

TESTIMONY OF NORMAN C. BAY
NOMINEE TO BE A MEMBER OF THE
FEDERAL ENERGY REGULATORY COMMISSION

Before the
Committee on Energy and Natural Resources
Of the
United States Senate

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Chair Landrieu, Ranking Member Murkowski, and distinguished members of the Senate Energy and Natural Resources Committee, I am honored to be here today as a nominee for the Federal Energy Regulatory Commission (FERC). I would like to thank President Obama for nominating me to this position, and I also thank Chair Landrieu and Ranking Member Murkowski for holding this hearing.

I am proud to call myself a New Mexican. New Mexico is an amazing place; it is a place of great natural beauty. It is also blessed to have an abundance of natural resources, including the sun, wind, oil, and gas. But despite its natural beauty and its natural resources, unfortunately, New Mexico is one of the poorer states in the United States.

As a result, developing all of our resources matters. It matters to the local economy, the state economy, and, in turn, to the national economy, and the energy security of the United States. New Mexico is also home to two National Labs -- Los

Alamos and Sandia -- that do the kind of cutting edge research that leads to technological innovation and breakthroughs that enhance our energy security. In my view, New Mexico is a real life example of an “all-of-the-above” approach to energy.

Not only am I from New Mexico, but I am the child of immigrants. My parents left China to come to the United States after World War II in search of a better life, higher education, and freedom. In the United States, my parents proceeded to have a large family. I have three brothers and four sisters. My parents worked hard to support us and to put us through school. My father worked for the U.S. Air Force; my mother was a researcher at a Department of Energy facility.

From my parents, I learned the value of hard work, education, and public service – of giving something back to this country that had been so good to us. I’ve spent my life in public service, with a bipartisan commitment to good government. I clerked for a Republican federal judge, worked at the State Department during the Reagan Administration, and began working at the Justice Department in the first Bush Administration under Attorney General Richard Thornburgh. In 2000, I was nominated by President Clinton to be the U.S. Attorney in New Mexico and was confirmed by unanimous consent of the Senate. After DOJ, I went to the University of New Mexico School of Law, taught there for seven years, and received tenure.

In 2009, I became the Director of the Office of Enforcement at FERC. It has been a great honor to work at FERC. The Office of Enforcement not only investigates potential wrongdoing, including market manipulation, but is also responsible for doing market oversight, analytics, and surveillance for the Commission. As Director, I have been immersed in the wholesale physical gas and electric markets, as well as the financial

or derivatives energy markets that settle off of physical prices. While I have been Director, the Commission has issued 49 settlement orders, with 48 being reached by unanimous vote. Every market manipulation settlement has been issued by unanimous vote. These settlements have helped protect consumers, ensure the integrity of the markets, and provide a level playing field for all market participants.

If confirmed, let me tell you what my priorities would be in light of the challenges ahead:

First, to be fair, balanced, and pragmatic in addressing issues. To decide cases on the merits based on the facts and the law. And to be consensus oriented because the most stable policies command the broadest support and because regulatory certainty is critical to market participants when they make huge capital investment decisions.

Second, infrastructure. FERC plays a critical role in permitting and incenting the development of infrastructure. Right now, there is an important need for more infrastructure, both in terms of gas facilities and electric transmission.

Third, competitive markets. To continue to look for ways to improve the efficiency of the markets and to deliver greater value to consumers. As part of that FERC must continue to be a vigilant cop on the beat to protect consumers and to ensure the integrity of the markets.

Fourth, reliability. This is another critical responsibility for FERC. Not only does this encompass physical security and cybersecurity, but it encompasses gas-electric coordination issues as well.

Thank you for giving me this opportunity to testify before you today. I look forward to answering any questions you may have.