

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on “Discussion Draft on Accountability and Department of Energy Perspectives
on Title IV: Energy Efficiency”
June 3, 2015

(As Prepared for Delivery)

This afternoon we continue work on our bipartisan energy bill. I believe that we are finding areas of agreement on ways to improve the nation’s energy policy. Today, we look at accountability and energy efficiency, and I welcome our government witnesses before us today and our non-government witnesses who we will hear from tomorrow.

We begin with our draft provisions on accountability, especially as it relates to the nation’s electricity system. The 2005 energy bill expanded FERC enforcement authority over electricity markets, and we now have ten years of experience with the implementation of these provisions. Many have raised concerns about the actions of FERC’s Office of Enforcement, particularly regarding fairness, consistency, transparency, and due process. Some have even questioned whether FERC enforcement actions are counterproductive and actually impede the proper functioning of electricity markets. The discussion draft would establish an Office of Compliance Assistance at FERC to address these concerns, and also includes provisions to improve transparency in FERC investigations.

In addition, FERC Order No. 2000, which advanced the formation of Regional Transmission Organizations and Independent System Operators, is now 15 years old. This provision sought “to promote efficiency in wholesale electricity markets and to ensure that electricity consumers pay the lowest price possible for reliable service.” However, much has changed since this order first came out, and many market participants are calling for reforms ranging from price formation to governance and transparency to generation performance assurance. Nonetheless, FERC has yet to develop effective reforms to ensure fair, transparent, and well-functioning competitive markets. The discussion draft seeks to fill the void with several proposed criteria intended to improve for wholesale electricity markets.

Finally, the Public Utility Regulatory Policies Act of 1978 (PURPA) was enacted to promote electric conservation, efficiency and equitable pricing of wholesale electric energy. Like so many other 1970s era energy policies still in place, many of PURPA’s provisions are out of date. In particular, section 210 incentivized cogeneration and small power production by conferring certain advantages on qualifying facilities, but increasingly competitive wholesale electricity markets have made it inefficient and uneconomic for electric utilities to comply. Reforms to this section were made in the 2005 energy bill, but several market participants and state public utility commissions have raised concerns that section 210 still has adverse effects such as impairing the development of cost-effective, competitive, renewable energy and forcing ratepayers to pay for unneeded generation or energy that is well above market price. The discussion draft includes measures to address these shortcomings.

With regard to energy efficiency provisions in the energy bill, we held a hearing in April on non-governmental perspectives, so today we focus on the Department of Energy’s point of view. Many of these provisions deal with ways the federal government can reduce its energy consumption, such as helping to expand the use of energy savings performance contracts for federal facilities. There are also requirements for DOE to look into potential energy savings at federal data centers and through the use of thermal insulation, as well as other ideas to reduce federal energy expenditures. It also eliminates the potentially costly and unrealistic requirement from the 2007 energy bill that federal buildings use no fossil fuel generated energy by 2030.

The draft bill also contains measures affecting the private sector, including increased legal certainty for the Energy Star program, the inclusion of Smart Grid capability on Energy Guide labels, and voluntary verification programs for several appliances. It also clarifies DOE’s role in setting model building codes. Finally, it suspends a proposed residential furnace efficiency standard, probably the most controversial of

the dozens of such appliance standards promulgated in recent years, until the agency gathers more evidence on whether it is technically feasible and economically justified.

I look forward to a constructive discussion of these and related topics as we make progress on our energy bill.

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