

**Chairman Manchin’s Opening Remarks During a Hearing to
Conduct Oversight of the Federal Energy Regulatory
Commission**

- The Committee will come to order.
- I am pleased to be joined by all four of our sitting Federal Energy Regulatory Commissioners this morning.
- Thank you all for being here to discuss FERC’s important work.
- First off, I want to congratulate Chairman Phillips for a successful and productive few months since your appointment.
- As I’ve said before, there is no such thing as an “Acting” Chair and I’m glad you’ve been able to hit the ground running.
- I am grateful for your efforts so far to run the Commission efficiently and to work within your jurisdiction and our laws.
- This morning I look forward to discussing how FERC is addressing the critical energy challenges facing our nation.
- FERC is responsible for regulating natural gas markets and permitting the inter-state infrastructure needed to move natural gas safely and efficiently.
- Of course FERC is an independent agency, but policies and guidance of any given administration certainly can have bearing on your work.

- For example, guidance on NEPA and greenhouse gas impacts issued by the White House Council on Environmental Quality can influence FERC's procedures.
- Administration policies also impact permits from other agencies that are required to build infrastructure regulated by FERC.
- And during this administration, we've seen unprecedented delays developing needed natural gas infrastructure— infrastructure that would have helped restore the supply and demand balance and lower prices across the world.
- According to the Energy Information Administration, in 2022 we had the lowest amount of FERC-regulated natural gas pipeline infrastructure installed since EIA began tracking in 1995.
- Incredibly, we built less last year than during the heart of the COVID-19 pandemic or the great recession.
- The only explanation is an administration doing everything it can to block new fossil energy.
- And while natural gas projects were stalled in 2022, natural gas prices soared to the highest level since 2008.
- If we learned anything during these energy price spikes last year, it's that Americans cannot afford for their government to blindly prioritize climate goals over the reliable and affordable energy they need to go about their daily lives.

- That said, I am glad that FERC appears to have heard the concerns last year from everyday Americans, and from members of Congress.
- We're starting to see FERC make decisions at a better pace.
- FERC approved more than 10 billion cubic feet per day of natural gas pipeline capacity and nearly 6 billion cubic feet per day of LNG export capacity over the last 12 months—combined, that's more than triple the capacity FERC approved during the 12 months prior.
- And in the past four months, when FERC has been required to act on a bipartisan basis with only four members under the leadership of Chairman Phillips, the Commission has been particularly productive.
- As shown in the chart behind me, FERC approved more natural gas infrastructure in just the last four months than in each of the prior two years.
- Furthermore, FERC appears to be easing off the policy that most natural gas projects require a full environmental impact statement (EIS) instead of the more abbreviated environmental assessment (EA).
- This course correction has the potential to cut review times in half without cutting corners.

- Some projects do warrant an EIS, the most comprehensive, time-intensive type of NEPA review. But there is no basis to make this the norm just because a project involves fossil fuels.
- The federal government does an EIS for less than 1% of projects, so it was not logical for FERC to say the majority of gas projects need one.
- However, despite these improvements, there is still a large shadow of uncertainty over whether FERC will revert to its ill-conceived natural gas and greenhouse gas policy statements issued early last year.
- These policies signaled that natural gas projects could be rejected simply because they transport a fossil fuel.
- Of course, we addressed those policies the last time you all were before this Committee. So I look forward to hearing about how your views may or may not have changed.
- Now, turning to electricity. There is no doubt that our electric grid is undergoing a rapid transition, both in generation sources and in the types of demand the grid is called on to serve.
- The speed of this transition must be balanced against reliability and affordability of electricity.
- The reliability of our electric grid has been put to the test in the last few years. Frankly, I'm not sure it deserves a passing grade.

- And I'm especially concerned that the grid will fare worse going forward.
- In 2021, we had a major electric grid failure during a winter storm that affected millions of people in Texas and other states.
- And then again this past Christmas, during Winter Storm Elliott, nearly every part of the U.S. grid was operating under emergency conditions. More than 1.5 million people lost power.
- If we can't provide Americans with reliable power on Christmas, then we are failing at our job.
- I am pleased that FERC and the North American Electric Reliability Corporation have issued new cold weather reliability standards to put us on firmer footing. But we need to do more.
- We need you to get to work to figure out what's causing these reliability breakdowns and make the corrections needed.
- FERC and NERC must move with urgency and overcome resistance to changing the status quo—whether that be from industry, other regulators, or environmental advocates.
- We cannot wait until two winters from now—this needs to be addressed for this winter.

- While some may find these facts inconvenient, the reality is that our dispatchable coal power was one of the most reliable energy sources during Winter Storms Uri and Elliott. Coal power plants saw significantly fewer outages than natural gas plants.
- The grid would have been absolutely decimated during these storms if our coal fleet was retired prematurely.
- Yet EPA and ESG investors are on a crusade to shut down every one of these coal plants, whether the grid is ready for it or not.
- Whether it's EPA's Effluent Limitation Guidelines, Mercury and Air Toxics Standards, Interstate Ozone Transport Rule, power plant CO2 regulations, or others—the potential reliability impacts of these combined regulations are staggering.
- And at the same time EPA is working to decrease power supplied by fossil fuels, they're trying to force a dramatic surge in electricity demand with radical electric vehicle mandates in the tailpipe regulations, the expansion of the renewable fuels standard to include EVs, and more.
- FERC and NERC have not done enough to highlight and manage the reliability impacts of premature fossil retirements or significant changes to the load on the grid.
- We all agree that we need to address climate change, and the energy transition is happening faster than we imagined even a few years ago.

- But the only way to transition without sacrificing reliability and affordability is with policies that spur innovation, not elimination, so we can use all of our energy resources in the cleanest way possible.
- It makes no sense at all to take tools out of the toolbox. No energy resource is immune to weather disruptions, whether that be frozen wind turbines, frozen gas wells, or frozen coal stockpiles – all of which we saw in recent winters.

Transmission

- I also want to speak briefly about electric transmission, which is different from natural gas because states have primary responsibility for siting of inter-state projects.
- But similar to natural gas pipelines, high voltage transmission construction has been declining when it should be increasing.
- The fact of the matter is that is large, multi-state transmission lines are needed for reliability, but they are rarely getting built.
- And when large lines are built, it is taking a decade or longer to get through the approval process. This is unacceptable.
- Transmission is about balancing supply and demand and moving electricity from where it's most abundant to where it's needed.
- To help, in the Bipartisan Infrastructure Law we provided a long-overdue fix to the backstop transmission siting authority Congress gave to FERC back in 2005 to make it actually work.

- But it's clear that even this current pathway still has roadblocks to constructing the high voltage, long-distance lines that are needed for reliability.
- I'm interested to hear about FERC's activities to support transmission buildout in a thoughtful way that recognizes state regulators have the primary jurisdiction over siting and paying for these projects.
- Lastly, let me say a few words about permitting reform, as I know Ranking Member Barrasso released his proposal with the Ranking Member of EPW (Senator Capito) this morning.
- Last summer, I secured a commitment from the President and Democratic leadership that we'd get long overdue energy permitting reform done.
- That led to a bill which 40 Democrats and 7 Republicans voted for in December, and which I re-introduced earlier this week to kick-start permitting work in the Senate again this year.
- I'm glad to have led the charge getting the ball rolling last year, and while we should have gotten it done then, I believe we have another chance this year.
- So I'm glad the Ranking Members have introduced a Senate Republican proposal today. And I hope that we will now be able to begin a conversation that will lead to enacting a bipartisan law.

- Permitting reform is a topic this committee knows well. As the committee with jurisdiction over energy, we are intimately familiar with the roadblocks faced by energy projects. We've covered this in many hearings over the years.
- That includes conversations with Secretaries Granholm and Haaland over the last few weeks, and with the FERC Commissioners today.
- Next week we'll bring in stakeholders to provide other perspectives on needed reforms.
- So I'm heartened by the acknowledgement from both sides that we need to tackle permitting this year.
- I sincerely hope that now with my proposal and both the House and Senate Republican proposals on the table, we'll be able to sit down and negotiate in good faith—putting politics aside—to craft a serious bipartisan proposal that can actually be signed into law.
- With that, I turn to Senator Barrasso, for his opening remarks.
- Thank you, Senator Barrasso.
- I'd like to welcome all of our witnesses to the Committee and thank you all again for being here today.
- Today we have:
 - Chairman Willie Phillips

- Commissioner James Danly
- Commissioner Allison Clements
- Commissioner Mark Christie

- Chairman Phillips, we'll begin with your opening remarks.

- Next we'll go to Commissioner Danly

- And Commissioner Clements

- Finally, Commissioner Christie

- Thank you all again for being available to share your perspective. We'll now begin with questions.