

Testimony of J. Arnold Quinn, Director, Office of Energy Policy and Innovation
Committee on Energy and Commerce Subcommittee on Energy and Power
June 3, 2015

Good afternoon Chairman Whitfield, Ranking Member Rush, and Members of the Subcommittee, thank you for the opportunity to appear before you today. My name is J. Arnold Quinn, and I am the director of the Office of Energy Policy and Innovation at the Federal Energy Regulatory Commission.

I am here today as a Commission staffer and my remarks do not necessarily represent the point of view of the Commission or any individual Commissioner.

My testimony will focus on those parts of the Discussion Draft that require reporting and planning to improve the wholesale electricity markets (Section 4221) and establish an Office of Compliance Assistance (Section 4211).

The Commission is in the process of exploring many of the issues identified in the criteria articulated in section 4221 of the Discussion Draft. Further Commission action on these or other criteria articulated in section 4221 prior to the enactment of the Act may diminish the need for and the benefit of Congressional direction for the RTOs and ISOs to address those issues.

The process Section 4221 requires is somewhat similar to the process the Commission has used to develop new market rules as system needs evolve. Such a process allows each ISO and RTO and its stakeholders to describe whether and how current market rules address an identified concern or system need in a manner reflective of regional differences.

If Congress directs the Commission to take action beyond what the Commission is currently pursuing, it would be useful to clarify that Section 4221 of the Discussion Draft would require a process that is consistent with the Commission's existing processes under sections 205 and 206 of the Federal Power Act.

Further, the Commission prefers to focus on the services and performance quality that the electric power system needs and establish market rules that ensure the cost-effective provision of those services at the required level of performance. While the Commission recognizes the need to encourage an adequate supply of resources that provide operational characteristics that are responsive to system needs, some criteria in section 4221 may impair the competitive aspects of these markets, to the ultimate detriment of consumers, or may cause unnecessary conflicts between federal and state regulatory efforts.

In light of the Commission's mission and existing practices, it appears that an Office of Compliance Assistance could create duplicative proceedings for consumers and regulated entities. An Office of Compliance Assistance within the Commission that is meant to be independent from the rest of the Commission's staff could undermine the current coordination among Commission Program Offices and impede the Commission's ability to fulfill its mission.

Finally, although Commission staff currently endeavors to provide timely guidance in response to inquiries on compliance matters, the information gathering and analysis necessary to

provide the compliance guidance makes doing so in real-time challenging in virtually all circumstances.

The Commission is always looking for ways to improve the efficiency, transparency, and competitiveness of the markets it regulates, but it is important to recognize the duplication of effort and the potential unintended consequences that could result from this proposed legislation.

Thank you for inviting me to testify today on the Discussion Draft, and I look forward to working with you in the future on these issues. I'm happy to answer any questions you may have.