

## **Keep the Lights on at FERC!**

It was reported that former Federal Energy Regulatory Commission (FERC) Chair Neil Chatterjee “gave a road map to the Trump transition team on how to implement job cuts” at the FERC. Once called a “backwater agency” by the New York Times, the FERC, at this point, in my opinion, needs to be *adding* not cutting staff. Here’s why.

The current staffing level at the FERC is about 1,477. That’s only slightly above the staffing level when I served as a FERC Commissioner in the early 1990’s. Yet, in 2024 the FERC regulates over 50% of the nation’s electricity production compared to the 5% it regulated 30 years ago. The FERC’s regulatory burden has increased these past 30 years with the creation of six jurisdictional Regional Transmission Organizations (RTOs), the addition of thousands of miles of new natural gas pipelines, and the construction of 8 LNG export terminals with 17 more expected in the next 5 years.

The most critical development in energy the past 30 years has been the restructuring of the electric power industry in major states resulting in the shifting of power plant regulation from state Public Service Commission (PSC) rate base to FERC wholesale market regulation of RTOs. Each RTO is unique with its own technically complicated rules and regulations all needing to be overseen by expert FERC staff.

For example, the January 2024 FERC Common Metrics Staff Report on RTOs indicated that the RTOs had “actual reserve” margins lower than “anticipated margins” meaning they had less capacity available than “expected.” Looking at the numbers in that report one sees that in many RTOs the reserve margin was in single digits, way below historic standards at 20% or higher. Numerous EPRI and other studies have long demonstrated that the cost of excess reserve margin was less than the cost to society of outages.

These low reserve margins put the public at risk of not just the economy but also of health through widespread electric shortages. Ironically, the low reserve margins accompany a decade of massive and subsidized increases in wind and solar investment which cannot be counted on as dispatchable in an emergency. FERC has a formidable task of addressing this problem without additional staff and maybe legislation.

Given the importance of the energy sector regulated by the FERC, in terms of public health and welfare, national security, and a growing economy, this is the time to increase, not decrease, the number of experts at this small, formerly “backwater”, agency.

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