Commissioner Philip D. Moeller
Federal Energy Regulatory Commission

Chairman Whitfield, members of the Subcommittee, thank you for the invitation to testify on HR 4273, the Resolving Environmental and Grid Reliability Conflicts Act of 2012. My name is Phil Moeller, and I serve as one of four sitting Commissioners at the Federal Energy Regulatory Commission, FERC. I appreciate your interest in addressing the important issues facing the nation's reliable supply and delivery of electricity.

Along with myself, my three colleagues, Chairman Jon Wellinghoff, Commissioner John Norris and Commissioner Cheryl LaFleur, all support the concept behind HR 4273. That is, we all agree that generators of electricity should not be put in a position of having to choose whether to violate section 202 (c) of the Federal Power Act or whether to violate the Clean Air Act when certain generating facilities are needed for crucial electric reliability needs. The testimony of the next panel will describe occasions when generators were forced to make this difficult choice.

The electric power grid can roughly be divided into two categories: the bulk power system, which carries electricity at generally high voltage over great distances, and the distribution system, which takes electricity from the bulk system to serve local needs, such as the needs of a town or a city. While short disruptions of local service are common for many people during thunderstorms and other weather-related events, the high reliability of the bulk power grid ensures that wide-scale blackouts are extremely unusual. But to ensure that the bulk power grid continues to be reliable, section 202 (c) of the Federal Power Act permits the federal government to require a power plant to run in certain circumstances even if the owner of that power plant would rather not run the plant. In short, the security of this nation depends on a reliable power grid. And section 202 (c) addresses the need of this nation to have a reliable system.

Ideally, we hope that section 202 (c) will never need to be invoked. But experience indicates that orders under 202 (c) are sometimes necessary. Yet the very operation of a power plant in compliance with a section 202 (c) order can result in a violation of the Clean Air Act. In this sense, federal law can sometimes require the owners and operators of a power plant to violate either the Clean Air Act or the Federal Power Act. The law should not require citizens to choose which law to violate.

Our nation has always faced unique challenges to electric reliability, and these challenges could accelerate as older power plants gradually retire or run less frequently as new technologies allow new power sources to compete with traditional power plants and as environmental mandates change.

While the Commissioners at FERC sometimes disagree on the extent to which electric reliability can be threatened by the mandates of the Environmental Protection Agency (EPA), all of the FERC Commissioners support the concept that the law should not require a generator to decide whether to violate the Clean Air Act or the Federal Power Act.

At this time the Commission is working to formulate a role in advising the EPA on the reliability impacts of retiring or retrofitting various power plants in compliance with

EPA regulations. Regardless of how well FERC and EPA can coordinate their reliability efforts, a bill like HR 4273 is essential to address potential reliability challenges. Like 202 (c) more broadly, we hope the provisions in a bill like HR 4273 would never need to be invoked. But erring on the side of reliability is the responsible approach.

Thank you again for the opportunity to testify and I look forward to working with you in the future and answering any questions today.