

Written Testimony of David LaCerte
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Chairman Lee, Ranking Member Heinrich, and distinguished members of the Committee.

I'm grateful for the opportunity to again appear before you today. It is my honor to serve the American people by implementing the Commission's statutory mandate to ensure just and reasonable rates for reliable electricity, site natural gas pipeline infrastructure and liquified natural gas (LNG) facilities, and license non-federal hydropower facilities. I am also thankful that the Senate confirmed my appointment to serve on the Commission for a subsequent five-year term.

I'd like to speak on a few of our accomplishments since I joined the Commission and address my priorities going forward. I also will discuss where I believe Congress could effectuate important reforms so that the American public can benefit from the world class infrastructure that they deserve.

At the June open meeting, the Commission took bold action when we issued six show cause orders, one to each of the Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) within the Commission's jurisdiction. The orders direct these groups, where the majority of Americans reside, to either show cause why their current tariffs do not need to be reformed or to file reforms to ensure that large loads, such as data centers, can connect to the transmission system in a swift manner. Importantly, the show cause orders direct the grid operators to ensure that such reforms insulate customers from undue costs stemming from the interconnection of data centers. As I have told this body numerous times, my pledge to the American people is to keep consumer costs top of mind, and I will do so as I review the responses to the show cause orders.

The Commission also continues to permit projects and issue such authorizations in a timely and legally durable manner. At a time when energy demand is rising and reliability challenges are mounting, the Commission has acted with efficiency and urgency. Year-to-date, the Commission has already issued 15% more orders over the same period in 2025. Since I've joined the Commission, we've voted in over 720 proceedings. And the Commission has authorized the addition of approximately 13.42 million dekatherms per day (Dth/d) of natural gas transportation capacity, enough fuel to support the electricity needs of over 60 million American households. The Commission has also certificated roughly 980,000 Dth/d of storage deliverability which provides a critical safety net for the nation's natural gas supply that can help balance seasonal spikes, mitigate price volatility, and ensure reliability. On LNG, the Commission has approved about 690,000 Dth/d export capacity at America's LNG export terminals, providing global partners with access to a reliable energy source that has mutual economic and energy security benefits. As Commissioner, I will continue my steadfast focus on removing distractions and extra-jurisdictional side quests, in strict alignment with our statutory authorities granted to us by

Congress, to ensure the Commission continues expeditiously reviewing all matters before us under the Federal Power Act (FPA) and the Natural Gas Act (NGA).

One such example relates to how the Commission performs its statutory responsibilities under the National Environmental Policy Act (NEPA). Frankly, state and federal reviews have bogged down investments in infrastructure to the detriment of our nation, our economy, and our environment. We are looking at ways to streamline our internal processes to better align our obligations under NEPA with the Supreme Court's decision in *Seven County Infrastructure Coalition v. Eagle County, Colorado*, (*Seven County*). Just last month, the Commission approved Eastern Gas's Appalachian Reliability Project – Docket No. CP25-528-000. In that order, we set aside the separate category of cumulative effects. As I said at last month's open meeting, we will begin implementing changes to the way we evaluate projects against their environmental backdrop, as appropriate, and in such a way as to ensure the analysis actually informs the Commission's evaluation of the project at hand rather than wading into the quicksand of never-ending inquiries about where to draw the NEPA line. The Commission will continue to evaluate information on other activities in the vicinity of a given project to help us contextualize and understand how that project will affect the environment. We will fulfill the requirements under NEPA, but in a way that is consistent with NEPA's textual focus on the proposed action, as outlined by a unanimous Supreme Court in *Seven County*.

We have also proposed significant modifications to the Commission's pipeline blanket certificate regulations to expand the scope and scale of projects that interstate natural gas pipelines may construct without a case-specific authorization order and to increase the cost limits for such projects, among other changes. The proposed modifications will accelerate pipeline and compressor station construction, increase capacity, improve access for power generators, and reduce consumer costs, all while preserving an appropriate level of environmental protection. These proposed modifications to the program will facilitate bringing additional capacity online quickly to ensure we are meeting the gas and power demands of today and tomorrow. I am committed to ensuring that outdated or burdensome regulations do not hinder innovation and progress. And I intend to leave no stone unturned in this endeavor. We can build things again in this country while also ensuring the protection of the environment, and that is our undivided aim at the Commission.

Finally, the Commission continues to ensure that its robust enforcement regime protects consumers from bad actors. In April, the Commission levied its largest financial penalty ever – \$722 million in civil penalties and disgorgement of \$410 million in unjust profits, plus interest, totaling over \$1.1 billion – when a supposed energy efficiency provider collected hundreds of millions of dollars without providing as much as a single watt of energy savings – or any other benefit – to American ratepayers. We will continue to ensure that the American ratepayer is protected against future fraud and malfeasance.

As you've heard me say before, affordability and reliability are my priorities. As load growth accelerates, I have been unwavering in my commitment that this growth must not come at the expense of ordinary Americans who are already concerned about their energy bills. Although the Commission can take significant action to help ensure America is positioned to win the

challenges of this century, we need help from Congress. As I've said before, permitting statutes should be designed to ensure responsible infrastructure development, not stymie it.

I am of the opinion that durable permitting reforms must be enacted in the 119th Congress. My view has been reinforced as a Commissioner, where I have witnessed, firsthand, how difficult it is for companies to invest in infrastructure. For example, at the Commission's May open meeting, and again last week at our July meeting, I suggested that Congress modernize the Clean Water Act (CWA). Most importantly, I recommend clarifying the scope of a discharge under CWA section 401 (Section 401). The Supreme Court interpreted Section 401 in *PUD No. 1 of Jefferson County et. al. v. Washington Department of Ecology et. al.*, holding that states could condition a federal permit based on the activity as a whole. This holding has not stood the test of time and has allowed states to saddle a federal agency and licensee with conditions that extend far beyond water quality considerations. Additionally, states leverage Section 401 by denying certificates to unilaterally block federally authorized projects. If we want to build new or expand upon existing natural gas infrastructure, hydroelectric facilities, and interstate transmission lines, Congress needs to ensure that states are not using Section 401 to block infrastructure for political purposes.

Second, Congress should pick up where the Supreme Court left off in *Seven County* and continue to clarify the scope of NEPA. Similar to modifying the scope of Section 401, and regarding siting and building hydroelectric facilities, Congress should modify the scope and process by which mandatory conditions are prescribed in licensing proceedings. Further, I encourage Congress to reform judicial review procedures for NEPA challenges or authorizations under the NGA. Finally, in ensuring that permitting reform is done in a comprehensive manner, I encourage Congress to also modernize other statutes that affect the permitting process, such as the National Historic Preservation Act and Endangered Species Act. It's imperative that we do not trade one hurdle for another, and action on holistic reform is of paramount importance. The Commission stands ready to implement any and all reforms under our jurisdiction, and I thank each member for taking these issues seriously. Be bold; these reforms are long overdue. The best time to act was years ago, the second-best time to act is now.

I continue to approach the responsibility of Commissioner with diligence, independence, and a clear understanding of whom I serve: the American people. It is a profound honor to serve on this Commission. Thank you, Chairman Lee, Ranking Member Heinrich, and the rest of the distinguished members of this Committee, for bringing us together to discuss these important issues. The only way we win — the American people win — is by coming together to craft solutions to the problems before us. I look forward to answering your questions.