

# Regulator overview: Federal Energy Regulatory Commission

An overview of the agency's jurisdiction, organization, and recent actions

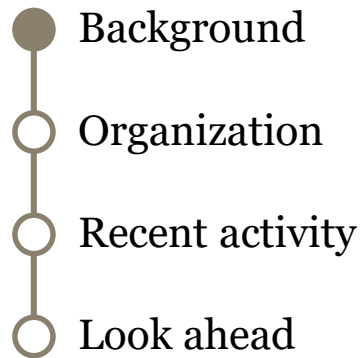
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**Producer**

*Madison DeLuca*

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# Roadmap



# Background information on FERC

“ Assist consumers in obtaining economically efficient, safe, reliable, and secure energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.”



**1,465**

Full-time positions, estimated 2018



## Regulatory authority

- The Department of Energy Organization Act (42 USC) created the Federal Energy Regulatory Commission (FERC) in 1977
- The Energy Policy Act of 2005 gave FERC additional electric reliability responsibilities
- FERC uses the Federal Power Act, Natural Gas Act, and Interstate Commerce Act to regulate energy rates and services



## Regulatory scope

- Regulates the interstate transmission and wholesale sales of electricity, natural gas, and oil
- Regulates hydropower projects
- Monitors energy markets
- Approves the siting and abandonment of energy infrastructure
- Licenses and inspects projects to ensure safety and reliability

**1920**  
*Beginnings*

Federal Water Power Act of 1920 creates the Federal Power Commission

**1930s**  
*Expansion*

FPC's mission expands as it begins to regulate electric utilities and natural gas

**1977**  
*Transformation*

FPC becomes FERC

**2005**  
*Strengthening*

The Energy Policy Act of 2005 strengthens the Commission's regulatory tools

Sources: FERC.gov.

# Spotlight on FERC programs and branches

## A sample of three important FERC duties



### Controls rates for transporting energy

- FERC oversees the rate charged to transport electricity, natural gas, and oil
- It reviews filings from public utilities asking to change rates and complaints from customers and states
- It also conducts independent reviews to determine if rates are “just and reasonable”
- It does not directly determine the retail rates consumers pay for energy



### Approves energy infrastructure

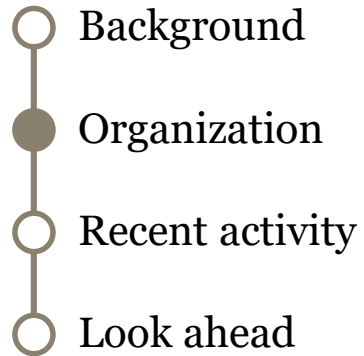
- FERC reviews proposals to build liquefied natural gas terminals, conducting safety checks and assessing reliability
- It approves interstate natural gas pipeline siting and abandonment
- It licenses hydropower projects, conducting dam safety inspections and environmental impact monitoring
- FERC does not own, construct, finance or operate the facilities it regulates



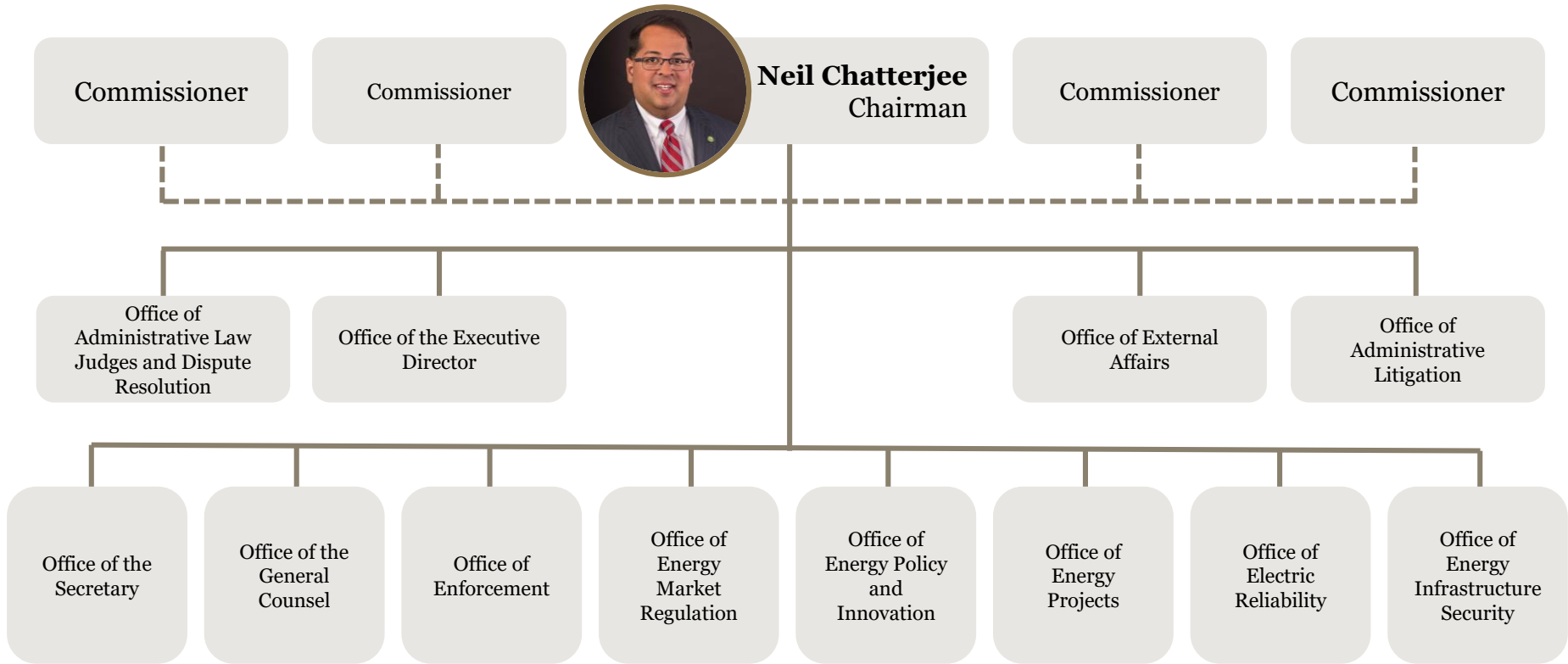
### Investigates energy market manipulation

- FERC monitors the natural gas and electricity markets to ensure that energy companies do not hold back supplies
- When allegations of market abuse occur, FERC provides Alternative Dispute Resolution as an substitute for litigation

# Roadmap



# FERC organizational chart



Sources: FERC.gov; photo courtesy of FERC.

## Chairman Neil Chatterjee



### Background

Chairman Neil Chatterjee has a J.D. from the University of Cincinnati School of Law and undergraduate degrees in Sociology and Psychology from St. Lawrence University. As policy advisor to U.S. Senate Majority Leader Mitch McConnell (R-KY), he fought policies that could lead to a reduction in coal use, supported the Keystone pipeline and opposed Obama-era EPA regulations. He favors the continued use of fossil fuels. He is a board member of the Indian American Republican Council. Chatterjee served as chair since August of 2017 until December 2017 and was reappointed in October 2018; his term will last until June of 2021.

### Professional Experience

- In 2004, Chatterjee began work as an aide to House Republican Conference Chairwoman Deborah Pryce (R-OH)
- He served on the House Republican Policy Committee from 2005 to 2007
- In 2007, he became a lobbyist for the National Rural Electric Cooperative Association
- From 2009 to 2017, he served as energy policy advisor to U.S. Senate Majority Leader Mitch McConnell (R-KY)

### Contact







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Washington, DC 20426  
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*For nearly two decades, the Certificate Policy Statement has provided a flexible, effective framework for the Commission’s evaluation of natural gas pipeline projects. Our process, in conjunction with the shale gas revolution, has enabled the development of a robust interstate pipeline infrastructure that delivers natural gas to markets throughout the country and the world.”*

**Chairman Neil Chatterjee**

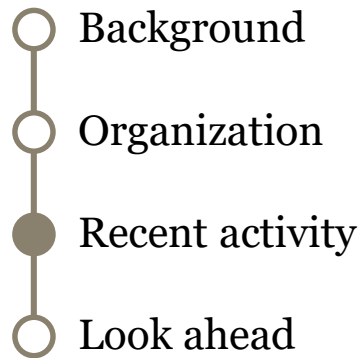
# Committees with jurisdiction over FERC

Committee	Chair	Ranking member
House Energy & Commerce	 <b>Frank Pallone (NJ-6)</b>	 <b>Greg Walden (OR-02)</b>
<ul style="list-style-type: none"> <li>Subcommittee on Energy</li> </ul>	 <b>Bobby Rush (IL-1)</b>	 <b>Fred Upton (MI-6)</b>
Senate Energy and Natural Resources	 <b>Lisa Murkowski (AK)</b>	 <b>Joe Manchin (WV)</b>
<ul style="list-style-type: none"> <li>Subcommittee on Water and Power</li> </ul>	 <b>Martha McSally (AZ)</b>	 <b>Catherine Cortez Mastro (NV)</b>

Sources: "House Committee Jurisdictions," US House of Representatives Parliamentary Outreach Program; "H.R.6552 – Timely Review of Infrastructure Act," Congress.gov; "Full Committee Oversight Hearing of the Federal Energy Regulatory Commission," US Senate Committee on Energy and Natural Resources, June 12, 2019; "Subcommittee on Water and Power," US Senate Committee on Energy and Natural Resources.



# Roadmap



## Overview of FERC activity in 2017



FERC oversees  
**6,992**  
discrete rates and  
tariffs imposed by  
pipelines and utilities



**8,379**  
dam engineering  
evaluations and  
studies completed



**585**  
pipeline compliance  
and safety  
inspections  
completed



**87.5%**  
of cases were set for  
hearing, settlement  
procedures or  
otherwise resolved




**52**  
environmental  
inspections  
completed



**100%**  
Of liquefied natural gas  
facility recommendations  
implemented in  
established time frames

# Roadmap

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- Background
  - Organization
  - Recent activity
  - Look ahead

## 2019 FERC regulatory agenda

### Ensure rates, terms, and conditions are fair

- Establish policies resulting in “just, reasonable and not unduly discriminatory or preferential” rates and conditions for energy transmission and wholesale energy transactions
- Increase compliance with FERC rules
- Detect and eliminate market manipulation

- Commissioner Chatterjee has said he hopes to develop an updated transmission incentives policy in 2019
- He has also reported that FERC may review the Public Utility Regulatory Policies Act, which imposes purchase obligations on some utilities

### Promote safe, reliable, and secure infrastructure

- Conduct thorough and timely reviews of natural gas and hydropower infrastructure proposals
- Minimize risks to the public associated with energy infrastructure

- FERC has proposed an expedited hydropower licensing process
- Commissioner Chatterjee has said he hopes to make progress on cybersecurity vulnerabilities and conduct a grid resilience review in 2019

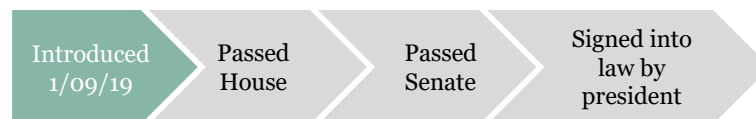
Sources: FERC.gov; Jasmin Melvin, “FERC chair’s priorities include grid resilience, LNG, but agency could be split,” S&P Global, Jan. 17, 2019; Peter Maloney, “Is PURPA done? New bill takes aim at law’s mandatory purchase obligation,” Utility Dive, Feb. 12, 2018.

## Spotlight on bills involving FERC in the 116<sup>th</sup> Congress

### **S. 487: Energy Infrastructure Demand Response Act of 2019**

*Sponsored by Sen. Sheldon Whitehouse (D-RI); 1 cosponsor*

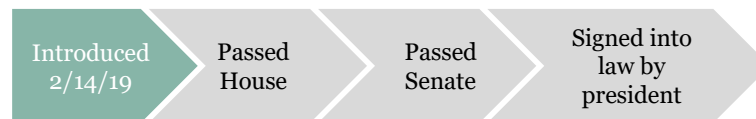
Requires FERC to establish a natural gas demand response pilot program.



### **H.R. 359: Enhancing Grid Security through Public-Private Partnerships Act**

*Sponsored by Rep. Jerry McNerney (D-CA-9); 1 cosponsor*

Provides for programs concerning the cyber and physical security of the electric grid. Calls energy authorities, including FERC, to provide electricity interruption information.



### **S. 607: Timely Review of Infrastructure Act**

*Sponsored by Sen. Bill Cassidy (R-LA); 6 cosponsors*

Would amend the Department of Energy Organization Act to increase compensation of employees and other personnel of the Federal Energy Regulatory Commission, and for other purposes.

