

**Federal Energy Regulatory Commission  
Before the United States Senate Committee on  
Energy and Natural Resources  
April 27, 2010**

**Chairman Bingaman (D-N.M.):** We welcome them to the hearing as well. At this point let me call on the two nominees to make any opening statement they would like. Mr. Moeller, why don't you start...

**Philip Moeller:** Thank you. Mr. Chairman, Senator Murkowski, it's a pleasure to be here. It's an honor to have served on the FERC and I appreciate the heartfelt comments that Senator Murray made in my introduction. She introduced me nearly four years ago and I'm honored to continue to receive her support. Also I thank President Obama for nominating me and I also appreciate the support from Senator McConnell for nominating me to another term. I also extend a special thanks to my wife, who supports my career in public service.

In the nearly four years that I've spent on FERC, I've voted on over 4,500 orders and as with the first day of my service, I remained motivated to make decisions that benefit and protect consumers through the safe and efficient provision of the energy products and services we regulate.

I have extensive written comments, but I thought I would summarize kind of eight areas that we focus on and that I think that if I'm confirmed I would still continue to work on

and certainly that would be in the areas where the commission would be spending a lot of time.

As noted, I come from the Pacific Northwest and as such I try to be an advocate for hydropower. All energy sources have trade offs, but hydropower is kind of the quiet workhorse that provides about 10 percent of the nation's electricity needs, and it's renewable energy and we regulate over 2,600 dams in this country, so it's a big part of what FERC does.

The new hydrokinetic technologies, whether it be wave power, tidal power, ocean current, or instream current, all have enormous potential, but in order for them to develop, and for the environment to be protected, the Commission is going to have to foster and nurture and watch these technologies, and we've tried to do our part to encourage them along the way.

On electric reliability, during my term we passed the first set of mandatory and enforceable reliability standards that came out of the 2005 EPAct. And this has been largely a successful framework that we put together, and yet a lot of work still needs to be done. We need to make sure that these standards are enforceable, that they're effective, and they're cost effective, and I think we also need to look at the fact that taking a longer-term look at reliability, perhaps with a cybersecurity component, is something that at this point would serve consumers well.

In terms of energy infrastructure in this country, it seems clear to me that we're going to be using more natural gas to generate electricity in this country – even though the most efficient use of it is direct usage. And as such it's our job in the Commission to, I believe, to develop the kind of policies to allow the adequate natural gas infrastructure to be deployed. We've deployed, well at least we've approved significant natural gas pipelines in the last few years, significant new natural gas storage, we've approved some LNG terminals and we've given significant support to two entities that are looking at building a pipe from Alaska to deliver domestic natural gas.

Wholesale electric markets is something that we probably spend most of our time on at the Commission, and they've evolved in different ways and at different paces throughout the country. Often the policies related to electricity are really more based on regional differences than anything else. And yet there's been enormous progress in the wholesale markets, both in their expansion and new services that they've delivered in just the last couple of years – and yet we need to work at the Commission to make sure that we protect consumers, that they feel that the RTOs are responsive and that we have adequate metrics that measure the success of these markets. In the next year we'll also be dealing a lot with demand response and the compensation for that product.

Enforcement is an area that we've also spent a lot of time on in the last few years. You gave us major-league enforcement powers in EPCRA 2005, and we appreciate it. And yet we need to be cautious when we wield the government sword of enforcement. I've

worked to make sure that our process is transparent and that we are firm and fair. We have more work to do here but we've made a lot of progress.

A big part of the next year at the Commission will be working on the integration of variable generation. The good news is that wind and solar power have been a significant part of our electric mix in the last few years, but there are challenges that are being delivered through that, because the system wasn't designed for variable generation. These are not insurmountable problems, but they are difficult and they will take an increasing amount of time in the next year, and perhaps more than that. At the Commission we have major Notice of Inquiry where we've asked people to comment on, and the comments are voluminous.

The smart grid is something that you've tasked us with dealing with through the 2007 legislation. Specifically, you asked us to adopt interoperability standards for the smart grid, and we expect that NIST will be delivering us a package of those in the near future. And yet it's going to be something we have to make sure that consumers do not feel that they have been overpromised the benefits of the smart grid, because although I believe that they're transformative it and they will be widespread and benefit consumers, it will take longer than probably most people realize to fully utilize the smart grid and implement it throughout the country.

And finally, you as committee members are well aware that we have a CFTC/ FERC jurisdictional battle going on in terms of regulating certain components of the energy

market, and regardless of what you direct us to do, where that bright line or that not so bright line goes jurisdictionally, I've worked to trying to get the two agencies working together better both at the commissioner level and staff level so that in essence our main motivation is to protect the consumers.

With that, again it's an honor to be here and I look forward to answering any of your questions.