

COMMISSIONER JOHN NORRIS
HOUSE ENERGY & POWER SUBCOMMITTEE DEC. 5 TESTIMONY

Good morning Chairman Whitfield, Ranking Member McNerney, and members of the Subcommittee, thank you for holding this hearing and the opportunity to testify.

As I acknowledged in my written testimony, there is significant change occurring on our energy landscape. The operation of our energy system in America has experienced, in my view, only modest, incremental change over the last many decades. Yet in recent years, the rapid development of new technologies is bringing much more rapid change to the system. That change can be disruptive. But I think embracing these changes will allow for a much more efficient utilization of energy resources.

The challenge before us, I believe, is to enable our system to be more efficient through the utilization of new technologies and foster the development of a diverse set of competitive energy resources. While at the same time, ensure that we have a reliable supply of power at just and reasonable rates for consumers.

As a result of the development of fracking technology, we are experiencing an abundant supply of natural gas and resulting gas prices at their lowest since 2002. This new supply of gas is changing the economics of electric generation resulting in the retirement of older and less efficient coal units and, most recently, some nuclear plants.

The new generation being built to replace these units is primary combined-cycle gas plants, wind and solar generation. This recent trend appears likely to continue. This change in our generation mix is being driven to a significant degree by the economics around low-price gas and the development of more efficient and productive wind turbines and solar panels.

The other drivers are: little-to-no load growth; public policies, such as renewable portfolio standards; compliance with EPA rules implementing clean air standards; and the development of demand-side management technologies like efficiency and demand response.

At the same time change is occurring in our electric generation we are also experiencing significant developments in technology around grid operations. A large percentage of our existing transmission and distribution grid is quite old, and only modest technology enhancements have been made in nearly a century of operations. That system is being replaced by a grid, most commonly referred to as the smart grid, that is opening up multiple opportunities for more efficient utilization of our energy resources and expanding the marketplace for electricity to a vast new supply of diverse energy resources.

One of FERC's recent focuses has been the adjustment of market rules and regulations to ensure that all resources, including new technologies, are able to compete in our energy market and our

energy system. The continued investment in new technology, jobs and energy production, and management of our energy consumption is critical for maintaining a competitive energy economy and efficient utilization of our resources.

As our energy system changes, providing stability, market access and fair regulatory treatment is critical to maintaining continued investment in our energy infrastructure.

My written testimony covers several recent actions that FERC has taken that reflect our efforts to make adjustments around these new technologies and resources. I will be happy to answer any questions you might have about these FERC actions, other FERC actions, and to help you in your oversight responsibilities of our agency. Thank you.