

**Questions for the Record and Responses for Mr. Robert Powelson
June 1, 2017**

Questions from Senator Ron Wyden

Question 1: It appears that the White House has thrown its support behind the Jordan Cove liquefied natural gas project, being discussed in my home state of Oregon. Should you be confirmed as FERC commissioner, will you commit to avoiding any step that could be interpreted as political interference from the White House in FERC's deliberative permitting process in Oregon and nationwide? And will you commit to leading a thorough and transparent stakeholder process, where all community voices in Oregon -- including tribal community voices -- can be heard?

Answer: As a sitting public utility commissioner, I understand the need for both independence and public engagement in making decisions regarding infrastructure that serves the public interest. As I noted at the hearing, public input has to be part of the equation. An agency's decisions need to be based on established, transparent policies and sound technical analysis. If confirmed, I will work with my colleagues to issue decisions based on the record before us.

Question 2: As you know, FERC has authority under the Natural Gas Act to review gas pipeline applications. What factors would lead you to deny approval for a new or expanded pipeline? Does that calculation change if there are customers for the proposed pipeline's capacity?

Answer: I understand that pursuant to its responsibilities under the Natural Gas Act, FERC conducts both a non-environmental and an environmental review of proposed natural gas pipelines. The non-environmental review focuses on the engineering design, rate, and tariff considerations. The environmental review involves coordination with multiple agencies to ensure the project can be completed in an environmentally safe and responsible manner. Should a proposed pipeline project fail to meet the requirements in the statute, that would warrant denying approval of the project.

Question 3: Former Chairman Bay made comments before he left FERC noting that it is "inefficient to build pipelines that may not be needed over the long term and that become stranded assets." He also suggested that simply considering precedent agreements may not be an adequate measure of need. How would you define need for a gas pipeline? Is having customers for the pipeline's capacity enough? How is that decision-making changed if those customers are the same entities-- or affiliates of those entities--involved in seeking approval for the pipeline?

Answer: There are many factors that must be considered in determining whether, as required by the Natural Gas Act, construction of a proposed pipeline is in the public interest. The standards in place today were developed in 1999. If confirmed, I will work with my colleagues to ensure that the Commission considers all relevant factors in reviewing a project.

Question 4: As commissioner, what steps would you take to promote public participation, transparency, and confidence in FERC's pipeline certification process by incorporating community, landowner and scientific inputs?

Answer: As a state commissioner I appreciate the importance of public participation in an agency's proceeding. A full record that reflects comments on all sides of an issue enhances an agency's ability to make appropriate decisions. I am aware that, in order to satisfy the Commission's obligations under the National Environmental Policy Act, the agency has many long-standing practices for promoting public participation. The Commission also makes the project docket available to the public through its website, and solicits comments from any interested stakeholder. If confirmed, I will consider with my colleagues any additional steps that might be taken to increase public participation and confidence in the Commission's proceedings.

Question 5: Also in his departing comments from FERC, former chairman Bay noted that it is “in light of the heightened public interest and in the interests of good government, I believe the Commission should analyze the environmental effects of increased regional gas production from the Marcellus and Utica.” As Commissioner, if confirmed, can you commit to directing Commission staff to conduct such studies on new and expanded pipelines?

Answer: I respectfully disagree with Chairman Bay’s statement. This work is already being done by the states. In my home state of Pennsylvania, the Department of Environmental Protection (DEP) is effectively handling this responsibility. Given the states’ expertise and closeness to the issues surrounding the production of natural gas, I believe they are better equipped than the federal government to undertake any such assessment.

Question 6: Chairman Bay also noted that “where it is possible to do so, the Commission should also be open to analyzing the downstream impacts of the use of natural gas and to performing a life-cycle greenhouse gas emissions study.” It is my opinion that FERC should incorporate climate considerations into their evaluation of the environmental impacts of proposed natural gas pipelines and liquefied natural gas export facilities, as required under the National Environmental Policy Act. As Commissioner, if confirmed, can you commit to including climate change considerations and analysis in the environmental review conducted on new and expanded pipelines?

Answer: I understand that this issue has been raised in many of the pipeline cases recently before the Commission. I also understand that the Commission’s environmental documents contain a section describing impacts potentially related to climate change for regions in which a project is located. If confirmed, I will review this matter with my colleagues to determine how the Commission may best factor such information into its decisions.

Question 7: I am concerned about abuse of eminent domain by the natural gas and pipeline industries in recent years, aided and abetted by premature and improper FERC authorization of eminent domain. A review of FERC's approval process is needed, because of the ramifications of the certificate, which grants the holder the ability to exercise eminent domain. If confirmed, will you take steps to review, and revise if necessary, the eminent domain proceedings at FERC? Also, can you commit to holding an evidentiary hearing, as articulated in FERC’s official policy, when a significant amount of eminent domain is implicated in a project?

Answer: It is my understanding that the Natural Gas Act confers on a pipeline company the ability to exercise the right of eminent domain once a Certificate of Public Convenience and Necessity is issued. However, if confirmed, I will review with my colleagues how concerns of landowners affected by infrastructure projects are addressed by the Commission, including whether it would be appropriate to implement any process changes. In my view, it is critically important for FERC to engage stakeholders in a collaborative manner and provide the highest level of transparency throughout the certification process.

Question 8: Mr. Powelson, I was encouraged to see in your January 19 letter to the administration, that you support the rights of states to create their own energy policies, such as renewable portfolio standards. A broad coalition in Oregon, including consumer advocates, electric utilities and environmental groups, championed recent legislation to increase the renewable portfolio standard to 50% for our state. The state legislature made that decision and the governor signed that into law. Now, in some FERC-supervised markets, this sort of democratic process is under attack. FERC recently held a technical conference to explore those assaults on state authority. Do you support the federal government trampling states’ rights to pursue state energy policies, such as renewable portfolio standards? Or do you think states should have the authority to establish their own energy policy through their constitutional rights?

Answer: I do not support the federal government trampling states’ rights to pursue energy policies and I agree that states have jurisdiction over the resource mix in their individual states. However, from time-to-time the

state policies and FERC-jurisdictional wholesale electricity market rules intersect in a way that may burden the wholesale markets and the Commission's ability to ensure that wholesale electricity rates are just and reasonable. FERC is already considering these important issues and recently held a technical conference exploring these state-FERC issues. If confirmed, I will carefully consider all comments in record and look forward to working with my colleagues on these important issues going forward.

Question 9: Energy storage is one of the most rapidly growing energy technologies out there, and it can provide multiple benefits to the grid. To get my vote, I'm going to need to see you commit to removing unfair barriers to energy storage--and other emerging technologies, like distributed energy resources--in the wholesale electricity markets. Do you agree FERC should be promoting technology-neutral competitive markets? More specifically, do you think energy storage assets--and "distributed energy resources"--should be able to compete in wholesale electricity markets?

Answer: As I mentioned at my confirmation hearing, I believe the Commission should ensure that new technologies, such as storage and distributed generation, are not discriminated against in the markets. Energy storage has the potential to be a game changer for the bulk power system, in that it has the potential to supply substantial economic and reliability benefits to the grid. As a member of the Electric Power Research Institute Advisory Board (EPRI), I am aware and encouraged by the exciting research underway on battery storage as a distributed resource.

Last November, the Commission issued a notice of proposed rulemaking proposing to require RTOs and ISOs to establish market rules that accommodate the participation of electric storage resources in the RTO/ISO markets and allow aggregations of distributed energy resources to participate directly in the organized wholesale electric markets. The Commission stated that it is proposing these reforms to remove barriers to the participation of electric storage resources and distributed energy resource aggregations in the organized wholesale electric markets. If confirmed, I look forward to participating in rulemaking and reviewing this issue with my colleagues.

Question 10: In your view, should FERC have a significantly different process for its certification of gas pipelines than it does for interstate transmission lines?

Answer: There may be similarities in how a gas pipeline and an interstate transmission line should be sited. I understand that the Energy Policy Act of 2005 established backstop electric transmission line authority for the Commission, and the Commission subsequently issued regulations to implement that authority. However, appellate court decisions have limited the Commission's ability to use that authority and the sufficiency of the Department of Energy's designation of national interest transmission corridors.

Question 11: Given that FERC has endorsed markets and competition for energy and ancillary services, is it your opinion that this approach can be successfully used for any and all providers of all reliability-related services?

Answer: Ancillary services are obtained through different mechanisms in various regions of the country. For those regions that choose to participate in organized markets, I believe that those markets bring benefits to the consumers in them. But organized markets are voluntary, and I believe they should continue to be voluntary to allow other parts of the country to rely on their own approaches to procuring resources.

Question 12: Inter-regional, and economically beneficial electricity transmission is often neglected by the utility industry because of divisions in service areas, state's boundaries, and preferences of utilities to take narrow view of economic benefits. How will you support infrastructure investments, specifically electricity transmission, that bring lower energy costs to consumers?

Answer: There are multiple ways that, if confirmed, I would support electric transmission infrastructure investment. Near the top of the list would be to provide regulatory certainty to industry by working with my

colleagues to act as expeditiously as possible on the many cases pending before the Commission, including those on transmission planning, cost allocation, and rate matters. I would also work with my colleagues at the FERC and state commissions to continue the discussion the Commission started last year on regional transmission planning and interregional transmission coordination.

Question 13: Do you believe there's been a lack of development of interregional transmission facilities, and if so, are there actions the Commission should take to facilitate such development?

Answer: The Commission has been considering the issue of interregional transmission development for a number of years now. In 2011, the Commission issued Order No. 1000, which required improved coordination between neighboring transmission planning regions for new interregional transmission facilities and that each public utility transmission provider participate in a regional transmission planning process that has an interregional cost allocation method. In the years following the issuance of Order No. 1000, the Commission has issued further orders establishing interregional transmission coordination procedures for all the pairs of neighboring transmission planning regions. The Commission has continued to consider the issue of interregional transmission development as the regions have worked to implement their interregional transmission coordination procedures. I support this continued review.

In June 2016, the Commission convened a technical conference on competitive transmission development, including interregional transmission coordination. At the technical conference, several speakers and FERC Commissioners raised questions regarding the state of interregional transmission development and, in particular, whether there is more that the Commission can—and should—do to facilitate the development of interregional transmission projects. The Commission also requested post-technical conference comments on several issues related to interregional transmission development. If confirmed, I will review the record on this matter with my colleagues.

Question 14: How will you facilitate the development of interregional transmission projects shown to provide more efficient or cost-effective solutions to regional needs?

Answer: As I stated in my response to the preceding question, the Commission is currently considering this issue after its June 2016 technical conference. Through the technical conference proceeding, the Commission has developed a record reflecting a wide range of parties' concerns with existing interregional transmission coordination requirements and ideas for facilitating more efficient or cost-effective interregional transmission development. If confirmed, I will review the record on this matter with my colleagues.

Question 15: How will you promote joint and coordinated planning between regional transmission planners for needed inter-regional transmission?

Answer: As noted in response to your previous questions, the issue of joint and coordinated planning for interregional transmission facilities was addressed at the June 2016 technical conference and the subject of many post-technical conference comments. If confirmed, I will review this record with my colleagues.

Question 16: Will you ensure interregional transmission project proposals have the opportunity to be studied by each affected Regional Transmission Organization?

Answer: Order No. 1000, which the Commission issued in 2011, requires that to be eligible for interregional cost allocation, an interregional transmission project must be selected in each region's regional transmission plan for purposes of cost allocation. Thus, all potential interregional transmission projects must be considered through each transmission planning region's regional transmission planning process before they are eligible for interregional cost allocation under Order No. 1000. This is the case in both those regions in which the Regional Transmission Organization is the regional transmission planner and in those regions without Regional Transmission Organizations.

Question 17: How will you ensure that interregional evaluation processes and cost allocation methods encompass the full range of benefits (e.g., reliability, resilience, security, facilitating state policies, and congestion/planning reserve margin reduction) provided by interregional projects?

Answer: As I stated in my response to Question 13, the Commission convened a technical conference last year to address issues relating to competitive transmission development, including interregional transmission development. The issues of the evaluation processes and interregional cost allocation methods that apply to interregional transmission facilities were discussed both at this technical conference and in the post-technical conference comments. If confirmed, I will review this record with my colleagues.