

**Testimony of Commissioner Tony Clark**  
**House Energy & Commerce Subcommittee on Energy & Power**  
**July 29, 2014**

Chairman Whitfield, Ranking Member Rush and members of the Committee. I hope you will allow me a point of personal privilege for an introduction that I have today. In probably the half-a-dozen or so times that I've testified in front of Congress I've never had my boys be able to join me. They have always been in school or back home in North Dakota. But today they are here, Alex and Thomas.

Whitfield voice over: We'll have some questions for Alex and Thomas

I'm sure he looks forward to them. They can now, 30 years in the future, be able to look back in the Congressional Record and see their names are in there.

Out of respect for your time I won't repeat the testimony that I submitted but instead will probably just extend a little bit upon it. It is quite clear from the questions that we received from all of you – the prehearing questions – that preeminent in the minds of the committee are, can FERC answer questions related to the EPA rule and whether there will be a concern about either cost or reliability.

I think, hopefully what you gathered from my responses were that it is probably too early to know with specificity exactly what those impacts will be and the primary driver for that is that we simply don't know what the potential state implementation plans, compliance plans, might look like. And we also don't have a sense for what a federal implementation plan or a federal compliance plan would look like.

Typically, as the EPA has proposed rules there would be a marker for what a federal plan might look like. In this case we don't have that. So it is a little tough for us, I think, as a Commission to model it, but I think we can make some general comments about the trend line that we might at least wish to keep in mind, especially as a Commission as we work through some of these issues.

What really got me thinking about it was an article that I read in the Washington Post last Friday, actually after I had submitted my written testimony, which was about the challenges that a community in Colorado was having with regard to changing over their fleet in a relatively short amount of time. And there were some cost concerns that were taking place in that community, it happened to be Pueblo.

It got me thinking about the EPA proposed rule and what might be pathways to it. It is quite clear, although the EPA has said that they will offer flexibility to states, a pathway that they have offered up as a potential one that might be compliant relies in some part on a combination of perhaps: cap and trade, like a regional gashouse initiative like they have in the Northeast; some sort of reliance on energy efficiency and demand response resources; a shuttering of coal plants and at the same time pivoting toward heavier reliance on natural gas; perhaps some sort of renewable portfolio standard in the state.

So you put all these things together and it actually looks very much like what one of the regions has already been going through, which is the one that Commissioner Moeller mentioned, which is New England. I think that one of the things that FERC and Congress will need to keep its eye on as we potentially move forward in these rules is, at least from my perspective, if someone were to ask me which area of the country do you have the most concern about both as a matter of cost and reliability, I would probably point to New England. Not solely because of some of the things that have happened already with carbon regulation, but certainly some of those things do play into it.

So should the EPA rule come to pass, I would think that FERC would need to ensure that as it moves forward we would want to make sure that some of the concerns that we've seen already happen in New England with the pipeline constraints, and the rapid conversion to gas, and the very tight reliability system, and the sometimes very high cost for electricity, aren't exported to other regions of the country. Overcoming that could be indeed a challenge.

With that I'll end my testimony, yield back the remainder of my time and look forward to your questions.