC is appropriate and fair.
- Ensure that Intervenor funding decisions are transparent and understood.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 > CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2		
	Obj 1.2 > CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	<b>Obj 3.2 &gt; CF 3.2.1 CF 3.2.2</b>		

# Appendices

## Appendix A: Regulatory Authority History and Overview

### Overview

The Commission has an important role in the development of a reliable energy infrastructure and the protection of wholesale customers from unjust and unreasonable rates and undue discrimination and undue preference. The Commission draws its authority from various statutes and laws that are described below.

### Hydropower

In 1920, Congress passed the Federal Water Power Act, which gave the Federal Power Commission, the Commission’s predecessor, its original authority to license and regulate non-federal hydropower projects. As Congress expanded the regulatory authority of the Federal Power Commission, the Federal Water Power Act ultimately became Part I of the Federal Power Act. Part I of the Federal Power Act has been amended by subsequent statutes including the Electric Consumers Protection Act of 1986, the Energy Policy Act of 1992, the Hydropower Regulatory Efficiency Act of 2013, and the America’s Water Infrastructure Act of 2018. The Commission relies on these authorities to carry out its hydropower responsibilities, including: the issuance of preliminary permits; determinations regarding qualifying conduit facilities; the issuance of licenses for the construction and operation of new projects; the issuance of relicenses for existing projects; the investigation and assessment of headwater benefits; and the oversight of all ongoing project operations, including dam safety and security inspections, public safety, and environmental monitoring. While the Commission’s responsibility under the Federal Power Act is to strike an appropriate balance among the many competing developmental and non-developmental (including environmental) interests, several other statutes affect hydropower regulation. These include, but are not limited to, NEPA, the Clean Water Act, the Coastal Zone Management Act, the Endangered Species Act, the Fish and Wildlife Coordination Act, and the National Historic Preservation Act.

### Electric

Since 1935, the Commission has regulated certain electric industry activities under Part II of the Federal Power Act. Under the Federal Power Act sections 205 and 206, the Commission ensures that the rates, terms, and conditions of sales for resale of electric energy and transmission in interstate commerce by public utilities are just and reasonable and not unduly discriminatory or preferential. Under the Federal Power Act section 203, the Commission reviews mergers and acquisitions, and certain other corporate transactions involving public utilities and public utility holding companies. Under the Federal Power Act section 204, the Commission reviews the issuance of securities or assumptions of liabilities by certain public utilities subject to its jurisdiction. Section 215 of the Federal Power Act provides for the establishment of a federal regulatory system of mandatory and enforceable electric reliability standards for the Nation’s Bulk-Power System. The standards, developed by a Commission-certified ERO and approved by the Commission, apply to all users, owners, and operators of the Bulk-Power System. The ERO operates within the 48 contiguous states and is under the direct oversight of the

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1 CF 1.1.2	Obj 2.1 > CF 2.1.1 CF 2.1.2	Obj 3.1 > CF 3.1.1 CF 3.1.2	
	Obj 1.2 >	CF 1.2.1 CF 1.2.2	Obj 2.2 > CF 2.2.1 CF 2.2.2 CF 2.2.3	Obj 3.2 > CF 3.2.1 CF 3.2.2	

Commission. The Commission is ultimately responsible for the effective enforcement of the standards.

The Commission also has other electric regulatory responsibilities under portions of the Public Utility Regulatory Policies Act of 1978 and the Public Utility Holding Company Act of 2005 pertaining to qualifying facilities, exempt wholesale generators, and books and records access requirements. Under the Energy Independence and Security Act of 2007, the Commission, along with the Department of Energy and National Institute of Standards and Technology, has a role to play in ensuring awareness, coordination, and integration of the federal government’s diverse activities related to smart grid technologies and practices. The Commission’s regulations apply primarily to investor-owned utilities. In contrast, federal government-owned utilities (e.g., Tennessee Valley Authority, federal power marketing agencies), state and municipal utilities, and most cooperatively owned utilities, are not subject to Commission regulation (with certain limited exceptions). Regulation of retail sales and local distribution of electricity are matters left to the states. In addition, the Commission does not authorize the construction of new generation facilities (other than non-federal hydroelectric facilities). Such authorization is the responsibility of state and local governments.

### Natural Gas and Liquefied Natural Gas

The Commission’s role in regulating the natural gas industry is largely defined by the Natural Gas Act. Under section 3 of the Natural Gas Act, the Commission reviews the siting, construction, and operation of facilities to import and export natural gas, including LNG terminals. As part of this responsibility, the Commission conducts cryogenic design and technical review of the proposed LNG facilities during the authorization process, and compliance inspections during construction. Once an LNG facility is constructed and operational, the Commission conducts safety, security, and environmental inspections for the life of the facility. Under section 7 of the Natural Gas Act, the Commission issues certificates of public convenience and necessity for the construction and operation of interstate natural gas pipelines and storage facilities. The Commission also conducts compliance inspections of natural gas pipelines and storage facilities during construction. Although the Commission does not have jurisdiction over the safety or security of natural gas pipelines or storage facilities once they are in service, it actively works with other agencies that do have these responsibilities, most notably the Pipeline and Hazardous Materials Safety Administration of the Department of Transportation. As required by NEPA, the Commission prepares environmental documents for proposed natural gas and LNG facilities and acts in conformance with other environmental statutes as appropriate, including the Endangered Species Act, National Historic Preservation Act, Clean Water Act, Clean Air Act, and Coastal Zone Management Act. Under sections 4 and 5 of the Natural Gas Act, the Commission oversees the rates, terms, and conditions of transportation and of certain sales for resale of natural gas in interstate commerce. The Commission is also responsible for determining fair and equitable rates for intrastate pipelines transporting or storing natural gas under section 311 of the Natural Gas Policy Act. The Commission’s jurisdiction over sales for resale of natural gas is limited by the Natural Gas Policy Act and the Natural Gas Wellhead Decontrol Act of 1989. Regulation of the production and gathering of natural gas, as well as retail sales and local distribution of natural gas, are matters left to the states.

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1
				Obj 3.1 >	CF 3.1.1
				Obj 3.2 >	CF 3.2.1
					CF 3.1.2
					CF 3.2.2

## Oil

The Interstate Commerce Act gives the Commission jurisdiction over the rates, terms and conditions of transportation services provided by interstate oil pipelines. Oil pipelines transport crude oil, natural gas liquids (ethane, propane, and butane), refined petroleum products (gasoline, jet fuel and fuel oils), and liquefied petroleum gas. The Commission has no authority over the construction of new oil pipelines or over other aspects of the industry such as production, refining or wholesale or retail sales of oil. In addition to ensuring oil pipelines comply with the Commission’s regulations governing oil pipelines’ tariffs subject to section 6 of the Interstate Commerce Act, the Commission’s responsibilities include the establishment of equal service conditions to provide shippers with equal access to pipeline capacity, and analyzing market-based, cost-of-service and anchor shipper contract rate applications to ensure just and reasonable rates for transporting petroleum and petroleum products by pipeline in interstate commerce.

## Enforcement

Through the Energy Policy Act of 2005, Congress gave the Commission broad authority to prohibit manipulation in wholesale energy transactions. Congress also enhanced civil penalties for violations of the Federal Power Act, the Natural Gas Act, and the Natural Gas Policy Act. The Energy Policy Act of 2005 made three major changes to the Commission’s civil penalty authority. Congress expanded the Commission’s Federal Power Act civil penalty authority to cover violations of any provision of Part II of the Federal Power Act, as well as of any rule or order issued thereunder. Congress extended the Commission’s civil penalty authority to cover violations of the Natural Gas Act, or of any rule, regulation, restriction, condition, or order made or imposed by the Commission under the Natural Gas Act authority. Congress established the maximum civil penalty the Commission may assess under the Natural Gas Act, the Natural Gas Policy Act, or Part II of the Federal Power Act as \$1,000,000 per violation for each day that it continues. In addition, Congress expanded the scope of the criminal provisions of the Federal Power Act, the Natural Gas Act, and the Natural Gas Policy Act by increasing the maximum fines and increasing the maximum imprisonment time that apply when the Commission refers the case to the Department of Justice for criminal prosecution.

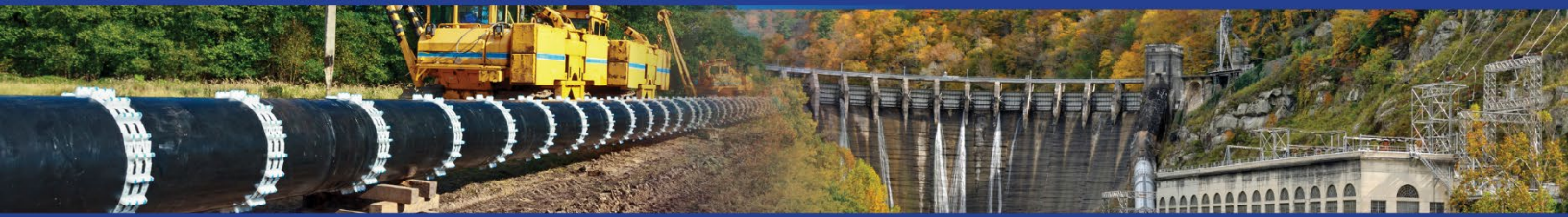
INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2



## Appendix B: Acronyms

- ALP** Alternative Licensing Process
- EAP** Emergency Action Plan
- EEO** Equal Employment Opportunity
- ERO** Electric Reliability Organization
- FERC** Federal Energy Regulatory Commission
- FOIA** Freedom of Information Act
- FY** Fiscal Year
- GPRA** Government Performance Results Act of 1993
- ILP** Integrated Licensing Process
- ISO** Independent System Operator
- IT** Information Technology
- LNG** Liquefied Natural Gas
- NEPA** National Environmental Policy Act
- NERC** North American Electric Reliability Corporation
- OPP** Office of Public Participation
- RTO** Regional Transmission Organization
- TLP** Traditional Licensing Process
- U.S.C.** United States Code

INTRO	PRIORITIES	GOAL 1	GOAL 2	GOAL 3	APPENDICES					
	Obj 1.1 >	CF 1.1.1	CF 1.1.2	Obj 2.1 >	CF 2.1.1	CF 2.1.2	Obj 3.1 >	CF 3.1.1	CF 3.1.2	
	Obj 1.2 >	CF 1.2.1	CF 1.2.2	Obj 2.2 >	CF 2.2.1	CF 2.2.2	CF 2.2.3	Obj 3.2 >	CF 3.2.1	CF 3.2.2



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