

Commissioner Neil Chatterjee
Senate Committee on Energy and Natural Resources
United States Senate
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Thank you Chairman Murkowski, Ranking Member Cantwell, and members of the Committee.

Thank you for the opportunity to appear before you today to provide an update on the important work we are doing at the Federal Energy Regulatory Commission. This is an exciting and transformational moment in our nation's energy history, and the Commission takes very seriously our role in ensuring that all Americans have reliable and affordable energy.

I like to focus my remarks on the Commission's efforts on the Public Utility Regulatory Policies Act of 1978, or PURPA, which is been discussed already, and bulk power system reliability as well as a few key areas where Congress and the Commission can continue working together to make progress.

I do want to note that it's an honor to be back here in the United States Senate with so many whose leadership on these issues educated me and prepared me for this role. I'd be remiss if I didn't recognize the historical significance that today Sen. McConnell became the longest-serving Republican leader in the history of this institution, a testament to his dedication to the people of Kentucky and his work ethic. And as a native Kentuckian who had the good fortune to serve him, I'm quite proud of his achievement.

But now on the first issue I'd like to address today, which is PURPA. Today's energy environment is fundamentally different from that of 1978 when PURPA was enacted, and stakeholders are rightly asking whether changes are needed to better align the policy with our modern energy landscape. This is been a top priority of mine since coming to the Commission, and I know it's also great interest to the Committee as Sen. Barrasso recently introduced a PURPA reform bill.

I'm grateful for my friend and colleague, Chairman McIntyre's recent announcement that the Commission will review its current PURPA policy to ensure it continues to promote development of renewable resources and cogeneration while protecting customers and competition. I look forward to engaging with members of this Committee as part of this important exercise, and I take seriously your comments Sen. Cantwell that we have a thorough and transparent record.

Turning to another critical topic, I'd like to discuss our efforts on bulk power system reliability. Congress delegated to the Commission the responsibility to approve and enforce mandatory reliability standards for the grid. With our partners at the North American Electric Reliability Corporation, we're continually reviewing those standards, ensuring they evolve with the industry and form an effective baseline for addressing day-to-day grid reliability issues. The Commission also works to maintain reliability through oversight of jurisdictional wholesale energy, capacity and ancillary services markets. For instance, we've taken actions to ensure all new generators provide certain essential reliability services such as voltage and frequency control.

The grid resilience proceeding is another good example of how the Commission continues to refine rules, as needed, to preserve reliability. I know this Committee is certainly following that proceeding with keen interest, given its potential significance to many across the various states you all represent. In fact, I had the pleasure of speaking with Sen. Daines at length on

the importance of FERC's resilience proceeding during the energy summit he hosted in Montana recently. So my colleagues and I welcome engagement with members of the Committee, industry, and the states on how FERC can better promote bulk power system reliability.

Because of historically low natural gas prices and technological innovation our country's experiencing rapid, unprecedented changes in our generation resource mix. These trends promise tremendous benefits to consumers through lower prices and greater choice, but they also highlight a need for vigilance to maintain reliability. It's a particularly complex regulatory challenge. Here's what I mean.

The reliability of our grid is increasingly dependent on natural gas generation and, therefore, its supporting pipeline infrastructure. Since 1999, our certificate policy statement has set parameters for a predictable regulatory process by which that natural gas pipeline infrastructure has been reviewed. Importantly, the document establishes a framework in which companies, not customers, bear the financial risks of pipeline development. But much has changed in those nearly two decades. Natural gas generation is displacing other fuel types in our nation's generation mix and for the first time since 1958 the US is a net exporter of natural gas. That accomplishment is attributable in no small part to members of this Committee, such as the Chairman and Sen. Gardner, who have championed the importance of natural gas export infrastructure in advancing U.S. geopolitical interests.

All of these factors underscore the basis for reviewing our certificate policy as a matter of good regulatory practice. This remains a high priority for the Commission, and I look forward to continued conversations on the path forward, which leads me to another important issue facing the Commission, which is cybersecurity.

It's no secret that cybersecurity threats to bulk power system are becoming more frequent and sophisticated. As we rely more heavily on natural gas generation, I have growing concerns that the supporting pipeline system is a particularly attractive target for cyber attacks. Commissioner Glick and I have been collaborating on addressing this risk, and I know Sen. Cantwell you have also been outspoken about your concerns related to this issue. We look forward to working with the Committee on this critical subject.

In closing, I again want to express my appreciation for the opportunity to come before the Committee today, and I look forward to working with you closely in addressing the issues that will define the path forward for American energy. Thank you.