

Questions for the Record and Responses for Mr. Neil Chatterjee
June 1, 2016

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: The Commission is an independent agency and is required by the Natural Gas Act to issue decisions based on information set forth in the public record of each proceeding. That is an approach that I support and that I expect to continue. I believe that the Commission's processes should be open and transparent. Also, as I mentioned at the hearing, I appreciate that there are stakeholders with a variety of viewpoints on these issues, and all sides of the issues should be heard before a decision is made. If confirmed, I look forward to considering all comments in the record during deliberations on any project with my colleagues before making any decision.

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 recognize the importance of natural gas pipeline infrastructure to meeting the energy needs of our nation's consumers. The Natural Gas Act requires the Commission to determine that proposed pipeline projects are consistent with the public convenience and necessity. If confirmed, I look forward to reviewing the Commission's policies and processes for considering pipeline applications with my colleagues to improve their efficiency while ensuring that all relevant factors are appropriately considered.

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: I recognize the importance of natural gas pipeline infrastructure to meeting the energy needs of our nation's consumers. The Natural Gas Act requires the Commission to determine that proposed pipeline projects are consistent with the public convenience and necessity. If confirmed, I look forward to reviewing the Commission's policies and processes for considering pipeline applications with my colleagues to improve their efficiency while ensuring that all relevant factors are appropriately considered.

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: I agree that public engagement is important to FERC proceedings. Development of a record that reflects comments on all sides of an issue enhances FERC's ability to make appropriate decisions. The Commission is required to issue decisions based on the facts set forth in the public record (including input from affected landowners, general public, and other agencies), as well as based on legal precedent and policy. If

confirmed, I look forward to addressing with my colleagues any steps the Commission may take in promoting public participation, transparency and trust in the pipeline certification process.

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 believe the Commission’s consideration of pipeline applications should ensure that its procedures for reviewing and acting upon applications for new infrastructure are both efficient and in compliance with all applicable statutes. If confirmed, I look forward to addressing with my colleagues any opportunities for furthering these goals.

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 the Commission’s environmental analysis for a proposed natural gas pipeline or liquefied natural gas export facility considers the greenhouse gas emissions associated with the construction and operation of that project, as well as impacts potentially resulting from climate change over the region in which the project is located. If confirmed, I look forward to working with my colleagues in determining how information regarding climate impacts is addressed appropriately in such proceedings.

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 grants the ability to exercise eminent domain to the pipeline company once the Certificate is issued. However, if confirmed, I look forward to addressing with my colleagues the issue of how best to ensure that the concerns of landowners affected by infrastructure projects are appropriately taken into account in the Commission’s decision making process.

Question 8: Mr. Chatterjee, 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 believe that states should have the authority to make resource decisions within their jurisdiction. However, we need to be sensitive to instances where state policy intrudes into FERC-jurisdictional wholesale electricity markets and into FERC’s role to ensure that wholesale electricity rates are just and reasonable. I

also believe to ensure safe and reliable electricity we need fuel diversity, and I understand that there are some very complex questions about how to maintain that fuel diversity given some of the market challenges. FERC recently held a technical conference with respect to the interaction between state initiatives and FERC-jurisdictional wholesale electricity markets. If confirmed, I look forward to reviewing the record in the Commission's proceeding and working with my colleagues on these issues.

Question 9: Energy storage and distributed energy resources are some of the most rapidly growing energy technologies out there, and they can provide multiple benefits to the grid. And yet, there are unfair barriers to energy storage and 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? In your view, should FERC have a significantly different process for its certification of gas pipelines than it does for interstate transmission lines?

Answer: As I mentioned at my confirmation hearing, I believe that the nation should seek to rely on all forms energy resources, including storage resources. The Commission recently proposed new requirements to improve the opportunities for electric storage participation in organized wholesale electric markets. In issuing its proposed rule, the Commission stated that it has observed that market rules designed for traditional generation resources can create barriers to entry for emerging technologies, and I understand that the proposal seeks to eliminate or minimize those barriers. If confirmed, I look forward to addressing this matter with my colleagues.

Both types of infrastructure raise similar siting issues. After Congress in 2005 granted the Commission limited backstop authority with respect to the siting of electric transmission facilities, the Commission adopted implementing regulations based in part on its experience with permitting natural gas pipelines. However, the effectiveness of that statutory authority has been diminished by court decisions regarding when the Commission's backstop siting authority could be exercised and the sufficiency of the Department of Energy's national interest electric transmission corridor designations (which underline the Commission's backstop siting authority).

Question 10: 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: Please see my response to your Question 4 above.

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: Both energy markets and the manner by which ancillary services are obtained differ in various regions of the country. I believe that organized markets benefit consumers in those parts of the country that have chosen that structure. I also respect the decisions of other parts of the country not to pursue that path and, instead, to rely on a more traditional approach.

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 transmissions, that bring lower energy costs to consumers?

Answer: FERC's Order No. 1000 may provide a platform for further discussion on ways to support needed transmission investment that brings reliable, cost-effective energy to consumers. I understand that much of the regional planning pursuant to Order No. 1000 is relatively recent and that FERC recently has directed increased focus and attention to interregional coordination. Finally, dialogue with state regulators over matters of beneficiaries and siting may prove beneficial.

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 explored the issue of interregional transmission development in recent years. The Commission issued Order No. 1000 in 2011, a Final Rule that required improved coordination between neighboring transmission planning regions for new interregional transmission facilities. In addition, Order No. 1000 required each public utility transmission provider to participate in a regional transmission planning process that has an interregional cost allocation method. To date, the Commission has issued final orders approving interregional transmission coordination procedures for all the pairs of neighboring transmission planning regions that were required to comply with the Final Rule. As these pairs of regions have worked to implement their interregional transmission coordination procedures, the Commission has continued to examine issues related to interregional transmission development. I support this continued effort to make sure FERC policies are meeting their intended goals. In June 2016, the Commission convened a technical conference addressing competitive transmission development, including interregional transmission coordination. Several speakers at the technical conference, as well as some FERC Commissioners, questioned whether the Commission should do more to facilitate interregional transmission development. After the technical conference, the Commission requested post-technical conference comments on several issues related to interregional transmission development. If confirmed, I look forward to reviewing the record and addressing this issue 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: In response to the preceding question, I noted that this issue is currently under consideration at the Commission following the June 2016 technical conference and subsequent request for post-technical conference comments. The technical conference proceeding has provided the Commission with a record that details various commenters' concerns with the interregional transmission coordination procedures in place today, as well as their suggestions for supporting more efficient or cost-effective interregional transmission development. If confirmed, I look forward to reviewing this record and addressing this issue with my colleagues.

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

Answer: The June 2016 technical conference on transmission development referenced in my response to the preceding question also explored the issue of joint and coordinated planning for interregional transmission facilities. Moreover, numerous commenters addressed issues relating to joint and coordinated interregional transmission planning in their post-technical conference comments. If confirmed, I look forward to reviewing this record and addressing this issue with my colleagues.

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

Answer: As I described in my answer to Question 13, the Commission issued Order No. 1000 in 2011. In Order No. 1000, the Commission required 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. As a result, Order No. 1000 provides that 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. Because Order No. 1000 applies to all public utility transmission providers, this is true regardless of whether or not the transmission planning region is also a Regional Transmission Organization.

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 noted in my answer to Question 13, in June 2016 the Commission convened a technical conference on competitive transmission development, including interregional transmission development. At the technical conference, both the speakers and FERC Commissioners raised issues relating to the evaluation processes and interregional cost allocation methods that apply to interregional transmission facilities. Commenters also addressed these issues in their post-technical conference comments. If confirmed, I look forward to reviewing this record and addressing these issues with my colleagues.

