

Chairman Kevin McIntyre  
Senate Committee on Energy and Natural Resources  
United States Senate  
June 12, 2018

Thank you Chairman Murkowski.

Madame Chair, Ranking Member Cantwell and members of the Committee, thank you for this opportunity to appear before you to discuss the important work of the FERC, an independent federal agency that regulates vital aspects of our nation's electric, natural gas, hydropower and oil pipeline industries. As you know, those aspects include the wholesale sale of electricity and natural gas in interstate commerce, the determination whether to approve proposals to build liquefied natural gas terminals and interstate natural gas pipelines, as well as the licensing of hydropower projects. I am honored to serve as FERC's Chairman.

I joined FERC as Chairman in December 2017. By way of guiding principles and philosophy of governance, I place great weight on the importance of the rule of law. I believe that any consideration of potential action by FERC, or for that matter by any other governmental body, must begin with a firm understanding of the applicable legal requirements, and any action taken must satisfy those legal requirements in full. I also believe strongly that FERC's policies and procedures should be efficient and effective to ensure that we address in timely fashion any and all issues validly brought to us in our service to the public, and that we should review our existing policies and procedures from time to time to ensure that they are best enabling us to fulfill our statutory mission and to serve the public.

To that end I have, for example, recently initiated a review of the Commission's natural gas pipeline certificate application program and have reinitiated a review of our long-standing policies under the Public Utility Regulatory Policies Act of 1978, which has been mentioned already, PURPA, to address issues that have arisen on these matters in the past few years. These steps are intended not only to enhance and improve the substance of the Commission's work in these areas, but also to improve our procedures that we use in performing that work.

With those principles in mind, I would like to highlight just a few of the additional issues we have been addressing since I became Chairman and some of the steps the Commission has taken thus far to address them. My full written testimony addresses these issues in greater detail.

A key matter on our agenda this year has been the resilience of the bulk power system. In January we issued an order finding that the Secretary of Energy's proposed rule on grid resilience did not satisfy the requirements of the Federal Power Act, and therefore we terminated the proceeding that had been initiated by that DOE proposed rule. However, recognizing that resilience in the bulk power system is an important issue that warrants further attention, we also initiated a new proceeding of our own to evaluate the resilience of the bulk power system, beginning with the regions operated by regional transmission organizations, RTOs, and independent transmission system operators, ISOs, because they have wide overview over the operations of their regions and thus are well-positioned to provide insight into region-wide resilience issues.

FERC receive many dozens of submittals of comments from interested parties and the public, including the ISOs and RTOs, public utilities, interstate gas pipelines, nuclear entities, coal producers, environmental groups, state public service commissions and other entities. We are now actively reviewing this substantial record and considering whether additional FERC action is warranted to address grid resilience.

In April we issued a Notice of Inquiry seeking information and stakeholder perspectives to help us explore whether and, if so, how we should revise the approach we currently follow in determining whether a proposed natural gas pipeline project is or will be required by the present or future public convenience and necessity as the Natural Gas Act has set forth that standard. The currently effective version of FERC's gas certificate policy statement dates to 1999, and given the changes in the industry since then it's time for a fresh review. And that is what we have undertaken.

Similarly, I recently directed FERC staff to reinitiate a previously begun review of FERC's policies under PURPA. Much has changed in the industry since 1978. I understand that legislation has been introduced both in the Senate and in the House to change certain aspects of PURPA. But at FERC we expect to be able to build on the previously initiated record and take a close look at whether there are steps that we can take administratively to improve our PURPA program.

There are a host of other important issues that we are devoting our attention to. My fellow Commissioners will address a number of those matters in their testimony. And with that I thank you again for inviting all of us to appear before you and look forward to answering your questions.