

Committee on Energy and Commerce

Opening Statement

of

Subcommittee on Energy Ranking Member Bobby Rush

Legislation Addressing LNG Exports and PURPA Modernization

Mr. Chairman, today we will be examining legislation addressing LNG exports and PURPA modernization.

Mr. Chairman, I must say at the outset that I do have concerns with all three bills before us today.

It is my hope that the majority will work with our side to address each of these issues as we move through the legislative process.

To begin with, Mr. Chairman, HR 4476 would make sweeping changes to the Public Utility Regulatory Policies Act, or PURPA, that would fundamentally alter both its objective and effectiveness.

For the past 40 years this policy has helped to promote the wholesale distribution of electric energy, while increasing energy efficiency, and ensuring that energy consumers receive fair retail rates.

Mr. Chairman, PURPA's effectiveness has come from its unique role in facilitating competition in the electricity sector and I am concerned that some of the proposed changes under HR 4476 would hamper the law's ability to achieve its original objectives.

Specifically, Section 4 of HR 4476 would essentially strip away PURPA's requirement that utilities must purchase power from certain qualifying renewable energy projects, small power production, and cogeneration facilities.

Mr. Chairman, as you know, under current law there is already an exemption from the must-buy provision if FERC determines that a qualifying facility, or QF, has “nondiscriminatory access to” specific market-related conditions.

However, HR 4476 would give certain utilities the ability to refuse to purchase energy from small power producers or provide services to a QF if that utility determines it has no need to purchase such power or the utility procures long-term generation resources through a competitive process and uses integrated resource planning, or IRPs.

Mr. Chairman, H.R. 4476 provides little to no oversight for non-regulated electric utilities or for those operating in states that do not require IRPs.

My concern is that the changes in HR 4476 would replace a system that currently works well in ensuring a competitive environment for smaller, privately-owned energy producers with one that severely reduces competition.

Additionally, Mr. Chairman, I also have concerns regarding both HR 4605 and HR 4606, both of which address the exportation of LNG, and neither of which is really necessary.

While HR 4506 appears to be some sort of sweetheart deal, my issues with HR 4605 surround its elimination of the section prohibiting the import or export of natural gas without prior DOE approval, while also removing longstanding consumer protections.

HR 4605 would also prevent DOE from ensuring that exports of LNG to non-Free Trade Agreement countries are consistent with the public interest.

Mr. Chairman, under this bill information regarding LNG exports would be concealed from the American people, denying them the opportunity to provide input or even know exactly which countries would be receiving this vital product.

It remains unclear, Mr. Chairman, what effect this bill would have on our national security, our domestic natural gas consumers, our manufacturing competitiveness, or American jobs.

So I look forward to engaging today's witnesses to dig deeper on these important issues and with that I yield the balance of my time...