

Testimony of Commissioner John Norris
House Energy & Commerce Subcommittee on Energy & Power
July 29, 2014

Chairman Whitfield, Ranking Member Rush and members of the subcommittee, thank you for the opportunity to share with you my thoughts on how EPA's proposed Clean Power Plan will work.

The fact that we are here today having this discussion on reducing carbon emissions to some degree tells me it is already working. As you may have read in my written testimony, I believe that EPA's proposed rule 111(d) can work. The flexibility provided in the rule, along with the continuous cooperation between EPA, FERC, NERC, the states, RTOs, industry and others to make appropriate adjustments along the way to ensure reliability lead me to the conclusion that we can reduce carbon emissions and keep the lights on.

If the question is: Is this the most efficient way to reduce carbon emissions in our electric sector? I would give you a firm, no it is not.

I applaud the EPA for this action, but recognize that this was the only option available to curtail harmful greenhouse gas emissions because Congress has failed to act. Placing a cost or a value on carbon consistent across the country would, I believe, be a far and away more efficient and fair way to address carbon emissions.

While the EPA's proposal does provide more certainty on energy investment than before in an industry struggling with uncertainty, it is nowhere near the clarity and direction legislation establishing a nation energy policy on carbon would provide.

Let me share with you an excerpt from an interview from a former republican colleague of yours. It tells of a conversation he had with an elderly gentleman about the need for a carbon policy, and I quote:

"I was talking to him about, what about your grandkids. And he said I think they can get by on their own. I don't think that caring fellow meant it quite that bluntly. I think what he meant was, somebody will figure something out.

"And of course my response to him is, well technological innovation will sure work better if we set the economics right. Because what we believe as conservatives, and people who believe in free enterprise, is if you get the economics right, somebody chasing the dollar will deliver to me a better product. They will make money, and they will serve my needs.

"That's what makes our system go around. But if you can't get to that next step of getting the price on carbon, because if you attach that price, the external hidden cost of the product, it changes economics and all kinds of exciting things happening for the enterprise system. But he wants to stick at that point of saying it is not a cost, that CO2 is not a cost, it is not a negative. If it is a negative externality, it's a value of zero. If you attach a zero to it there is no change in the

pricing structure. So for him, it is very important to continue to deny the science because he wants to assign a zero to the cost of carbon.”

That was former Congressman Bob Inglis, who is providing a strong, conservative economic voice on this issue – a voice worth listening to.

I, too, believe the best way to address climate change is to first recognize the overwhelming evidence provided by scientists throughout the world that our planet faces severe consequences if we do not take action – the U.S. can and should help lead a worldwide effort to reduce carbon emissions – and that our innovative and entrepreneurial spirit will seize the opportunities to tackle this problem.

If we are here today to debate whether the EPA’s proposal will work or not, I fear Congress is missing the point, again. A rule that is not yet finalized but empowers 50 states with significant flexibility to address the proposed regulations and then grid operators to work to incorporate those state decisions into their operations – it would nearly be impossible to prove today that it will or will not work.

But if EPA and every other entity involved commits to making it work, I am confident that it is achievable. But for the sake of our consumers, our utility businesses and America’s entrepreneurs and innovators, we as a nation could take a better course of action and enact a national energy policy to begin the transition to a low-carbon economy.

Reliability will always be one of my highest priorities as a Commissioner, it’s my responsibility, and I will not hesitate to step forward and take appropriate action if grid security is threatened by this proposed rule or any other threat or action. But this rule is a very gradual transition, and I believe a very necessary transition, for I believe my responsibility as a citizen and public servant is to also speak up for my children, the children of America and the world. We are talking about action that threatens their future.

Much talk and ink is spent on addressing the financial debt we are leaving our children, and I commend all of you here today who are addressing that issue. But I hope you will also consider the atmospheric debt we are not adequately addressing. This is the debt I believe even more devastating, but also deadly.

Thank you, that concludes my testimony. I look forward to your questions.