



Commissioner Powelson looks back on his time at FERC

Craig Cano: Welcome to Open Access, I'm Craig Cano. We are talking today with Commissioner Robert Powelson, who will step away from the Commission on August 10 to become the president and CEO of the National Association of Water Companies.

Commissioner welcome to the podcast.

Commissioner Powelson: Craig always good to be with you.

Craig Cano: We sat down to talk shortly after you were sworn in at the Commission and while it was just a year ago, it's been a pretty busy year for you and your colleagues in addressing a number of important issues facing the energy industry. At that time you identified the pressing issue of cybersecurity and the need to get infrastructure sited in an environmentally sound manner among your priorities. How has the Commission done in those areas?

Commissioner Powelson: Well I think in recognizing the leadership of Chairman McIntyre and working collaboratively with our colleagues, I think we've done a remarkable job over the past year, starting with the issue of the backlog of cases and obviously the restoration of a quorum in order to move these cases forward. I remind people as an agency, as an independent agency, we touch about \$500 billion of energy infrastructure in this country per annum. So the decisions we make, working with our state partners, have a profound impact in terms of our overall electric reliability, our gas reliability and obviously the conversation we're having today about cyber and physical protection.

Craig Cano: You mentioned the backlog, immediately out of the gate you and your colleagues also tackled the issue of grid resilience. I think maybe some people who are less familiar with your views expected you might be an all-out supporter of the DOE NOPR. But you've been quite forceful in your defense of wholesale market principles and a tenacious advocate of competition in the markets. In your mind what is at stake here?

Commissioner Powelson: I think a lot of my positions are staked in my prior life serving as chairman of the Pennsylvania Public Utilities Commission and I served with distinction in Pennsylvania for 8 1/2 years. I looked at this, the Keystone state, and how it's involved in its energy production and back behind that the evolution of retail competition, which is approaching a 25-year anniversary, and the impact, the positive impact it's had for consumers. As I like to say, you couple retail competition with wholesale competition. And the efforts that the FERC undertook in the mid-90s with FERC Order 888 and how it's kind of unleashed this economic marvel that a lot of

countries have looked at in terms of the diversity of our portfolio, the reliability of that portfolio. What I've heard said time and time again, arguably one of the greatest wealth transfers to take place in our country, where consumers have been direct beneficiaries of electric competition, both wholesale and retail, and for us to retreat at this juncture would be a colossal failure.

You know me well Craig, being from Philadelphia, growing up in Delaware County, you know we're not one to hold our cards close to the vest. And I have been outspoken and I will continue to be outspoken because I believe in competition policy. It's been, again, I said the economic marvel of what makes this country so great. So I don't think the Commission in any way is going to retreat on that. I think we're at an inflection point, and a very positive inflection point, to kind of tee up a conversation around the evolution of what the new power grid looks like.

By the way, that new power grid has a lot of gas molecules on it, and we are at the epicenter of that, not only in terms of siting that infrastructure, but more importantly protecting that infrastructure. We also are seeing a tectonic shift in our generation fleet, something that I have talked about constantly with numerous groups. Over the last decade here in the US that tectonic shift in our generation mix looks something like this: Where last year in our country 10% of our overall energy dispatch came from renewable energy resources. No one 10 years ago could have fathomed that, and that's not regulators like myself or my colleagues back in Pennsylvania picking those winners and losers. That's the market driving an outcome. So our grid is getting cleaner, it's getting more efficient and as a FERC I think we have to stay at the forefront of that. And in recognition of that, I think that one of the clear demonstrations of our innovation agenda is the energy storage rulemaking and that has been a real game changer in terms of where we were going to see power trends over the next decade as energy storage continues to ramp up and these cost curves come down.

Craig Cano: Any regrets that you won't be here to see the resilience proceeding play out?

Commissioner Powelson: You know, I obviously start with a no-regrets strategy but it's been great to work with my colleagues. I didn't see this coming. I mean I honestly would tell you that I had a long game of being here till 2020. But as much as I reflect on my short tenure here, I have said it and I'll continue to say it, it's been a remarkable experience for me working with people like yourself, my colleagues here. I have benefited greatly, more than I deserve, in terms of the friendships and the stuff that I've been able to learn and ascertain because of the people who represent this great agency. And I will be dogged in my defense of the FERC and the work that it does in an independent vacuum. That's so important because that's what makes us a very effective quasi-judicial agency.

Craig Cano: You touched on, as you have in the past, the amount of infrastructure over which the Commission – touches, I think this is the way you referred to it. One of the other significant policy initiatives here right now is the possible revision of the pipeline

certificate policy statement. I know comments were only recently filed, but I'm interested to know if you have thoughts on where that might go.

Commissioner Powelson: So under Chairman McIntyre's leadership, working in a bipartisan way with colleagues, has opened up a conversation about looking back at our 1999 policy statement. And as someone who has served as a former chairman of a large public utility commission, it is a best practice to look at doctrines and look at regulation and where you can modernize or sometimes make regulation go away because it's not reflective of the current marketplace. These are things you have to do and so I think it's a healthy look at the way we go about the certification process. I didn't, as I said, more recently, I don't want to prejudge outcomes. But I think it's a demonstration of the flexibility and the collegiality of how this FERC is set up to address these issues.

Craig Cano: Apart from that tough daily commute on Amtrak that you have had, what was the most challenging aspect of your time here at the Commission?

Commissioner Powelson: You know, it's arguably been said that you are drinking from a fire hose, and I had a lot of knowledge coming into the job working with PJM and understanding the state regulatory compact. But as I said in some of my meetings on the Hill, meeting with Senators through the confirmation process – which by the way, I'm proud to report I came through that pretty unscathed thanks to the leadership of our external affairs group in preparation – but my take away is the complexity of the issues. I mean, back in my prior life I touched 8,000 entities. Everything from Uber to wastewater to Telcom. Now, you know, just in handling natural gas, hydro applications, regulation of the wholesale power markets, you would think, you know, my 8,000 that I touched in Pennsylvania was a big number.

But you come to the FERC and you are dealing in the issues, and then you overlay that was cybersecurity. The complexity of the issues, it's not overwhelming it's just daunting. But we're set up ideally as a regulatory agency to tackle these issues and, again, that's why you know this is one of those agencies that's able to calibrate on making very, on handling complex transactions, but making very difficult decisions in a timely manner.

Craig Cano: You've mentioned with great pride your former stay at the Pennsylvania Commission as a state commissioner. And in fact you were, I guess you might say, the latest in a distinguished line of former state commissioners who have served at FERC. If you could name your successor would you look into the same gene pool?

Commissioner Powelson: Yeah, I think it's healthy to have someone with a state regulatory background. Right now we have an unbelievable skill set between the Chairman, Commissioner Chatterjee, Commissioner LeFleur, Commissioner Glick. Every one of us has a very unique skill set, and the collaboration, by the way, of our staffs in how they're able to represent us and really do phenomenal work in getting us ready for our open meetings. So I think, if asked I would say that it is incumbent to look at someone that's got a firm understanding of the state regulatory complex because of

the fact there's a lot of issues that come out of, as I've coined it often 888 on my Twitter feed, a lot of decisions that come out of 888 that impact that state regulatory compact. And being able to work with state leadership, understanding how retail competition and wholesale competition need to synchronize in these decisions that we make, I think, are critically important. You hear there are, over time, these friction points with the states. It's nothing personal, it's just the way we go about our defense of the Natural Gas Act and the Federal Power Act. So I would say the farm system is alive and well through the National Association of Regulatory Utility Commissioners and, you know, if I were asked I would say, yes, it would never hurt to have someone with that kind of pedigree coming in.

Craig Cano: Any specific advice for your successor?

Commissioner Powelson: Bunker down. Any advice? Look, surround yourself with very competent people. Be respectful of the mission of this wonderful organization. Be a steward of that mission. Treat people with respect. Don't come in thinking you have all the answers, because you'll find out that those answers that you might think you have preconceived notions on are going to change over time as you address these issues. I for one, am someone that realized that rather quickly in my first 100 days here. And, again, demonstrate your willingness to work collegially, work in a bipartisan way, because that's what Congress, that's what a president, that's what the courts and that's what our external stakeholders are looking towards us, in looking at us, to do. And that is what, as I leave here on August 10, I can look back on this one year and say, man, what an unbelievable experience and another experience in my life in terms of a new skill set and learning curve that I've undertaken.

I'm proud to say I'm now part of the FERC fraternity. So as I get to kind of meet with former colleagues and be advocates for this wonderful agency, I look back on the past year and just say man was I blessed to be in this position.

Craig Cano: You mentioned a little earlier that you and I both grew up in the same area.

Commissioner Powelson: Yes we did, within a few blocks!

Craig Cano: Very few people know that you and I attended the same high school, although anyone walking into the studio would quickly figure out that I graduated just a few years ahead of you. But on behalf of all of us from that area, I wanted to thank you for whatever you did to get Wawa into DuPont Circle, and I'm wondering if maybe when you get back up to Philly you might be able to pull some strings and get either a Geno's or a Pat's franchise down here for us.

Commissioner Powelson: Well, I don't know if I could promise that, but I can assure you one thing about Wawa. Wawa has expansion plans for the District of Columbia. I know that very well because of one of my former board members, Sue Bratton, who is the head of real estate for Wawa. As you know I was at the Wawa store grand opening

– one of the highlights of my career here at the FERC. It was like a political convention you walk in there, and seeing the people. That's what happens, by the way, when you get free coffee. But yes I pledge to you that Wawa could be coming in mass to the DC Metro area, so get ready. And by the way, here we are, Phillies playing great baseball. We're a year ahead of the rebuild. And there's an unbelievable sense of Super Bowl euphoria right now in Philadelphia as training camp is upon us. So let's hope that you know we can say "Fly Eagles Fly" next year on the Twitter feed.

Craig Cano: Well on that note, Commissioner thanks again for taking time to stop by and good luck with your new endeavor.

Commissioner Powelson: Craig, thank you and thank you to all my fellow FERC-ians as I like to call them. It's been a wonderful experience. My family and I cannot thank you and everybody that works here for how I've been treated and what I've been able to accomplish. As my father once taught me, there's no "I" in team and that's truly a testimony to my upbringing and in my ability to serve with distinction here at the FERC, so thank you.

Tamara Young-Allen: FERC is an independent regulatory agency that oversees the interstate transmission of electricity, natural gas and oil. FERC reviews proposals to construct and operate interstate natural gas pipelines and liquefied natural gas terminals, and oversees the licensing of nonfederal hydropower projects. FERC protects the reliability of the high-voltage interstate transmission system through mandatory reliability standards, and it monitors interstate energy markets to ensure that everyone in those markets is playing by the rules. Unless otherwise noted, the views expressed in these podcasts are personal views and do not necessarily express the views of individual Commissioners or the Commission as a whole. This podcast is a production of the Federal Energy Regulatory Commission's Office of External Affairs, Leonard Tao, director. We will be updating our posts when we've got more news, so be sure to check out our website www.FERC.gov and follow us on Facebook, Twitter and LinkedIn to find out when our next