Summary of Testimony of  
Pat Wood, III  
Chairman, Federal Energy Regulatory Commission  
Before the Government Reform Subcommittee on Energy and Resources  
United States House of Representatives  
June 8, 2005

Without adequate electric infrastructure, grid reliability is compromised and supply can falter. A reliable supply of wholesale electricity at reasonable prices rests on a three-part foundation: adequate infrastructure, sound market rules, and vigilant oversight of the marketplace. Competition in wholesale power markets has increased substantially since passage of the 1992 Energy Policy Act. Trading in bulk power has increased and the Commission has continued to promote efficiency in wholesale electricity. However, while electricity demand has been increasing, transmission investment and construction has not kept pace. The present environment does not adequately encourage infrastructure investment, and we must do more to reach the level of investment required to maintain the reliability of the Nation’s bulk power system.

Congress should focus on three issues affecting the electric industry in the pending energy legislation. These issues are: creating a mechanism for mandatory and enforceable reliability standards, providing federal backstop electric transmission siting authority, and the repeal of the Public Utility Holding Company Act of 1935.

Getting through present challenges would be more focused with public ratification of the vision of the future. The Administration’s Department of Energy has developed the Grid 2030 Vision as a national goal for our transmission system. Grid 2030 builds on the existing infrastructure, but takes advantage of new technologies, tools, and techniques to increase the efficiency, quality, and security of existing systems and enable the development of a new architecture for the electric grid. In order to provide for a robust bulk power system, we need to ensure all investment in transmission infrastructure moves us toward the Administration’s Grid 2030 vision. We need a more modernized, efficient, and reliable grid, and we must provide a legal and regulatory framework that encourages investment toward this goal.