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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on "Critical Infrastructure Cybersecurity:
Assessments of Smart Grid Security"
Subcommittee on Oversight and Investigations
February 28, 2012

Mr. Chairman, I want to thank you for holding today's hearing on cybersecurity in the electric grid. This is exactly the type of oversight this Subcommittee should be conducting – ensuring that our government uses its resources wisely and that the private sector is taking appropriate steps to guarantee the safety and security of our nation's critical infrastructure.

Today's hearing will give us an opportunity to learn about the key challenges to assuring the security of this nation's electric grid.

As the grid becomes more technologically advanced, it becomes more exposed to hackers, terrorists, and foreign enemies. As the grid becomes more interoperable, the potential effect of a cybersecurity breach becomes more widespread.

The smart grid offers tremendous potential benefits. Modernizing the grid will make electricity cheaper, more efficient, and more reliable. But at the same time, we must take appropriate action to protect the electric grid and to improve service and access for citizens across the nation.

In 2007, Congress and then-President Bush approved the Energy Independence and Security Act of 2007. This legislation authorized the Smart Grid Investment Grant Program and the Smart Grid Demonstration Program. The 2009 Recovery Act amended these programs and provided funding to ensure their implementation.

The first program, the Smart Grid Demonstration Program, funded 32 projects to verify the viability of smart grid technology and quantify the costs and benefits of these improvements.

The second program, the Smart Grid Investment Grant Program, awarded grants for smart grid technology updates. These grants have allowed for the installation of smart meters in millions of homes, implementation of automatic peak pricing response for commercial and

industrial customers, and development of comprehensive demand response programs. This program provided 99 grants to recipients in 42 states, the District of Columbia, and Guam.

In total, the Energy Department invested $3.4 billion in grants, which was matched by $4.6 billion in private investments for a total public-private investment of over $8 billion.

Today will give us an opportunity to evaluate what is working and what can be improved in these programs. The Department of Energy's Inspector General recently issued a report on the smart grid grant programs that identified some reimbursement issues and concerns about approval of some cybersecurity plans. Today's hearing will allow us to explore these issues.

Beyond oversight, we must also do our part in protecting the electrical grid. Both GAO and the DOE Inspector General have acknowledged that the Federal Energy Regulatory Commission has only limited authority to ensure the grid is truly secure. In fact, the Inspector General found that FERC does not have the authority to develop its own standards or mandatory alerts – even when new threats are identified. This gap in authority creates serious potential risks.

Last May, the Subcommittee on Energy and Power held a hearing to discuss the bipartisan Grid Reliability and Infrastructure Defense Act – a bill that would give FERC additional authorities to protect the electric grid from potentially dangerous vulnerabilities. Today's hearing will again demonstrate why we need to act on this legislation without further delay.

We must continue to invest in making our electric grid the best in the world. That includes investing in standards and technologies so that the electric grid is secure in the face of unexpected terror attacks or hacking attempts. This hearing is an important step in identifying what can be done to ensure that the electric grid is protected.