

CONGRESS

FERC commissioners grilled on climate

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Federal Energy Regulatory Commission Chairman Neil Chatterjee and members Cheryl LaFleur, Richard Glick and Bernard McNamee on Capitol Hill yesterday. @FERC/Twitter

House Democrats questioned members of the Federal Energy Regulatory Commission yesterday over how they incorporate climate change considerations in their decisionmaking.

Central to that issue, lawmakers pressed FERC to work faster on steps to encourage storage and distributed renewable energy — two areas they see as critical to reducing carbon emissions from the electric sector.

"Consumers are demanding this type of change, and it is important that FERC works as a partner to make this happen, rather than as another obstacle standing in the way," said Energy and Commerce Subcommittee on Energy Chairman Bobby Rush (D-Ill.) during an oversight hearing.

The comments — the first featuring FERC in front of a Democrat-controlled House in nearly a decade — add more congressional weight behind something that has languished at the commission, despite repeated pleas to enable new technology to better compete in the electric marketplace.

"I made a commitment to Commissioner [Richard] Glick ... that as long as I am serving on the commission, as chair or not, that I would not allow [distributed energy resources] to

languish," said FERC Chairman Neil Chatterjee. "We continue to work on it. There are some complex legal questions that we need to answer."

Chatterjee added, "I don't want to make a prediction on timing — we don't do that — but please know that we are all working diligently toward addressing that."

FERC had originally included consideration of distributed energy resources as part of its broader look at ways to enable storage technologies to enter the electric marketplace.

The commission went forward with the storage part in a February 2018 order but left the distributed energy portion for later, after an information-gathering effort.

Since then, the proceedings have been the subject of numerous requests from Capitol Hill, a signal of its importance to Democrats.

Pipeline reviews

Members of the new House majority want more information about how FERC includes greenhouse gas analyses into its decisionmaking.

"To date, FERC's efforts to account for greenhouse gas emissions in the pipeline review process leaves much to be desired," said Energy and Commerce Chairman Frank Pallone (D-N.J.).

Pallone focused on two court cases that have called into question the thoroughness of FERC's environmental review, especially as it relates to upstream and downstream considerations of greenhouse gas.

Pallone asked about the impacts of those cases, including last week's decision on the Broad Run pipeline. An appeals court threw out litigation citing procedural issues but warned about greenhouse gas concerns.

"I think the two court cases including the one from last week have put that to bed," Glick said in response to whether GHG reviews fall under FERC authorities. "We clearly have that authority."

Almost every Democrat touched on the climate issue, with Rep. Scott Peters (D-Calif.) doing the most to press the Republican commissioners on what FERC was doing on greenhouse gases.

Chatterjee argued that market structures were important to enable the demand for clean energy. He also noted the commission's order to open up markets to energy storage.

"That is going to lead, we think, to a dramatic increase deployment of battery-storage technology, which will have a direct and significant impact on mitigating carbon," Chatterjee said.

PJM reform

Discussion at the hearing also turned to market rules at PJM Interconnection LLC, the nation's largest electricity market.

Rep. Mike Doyle (D-Pa.) pressed Chatterjee on why FERC has failed to act on new rules governing how PJM can conduct its planned August auction of long-term power capacity.

"You're creating a considerable amount of uncertainty here," said Doyle, whose constituents are served by PJM.

Last year, FERC threw out PJM's existing capacity market rules. So PJM in October submitted a new set of plans addressing FERC's concerns. They are still pending.

"This is a vexing challenge because you have a situation where two things we all believe in — states' rights and the markets — are colliding," Chatterjee replied.

"We all want these markets to succeed and to function and to work properly, and we want to respect states' rights. But we're coming to a point where actions that states are taking to make decisions about their local energy futures are impacting the markets," Chatterjee said.

"And trying to figure out how to sort through that while ensuring just and reasonable rates has proven to be very, very challenging," he said.

Commissioner Cheryl LaFleur said she was "deeply, deeply troubled by the delay" and said it has put PJM "in an impossible situation" with regard to its upcoming auction.

In remarks directed indirectly at Chatterjee, she said, "I have been using my world-class powers of nagging to be a nag about it, but so far we have not gotten an order out. We have a lot of tools at our disposal, but we have to agree on them and use them."

At FERC, it is ultimately up to the chairman to decide when the terms of an order are ready to be issued, even if the terms are not a perfect solution. Glick also called for action.

"I spent a lot of time in the private sector, and one thing I learned there is you need regulatory certainty. Companies can't make investments without knowing where the government's going. So it's incumbent upon us to make a decision and act," he said.

"If the auction is held under the current rule, it may be considered unjust and unreasonable so I'm not sure how the auction can go forward until there's more clarity from FERC," Glick said.