



FERC Podcast Transcript
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End of Year Review with Chairman Neil Chatterjee

Mary O’Driscoll: I’m Mary O’Driscoll, welcome to Open Access, a FERC Podcast. Today we welcome back FERC Chairman Neil Chatterjee to the podcast – our final podcast of the year. Welcome back, Chairman!

Neil Chatterjee: Thanks, it’s great to be with you.

Mary O’Driscoll: So, Chairman, I understand that you recently participated in a conference of electricity regulators from across the Asia-Pacific region.

Neil Chatterjee: That’s right. At the end of November, I led a FERC delegation participating in the 2018 Asian Pacific Energy Regulatory Forum – or APER Forum – held in Tokyo, Japan. FERC’s participation in the APER Forum is a longstanding tradition: the Commission has sent a delegation to the bi-annual conference since its inception more than a decade ago. I was proud to continue that tradition, and to represent the Commission at the conference. This Forum provides an excellent platform for the U.S. to exhibit leadership in the international community and strengthen our relationship with regulators from the various other participating nations.

Specifically, this year’s APER Forum brought together high-level representatives and staff from the electricity regulatory authorities of 14 different countries across the Asia Pacific region. Over the course of this highly productive four-day event, my peer regulators and I engaged on a variety of issues such as integration of storage and distributed energy resources, how to deal with declining demand, and how to incent transmission development. Those dialogues allowed for an opportunity to exchange lessons learned and best practices as well as to reinforce FERC’s relationships with peer international regulators and their staff.

While at the Forum, I actually also had the distinct privilege of executing a new Memorandum of Understanding with the Chairman of the Australian Energy Regulator, Paula Conboy. That MOU will facilitate for a technical exchange on electricity market regulation between Australia and the United States

Mary O’Driscoll: That sounds like a great event. Could you share with us what some of the major takeaways were for you?

Neil Chatterjee: My principal takeaway from the event is just how important FERC’s continued participation in international information exchanges like the APER Forum really is. Now, I want to be clear: FERC is emphatically not a regulator of international trade or an instrument of U.S.

foreign policy. But there is real value in the Commission being open to insights from our international counterparts as we approach our domestic regulatory responsibilities. And that's something events like this help facilitate.

What I mean is this: My conversations in Tokyo underscored that more and more in the energy space, *no country is an island*. We are *all* grappling with similar challenges involved with adapting our energy sectors for the 21st century. We are all looking to strike that delicate balance between accommodating transformative technologies such as renewables and electric storage without sacrificing the benefits of all the investments made in the grid to date. And we are all increasingly concerned not just with the traditional values of cost and reliability, but also with more timely concerns such as greenhouse gas emissions and cybersecurity. In fact, I had the honor to moderate a panel discussion on the challenges to integration of disruptive technologies within electric markets, and what really struck me was how closely the conversation resembled the policy discussions on that issue that we have here at the Commission!

So in sum, I left the conference with a renewed sense of how useful it is for FERC to keep open those and other lines of communication we have with our international peers.

Mary O'Driscoll: That's really interesting. Now, you talked about how closely your conversations at the Forum related to the continuing of the Commission. So let's look at that a little further. As 2018 comes to a close, what are your thoughts on what the Commission has been able to achieve this year?

Neil Chatterjee: Well, we've managed to accomplish quite a bit. In 2018, from January up until mid-December, the Commission has voted on and issued 1,022 orders. FERC also considered numerous natural gas infrastructure applications in 2018, resulting in the approval of 48 pipeline projects totaling 703 miles and 9,131 million cubic feet per day, and four storage projects totaling 3,600 billion cubic feet of storage capacity.

But I'd also like to highlight a few things – what I would call FERC's Top 10 achievements in 2018. They're in no real order, but I'll start with:

- The final rule on Electric Storage Participation in regional markets, a positive regulatory action that removes barriers to competition by allowing emerging technologies to compete in the marketplace;
- Tax Cuts and Jobs Act reforms for electric utilities and natural gas and oil pipelines that are lowering rates for consumers;
- Final rules to improve regional market transparency and interconnections;
- A rule requiring expanded cyber security incident reporting;
- We signed the MOU with PHMSA, the Pipeline and Hazardous Materials Safety Administration out of the Department of Transportation, to coordinate LNG reviews;

- We issued environmental schedules for 12 LNG terminal applications;
- We took final action on cyber security risks with new Supply Chain-Related Reliability Standards;
- We terminated the DOE NOPR proceeding and initiated a new proceeding on grid resilience;
- We resolved the Court remand in *Emera Maine* by proposing a new methodology for ROEs there and in the Midwest ISO;
- And finally, FERC continues to rank among the top five in the Best Places to Work in the Federal Government survey, something I'm particularly proud of because, in my view, we've got the most talented and dedicated team of federal employees out there.

Mary O'Driscoll: Wow, it's clearly been a busy year at the Commission! Of the accomplishments you just went through, are there any that you're particularly proud of?

Neil Chatterjee: Boy, I think the Commission has done a lot of great work this year, so it's really hard to choose. But I think the Storage Final Rule stands out as a great example of how we can provide lower cost and better reliability for consumers by eliminating barriers to entry for new technologies. I'm also proud of the work we've done to pass on the benefits of the Tax Cuts and Jobs Act to consumers. I'll be the first to admit that our tax orders are not the most exciting read, but ensuring just and reasonable transmission rates is really the bread and butter of what we do here at the Commission. Finally, I'd be remiss if I didn't acknowledge the Commission's efforts on LNG. Over the last several months, we've really stepped up our efforts to ensure that these projects are processed in a timely manner. Timely action on these projects is critical so the United States can take advantage of this once-in-a-lifetime opportunity to reap the economic and geopolitical benefits of greater US LNG exports.

Mary O'Driscoll: OK, well FERC has made a lot of progress over the course of 2018, but more work remains. I'm curious as to what you see as your main priorities as we head into the New Year?

Neil Chatterjee: There's no shortage of important issues before the Commission, so I'm expecting a busy 2019. In particular, I'm planning to continue our focus on a number of initiatives that have already been announced. These include continuing the important work in our resilience docket, better aligning PURPA with our modern energy landscape, our pipeline policy statement review, and examining both our transmission incentives policy and base ROE calculation. In addition, I'm expecting to continue our work on a final rule for Distributed Energy Resources and our efforts to bolster cybersecurity. Finally, I've heard from a variety of stakeholders all across the spectrum that they believe Order 1000 is just not working, so I think it's just a matter of time until the Commission turns to that issue.

Mary O'Driscoll: OK, well I think that's all the time we have for today. Thanks so much for sitting down with us, Chairman. Have a great holiday, and all you listeners have a great holiday too. See you all in 2019!

Craig Cano: FERC is an independent regulatory agency that oversees the interstate transmission of electricity, natural gas and oil. FERC reviews proposals to construct and operate interstate natural gas pipelines and liquefied natural gas terminals, and oversees the licensing of nonfederal hydropower projects. FERC protects the reliability of the high-voltage interstate transmission system through mandatory reliability standards, and it monitors interstate energy markets to ensure that everyone in those markets is playing by the rules. Unless otherwise noted, the views expressed in these podcasts are personal views and do not necessarily express the views of individual Commissioners or the Commission as a whole. This podcast is a production of the Federal Energy Regulatory Commission's Office of External Affairs, Leonard Tao, director. We will be updating our posts when we've got more news, so be sure to check out our website, www.FERC.gov, and follow us on Facebook, Twitter and LinkedIn to find out when our next podcast airs.