

**Written Testimony of Richard Glick
Chairman
Federal Energy Regulatory Commission**

**Before the
Committee on Energy and Commerce
Subcommittee on Energy
United States House of Representatives**

**Hearing on Securing our Energy Infrastructure:
Legislation to Enhance Pipeline Reliability
January 19, 2022 at 10:30 am
2123 Rayburn House Office Building**

Chairman Rush, Chairman Pallone, Ranking Member Upton, Ranking Member McMorris Rodgers, and Members of the Subcommittee,¹

Thank you for inviting me to appear before you today to discuss H.R. 6084, the Energy Product Reliability Act, which addresses the need to enhance the reliability and security of our nation's energy pipelines. I applaud the Committee's leadership in working to ensure reliable energy supplies for the American people.

The Energy Policy Act of 2005 (EPAc) gave the Federal Energy Regulatory Commission (FERC or Commission) a key role in ensuring the reliability of the Bulk-Power System.² Under EPAc, the Commission certified the North American Electric Reliability Corporation (NERC) as the Electric Reliability Organization (ERO). The ERO develops reliability standards which are subsequently reviewed by FERC, and the relevant entities must comply with any reliability standards that FERC approves.

EPAc also provided for the enforcement of electric reliability standards, including penalties for violations. NERC and its Regional Entities may impose penalties for

¹ The views I express today through my comments and written testimony reflect only the views of myself and do not represent the views of the Federal Energy Regulatory Commission.

² The Bulk-Power System includes all facilities needed to maintain reliability of the interconnected electric transmission system. This includes high voltage transmission lines (typically over 100kV), substations, control systems, generators, control centers and supporting computing and communications systems. It does not include systems used for the local distribution of electricity.

non-compliance, subject to review by the Commission.³ In addition, FERC has independent authority to conduct its own investigations and impose penalties on any entity that violates a reliability standard.

There are currently 93 FERC-approved mandatory reliability standards for the Bulk-Power System, 12 of which address cybersecurity. These mandatory reliability standards have made great strides toward improving reliability of the Bulk-Power System.

In contrast, there is no comparable mandatory reliability regime for natural gas and other pipelines that transport energy products, including gasoline and propane. The lack of mandatory reliability standards, especially for natural gas pipelines, poses a risk to the reliability of the Bulk-Power System due to the interdependency of our nation's gas and electric infrastructure.

In 2021, natural gas-fired electric generating facilities accounted for approximately 37 percent of U.S. electricity generation.⁴ If a pipeline failure or cyber-attack disrupts gas supplies, electric generation capacity dependent on that pipeline could be lost, possibly leading to blackouts on the electric grid.

This is more than a hypothetical situation. As described in a report released on November 16, 2021, FERC staff and NERC staff engaged in a joint inquiry into last year's massive blackouts across Texas and limited power outages in surrounding states during Winter Storm Uri.⁵ Although the joint inquiry identified several factors that contributed to these events, one of the primary causes was the lack of natural gas available for electric generation. The extreme cold reduced natural gas production and processing capability, and this impact was exacerbated because many of those gas facilities that were not frozen were unable to operate because they lost electric power. It is not clear how well natural gas pipelines actually fared because there was limited natural gas to transport.

³ Under EPAAct, the ERO may enter into an agreement to delegate authority to a Regional Entity for the purpose of proposing reliability standards to the ERO and enforcing mandatory reliability standards. Currently, NERC has delegated authority to six Regional Entities: Northeast Power Coordinating Council, Midwest Reliability Organization, ReliabilityFirst, SERC Reliability Corporation, Texas Reliability Entity, Inc., and Western Electricity Coordinating Council.

⁴ U.S. Energy Information Administration, *Short-Term Energy Outlook* (released Dec. 2021), https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf.

⁵ Federal Energy Regulatory Commission, North American Electric Reliability Corporation, Regional Entity Staff Report, *The February 2021 Cold Weather Outages in Texas and the South Central United States* (Nov. 2021), <https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-states-ferc-nerc-and> (Report).

To address the risk that the disruption of natural gas production or transportation could negatively impact the operation of the Bulk-Power System, the Report recommends that FERC, Congress, state legislatures and regulatory agencies with jurisdiction over natural gas infrastructure facilities adopt new requirements for the reliable operation of natural gas infrastructure. These recommendations include the designation of a single federal agency with authority over pipeline reliability.

The challenges to energy pipeline reliability go beyond extreme weather. Last year's ransomware attack against the Colonial Pipeline illustrates the serious cybersecurity threat facing the nearly three million miles of pipelines that transport natural gas, oil, and other energy products across the United States. As a result of that attack, Colonial Pipeline shut down for several days, causing price spikes and shortages from Texas to New Jersey. A similar attack against a natural gas pipeline serving electric generators has the potential to also impair the reliability of the electric grid. In my view, it is critical that energy pipelines also be subject to mandatory cybersecurity standards. In fact, former Chairman Chatterjee and I publicly called for the establishment and enforcement of mandatory cybersecurity standards for pipelines several years ago.⁶

DISCUSSION OF H.R. 6084

Turning to the legislation that is the subject of today's hearing, H.R. 6084 is similar to the legislation adopted in EPAct establishing a mandatory reliability regime for the Bulk-Power System. I would like to highlight certain features of the legislation that should help to address the risks I have described:

- a. The legislation calls for the creation and certification of an Energy Product Reliability Organization (EPRO) similar to the process that led to the designation of the ERO.
- b. The legislation calls for the development of mandatory standards to ensure the reliable delivery of energy products. The EPRO would submit the draft standards to FERC for review.
- c. Although the EPRO is responsible for the development of reliability standards in the first instance, the legislation would provide the

⁶ Axios, *Cybersecurity threats to U.S. gas pipelines call for stricter oversight* (June 11, 2018), <https://www.axios.com/cybersecurity-threats-to-us-gas-pipelines-call-for-stricter-oversight-09fac6e5-da94-491e-9523-d08ef15237f4.html>.

Commission with the authority to order the development of reliability standards and to require the EPRO to issue emergency standards if warranted.

- d. Finally, the legislation would provide the Commission with authority to review EPRO enforcement actions and to independently investigate and penalize violations of any reliability standard.

CONCLUSION

I thank the Committee for the opportunity to share my perspectives today. Legislation to establish and enforce reliability standards for the pipeline network will better secure the reliability of our Nation's energy infrastructure in the face of threats such as extreme weather and cyber-attacks. I applaud the Committee for tackling this long-overdue issue and FERC remains available to provide technical assistance during the legislative process.

And with that, I look forward to today's discussion and answering your questions.