

**Testimony of Neil Chatterjee  
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Before the Committee on Energy and Commerce  
Subcommittee on Energy  
United States House of Representatives  
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Chairmen Pallone and Rush, Republican Leaders McMorris Rodgers and Upton, and Members of the Subcommittee:

Thank you for the opportunity to appear before you today. I appreciate the Subcommittee's attention to the important work we do at the Federal Energy Regulatory Commission (FERC).

Before I turn to the substance of my testimony, I want to thank my family for their love, support, and many sacrifices over my four-year tenure at the Commission. Without my wonderful and talented wife, Becca, I would not be here today. I would also like to thank my amazing kids, Bo, Anderson, and Lane, and of course our dog Oscar, for cheering us all up during the toughest times of the pandemic.

My testimony today is divided into three sections. First, I will highlight some of the Commission's major accomplishments during my tenure, many of which were bipartisan and necessary to keep pace with the rapid change taking place in the energy sector. Second, I will discuss ongoing efforts initiated during my Chairmanship and why it is so important for the Commission to complete them. Third, I will identify several areas I think the Commission should focus on in the immediate future to ensure American consumers have access to efficient, safe, reliable, and secure energy at a reasonable cost.

*Major Accomplishments*

Serving as Chairman of FERC was the honor of my lifetime. I have been blessed to serve my country by working with the most kind and talented collection of people in the federal government. The first major accomplishment I want to mention today is not a policy achievement but a testament to the Commission's stellar staff and is the most gratifying of my

tenure. The last 16 months have been incredibly challenging for all of us. Our efforts at FERC to be a beacon of stability during such an uncertain time very well may be the highlight of my career. I teared up after seeing the results of our Federal Employee Viewpoint Survey, in which our staff assessed employee satisfaction at an all-time high, all while dealing with lockdowns, juggling work and family responsibilities, and worrying about the wellbeing of loved ones. I could not be more proud of our ranking as the number one mid-sized agency for performance during the pandemic.

My regulatory philosophy is that the Commission should never be a barrier to progress. Rather, we should be *a catalyst* – an enabler of competitive and transparent markets that support needed investments and new technologies. We are in the midst of an extraordinary energy transition, as we witness the rise of cleaner energy and new technologies that will revolutionize how we generate, transmit, and consume energy. In order to unleash the power of that transition, I believe the Commission’s role is, in many respects, to eliminate market barriers and then simply get out of the way.

The best examples of what I mean here are two landmark, bipartisan reforms that we accomplished during my time at the Commission: Order No. 841, which removed barriers to the participation of electric storage resources in wholesale electricity markets; and Order No. 2222, which removed barriers to aggregated distributed energy resources, or DERs, in those markets. I cannot overstate the importance of these foundational rules in paving the way for the grid of the future. I believe they will transform our energy landscape by increasing competition and efficiencies in markets, while spurring innovation and capital investment in emerging technologies that have unique grid flexibility and reliability attributes. When new technologies like these can compete, they *thrive*, and, as a result, consumers win in the form of lower costs, cleaner energy services, and a more resilient and reliable grid.

I am also proud that the Commission was able to complete a multi-year effort to modernize its Public Utility Regulatory Policies Act of 1978 (PURPA) regulations when we issued Order No. 872 last year. Prior to that issuance, the Commission had not meaningfully updated its original PURPA regulations that were codified in 1980. Last year’s order will

ensure the Commission's rules and regulations can keep pace with the rapidly changing energy landscape. This order struck the right balance by continuing to encourage the development of qualifying facilities, while better protecting consumers and providing additional flexibility to state regulators to establish avoided cost rates using competitive market principles.

I am also pleased with our work to move the ball forward on carbon pricing in electricity markets, as an important tool to advance state environmental policies while ensuring wholesale markets remain efficient. Transparent and predictable carbon pricing can enhance competition, facilitate financing, and reduce investor uncertainty. For these reasons, I believe carbon pricing is a superior approach to reducing carbon emissions than heavy-handed, less transparent, and more costly approaches like state subsidies. Under my Chairmanship, we held a historic technical conference on carbon pricing and issued a bipartisan draft policy statement setting forth criteria that the Commission would consider should a Regional Transmission Organization (RTO) propose to incorporate a state-imposed carbon price into its tariff. I am glad we have since issued a final policy statement that largely affirmed the draft policy statement.

Turning to infrastructure issues, I am proud of the work we have done to process pipeline and liquefied natural gas (LNG) facility applications in a timely manner. Connecting abundant American natural gas supplies to domestic and international markets enables low-cost natural gas to displace more carbon intensive energy sources and lowers global emissions. Under my Chairmanship, we reached a bipartisan agreement that allowed us to break a years-long logjam and begin processing LNG facility applications. In my view, delays at FERC should *never* be the barrier to getting needed infrastructure built. We have an important statutory role to play in reviewing applications, and we carried out that responsibility with diligence and care in processing 14 LNG facility applications from early 2019 through late 2020. While on the topic of infrastructure, I must note that we have to carefully balance our responsibility to process infrastructure applications with the potential impacts it can create for landowners and communities. That is why, under my leadership, the Commission made organizational and process changes to expedite rehearing requests by affected landowners and issued a rule prohibiting companies from beginning construction until orders on rehearing are completed.

### *Ongoing Initiatives*

We also explored a variety of emerging issues during my Chairmanship that I hope the Commission will act on in the coming months. These include proceedings exploring hybrid resources, offshore wind resources, adjustable line ratings, and transmission incentives. For hybrid and offshore wind resources, I was pleased we were able to hold technical conferences to examine existing barriers to these resources' participation and identify potential solutions to allow these technologies to interconnect and compete in wholesale markets. The Commission must continue these efforts to eliminate any barriers facing these emerging technologies. I likewise was proud of the multi-year effort that resulted in the adjustable line ratings Notice of Proposed Rulemaking (NOPR) we issued last November. It makes little sense, given the extreme weather we have experienced in recent months and years, to continue relying so heavily on overly simplistic static and seasonal line ratings. Therefore, to ensure the accuracy of line ratings, the NOPR proposed to require transmission providers to implement ambient-adjusted ratings. This is an example of a commonsense and significant reform that the Commission should complete soon.

I was also pleased with another NOPR that we issued last March that proposed to reimagine our transmission incentives policy. In my opinion, our existing incentives policy inappropriately focuses on risks and challenges, in contrast with the statutory text that requires the Commission to establish incentive-based rate treatments for the purpose of benefiting consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion. I strongly believe that the Commission should move forward to issue a final rule that provides incentives to transmission projects that provide the most net economic benefits to consumers, those that provide substantial reliability benefits, and pilot programs for new transmission technologies. Finally, the Commission should strengthen and codify the existing RTO Participation Incentive. I am concerned that eliminating that incentive for the vast majority of utilities that currently receive it, as the Commission proposed in its recent supplemental NOPR, is contrary to the statutory text, bad public policy, and very well could lead to utilities leaving RTOs. As I explained in my dissent to the supplemental NOPR, the RTO

Participation Incentive is “quite literally pennies on the dollar” when compared to the annual benefits to ratepayers generated by RTO membership.

*Looking to the Future*

I applaud Chairman Glick and my colleagues for their recent advance NOPR on transmission planning, cost allocation, and interconnection. Although I do not agree with all of the concepts discussed in the advance NOPR, some of the proposed changes, combined with a strengthened transmission incentives policy, could go a long way towards setting the stage for building the regional and inter-regional transmission projects we all hope to see.

I am also interested in how our wholesale energy markets can continue to work as the resource mix shifts to zero-marginal cost resources like wind and solar. These resources, in part due to their ability to receive federal tax credits, can submit near-zero, and sometimes negative, offers for energy, which has already led to declining energy prices. Moreover, to the extent these resources receive state subsidies, they likewise can submit near-zero offers for capacity. I am concerned that, as these trends continue, otherwise competitive resources that are essential to reliability may not be able to recover their costs and could be forced into premature retirement. With that in mind, I am glad the Chairman has announced two technical conferences to take a deep dive into energy and ancillary services markets, as this is a very important and timely conversation to have.

Finally, although I am extremely optimistic about the future of energy storage, I am concerned that our current policies require energy storage resources to make a false choice between participating in wholesale markets and providing transmission service. Rather than unnecessarily limiting the use of these valuable and flexible resources, the Commission should allow consumers to reap their full benefits by providing a clear framework for energy storage resources that provide transmission service to also participate in wholesale electricity markets.

Again, I appreciate the opportunity to appear before you today to discuss the important work of the Commission. I am happy to answer any questions.