**Written Testimony of Allison Clements**
**Commissioner**
**Federal Energy Regulatory Commission**

**Before the Committee on Energy and Natural Resources**
**United States Senate**
**May 4, 2023**

Chairman Manchin, Ranking Member Barrasso, and Members of the Committee, thank you for the opportunity to testify this morning. I remain honored to serve the public at a critical time for our energy system. Our nation's grid must adapt to changing needs, including heightened reliability and resilience challenges from extreme weather such as winter storms, heat waves, drought, hurricanes, and wildfires. Our energy system must also respond to current geopolitical and economic realities, including economy-wide inflation, Russia's war in Ukraine, and an evolving cyber and physical security threat to the grid.

The Federal Energy Regulatory Commission's (FERC) role in this important moment is to regulate in a manner that facilitates both reliable and affordable energy for all Americans, and today I will highlight some of my priorities related to these issues.

## Current FERC Priorities to Achieve Reliability and Affordability

There is no better example of FERC's focus on reliability and affordability than our outstanding notices of proposed rulemaking (NOPR or NOPRs) on transmission and interconnection reform.[1] Our nation's grid infrastructure is nothing less than the backbone of the U.S. economy. To ensure that it can continue to serve our public effectively in all seasons and under all supply and demand scenarios, the grid must undergo significant investment and upgrades, as Congress recently recognized in the Infrastructure Investment and Jobs Act and Inflation Reduction Act. Issued on a bipartisan basis, these two NOPRs seek to secure the most bang for the customer buck by optimizing transmission investment dollars.

Specifically, last year's Regional Planning NOPR works to ensure that grid operators plan for the long-term reliability and affordability of the energy system, across a variety of likely scenarios. And it puts states in the driver's seat for important decisions like cost allocation. A major regional transmission line can decrease customer costs by avoiding the need for multiple, less cost-effective local lines, and by providing for the delivery of lower-cost energy to homes and businesses. Last summer, FERC also issued its Generator Interconnection NOPR, which addresses broken interconnection processes across the country, where new low-cost projects face

[1] *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61028 (2022) (Regional Planning NOPR); *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194 (2022) (Generator Interconnection NOPR).

years-long delays that prevent them from serving customers while increasing costs and risk for project developers.[2]

Should these rules be finalized, I expect they will reduce customer costs over time and improve reliability outcomes.[3] Meanwhile, my colleagues and I continue to discuss transmission system matters with state utility regulators at the Joint Federal-State Task Force on Transmission, and I expect the finalized transmission rules to reflect lessons learned at those collaborative sessions. Beyond the regional planning and interconnection proposals, we are focused on developing a pathway to build interregional projects that enhance system reliability, and on broadly ensuring all transmission is planned for and developed in a cost-effective manner.

Other than transmission reform, FERC has been actively responding to the changing needs of the grid in the face of extreme weather events. Although more remains to be done, since the devastation of Winter Storm Uri in February 2021, FERC has made progress on several recommendations proposed by the North American Electric Reliability Corporation (NERC) and FERC staff,[4] including the issuance of new cold weather reliability standards.[5] I expect that a forthcoming report analyzing 2022's Winter Storm Elliott will shed light on whether additional reforms are needed. Additionally, FERC will be hosting its second New England gas-electric winter reliability forum in Maine on June 20, 2023, to address the reliability threats that the

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[2] According to recent data, approximately 10,000 projects, or 2,040 gigawatts of power generation, are in queues waiting to connect to the U.S. power grid, which is more than double the installed capacity of the entire U.S. power plant fleet (approximately 1,250 gigawatts). Wait times have increased significantly—the typical project built in 2022 took five years from the interconnection request to achieve commercial operation, compared to three years in 2015 and less than two years in 2008. *See* Joseph Rand et al., Lawrence Berkely National Laboratory, *Queued Up: Characteristics of Power Plants Seeking Transmission Interconnection*, at 3, 10 (Apr. 2023), https://emp.lbl.gov/sites/default/files/queued_up_2022_04-06-2023.pdf.

[3] Regions that have proactively adopted a forward-looking, multi-value transmission planning process have already seen some of these benefits. For example, Tranche 1 of MISO's Long Range Transmission Planning (LRTP) projects is estimated to cost $10.4 billion but provide $37.0 billion in financially quantifiable benefits over 20 years. *See* Midcontinent Independent System Operator, *LRTP Tranche 1 Portfolio Detailed Business Case*, at 13, 59 (Mar. 2022), https://cdn.misoenergy.org/20220329%20LRTP%20Workshop%20Item%2002%20Detailed%20Business%20Case623671.pdf.

[4] *See* FERC Outlines Actions Taken to Prevent Future Weather-Related Outages (Dec. 2022), https://www.ferc.gov/news-events/news/ferc-outlines-actions-taken-prevent-future-weather-related-outages (summarizing progress taken on the Winter Storm Uri report).

[5] As I stated at FERC's open meeting in February of this year, I believe that there is room for improvement on these cold weather standards. *See* Opening Remarks of Commissioner Allison Clements (Feb. 2022), https://www.ferc.gov/news-events/news/february-2023-commission-meeting-opening-remarks-commissioner-allison-clements.

region may face for the next few winters and in the long term.[6] Other recent initiatives include FERC's extreme weather notice of proposed rulemaking[7] and its December 2022 workshop on the opportunities for establishing a minimum interregional transfer capacity requirement.[8] FERC has also been considering reforms that directly impact consumer costs in the long term, for example, at the cost management technical conference held in October 2022 and the recommendations contained in that docket.[9]

No solution for today's reliability challenges will be complete without consideration of all tools in the reliability toolbox. For example, we can employ measures to improve the efficiency of the existing grid via grid-enhancing technologies (GETs) and leverage the potential of distributed energy resources. A number of the Commission's current proposals and proceedings seek to get the most out of our current grid by ensuring that GETs are considered when their use would reduce the immediate need to build a more costly transmission line.[10] FERC also continues to implement Order No. 2222,[11] which opened wholesale markets to

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[6] *See* 2023 New England Winter Gas-Electric Forum, Docket No. AD22-9, https://www.ferc.gov/news-events/events/2023-new-england-winter-gas-electric-forum-06202023.

[7] *Transmission System Planning Performance Requirements for Extreme Weather*, 179 FERC ¶ 61,195 (2022). *See also* Item E-2, Commissioner Clements Concurrence Regarding Transmission System Planning Performance Requirements for Extreme Weather (Jun. 2022), https://www.ferc.gov/news-events/news/item-e-2-commissioner-clements-concurrence-regarding-transmission-system-planning (urging further actions by NERC and the Commission to address complex concerns relating to extreme weather preparedness).

[8] If designed correctly, such a requirement has the potential to increase coordination and generation sharing between regions to strengthen reliability and resilience in the face of weather events like Winter Storm Uri. *See* Staff-Led Workshop on Establishing Interregional Transfer Capability Transmission Planning and Cost Allocation Requirements (Dec. 2022), https://www.ferc.gov/news-events/events/staff-led-workshop-establishing-interregional-transfer-capability-transmission.

[9] *See* Technical Conference on Transmission Planning and Cost Management (Oct. 2022), https://www.ferc.gov/news-events/events/technical-conference-transmission-planning-and-cost-management-10062022.

[10] Reforms for GETs, also called alternative transmission technologies, are included in several dockets, including the Regional Planning NOPR; the Generator Interconnection NOPR; the final rule in Order No. 881, *Managing Transmission Line Ratings*, 177 FERC ¶ 61,179 (2021); and the notice of inquiry in *Implementation of Dynamic Line Ratings*, 178 FERC ¶ 61,110 (2022); among other dockets.

[11] *See, e.g.*, *PJM Interconnection LLC*, 182 FERC ¶ 61,143 (2023); *ISO New England Inc. and New England Power Pool Participants Committee*, 182 FERC ¶ 61,137 (2023); *Cal. Indep. Sys.*

distributed energy resources that have the potential to lower costs and improve grid flexibility and resilience.

The collective aim of these initiatives is to maintain reasonable costs for customers over time and to reduce the likelihood that any single reliability event, such as a severe storm, will cause shocks to customer bills or power outages.

**FERC's Continuing Role in Infrastructure Development, Environmental Justice, and Public Participation**

FERC's role in infrastructure development today is more important than ever.

Last year, we came before this Committee to discuss our draft natural gas policy statements. Since that hearing, I have continued to learn from the public, industry, and other stakeholders. I have made clear that I am prepared to work collaboratively with my colleagues on the matters raised in those dockets. Key goals of that collaboration include legal durability, regulatory certainty, and a decisional framework that accounts for the complexities of the energy transition, including the role that natural gas plays in system reliability. As discussed at last year's hearing, I support considering evidence of the energy security need for a project in our public interest determinations. Separately, following Congress's directives,[12] FERC has taken steps to clarify its role in transmission siting, and we continue to review comments submitted on our proposal.

In late March of this year, under Chairman Phillips' leadership, FERC held an environmental justice and equity roundtable to discuss how we can better incorporate environmental justice considerations into our decision-making processes, especially our infrastructure and certificate proceedings.[13] We heard useful perspectives that remind me of the importance of engaging early and effectively with front-line and fence-line communities, both to avoid, minimize, and mitigate impacts to them and to ensure the legal durability of the Commission's decisions.

Additionally, I want to highlight the praise that our new Office of Public Participation (OPP) has received from stakeholders all around the country for the good work they have done in facilitating public input and involvement in our proceedings. My thanks go to the inaugural Director Elin Katz, who built the office up in late 2021, and Acting Director Nicole Sitaraman, who has taken the reins this year. Better participation leads to stronger decisions and more

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*Operator Corp.*, 179 FERC ¶ 61,197 (2022); *N.Y. Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,198 (2022).

[12] *Applications for Permits to Site Interstate Electric Transmission Facilities*, 181 FERC ¶ 61,205 (2022), *modified*, *Applications for Permits to Site Interstate Electric Transmission Facilities*, 182 FERC ¶ 61,020 (2023).

[13] *See* Roundtable on Environmental Justice and Equity in Infrastructure Permitting (Mar. 2023), https://www.ferc.gov/news-events/events/roundtable-environmental-justice-and-equity-infrastructure-permitting.

lasting outcomes. I am pleased with the results that OPP has already accomplished, and I look forward to what it will further accomplish under Director Sitaraman's leadership.

As always, it is my honor and privilege to serve the American people. I am pleased to answer any questions you may have.