



March 26, 2024

Federal Energy Regulatory Commission

Attn: Office of the Secretary
888 First Street, NE
Washington, DC 20426

Submitted electronically via FERC eFiling

Re: Federal Energy Regulatory Commission Notice of Inquiry on Federal Power Act Section 203 Blanket Authorizations for Investment Companies, Docket No. AD24-6-000

BlackRock, Inc. (together with its affiliates, “BlackRock”)¹ respectfully submits its comments to the Federal Energy Regulatory Commission (“FERC” or “Commission”) in response to the Commission’s notice of inquiry on Federal Power Act (“FPA”) Section 203 Blanket Authorizations for Investment Companies.² The notice seeks comment on whether, and if so, how, the Commission should revise its policy on providing blanket authorizations for investment companies; what constitutes control of a public utility in evaluating holding companies’, including investment companies’, requests for blanket authorization; and what factors it should consider when evaluating control over public utilities as part of a request for blanket authorization. BlackRock appreciates the opportunity to provide these comments and looks forward to continued participation in these proceedings.

As noted in the NOI, the Commission has both established in its regulations and granted by order blanket authorizations under FPA Section 203(a)(2) for transactions that meet certain conditions.³ For transactions involving investment companies, these conditions include specific limitations on the size of positions that may be held in the aggregate (20%) and by each individual fund (10%) and a requirement to maintain the status of beneficial owners eligible to file Schedules 13D and 13G under the Securities Exchange Act of 1934. The conditions also include an obligation to report the holdings in

¹ BlackRock is one of the world’s leading asset management firms. We manage assets on behalf of individual and institutional clients across equity, fixed-income, liquidity, real estate, alternatives and multi-asset strategies. We manage retirement funds on behalf of millions of Americans. BlackRock is a minority, non-controlling shareholder in the public companies we invest in on behalf of our clients, and does not coordinate proxy votes, engagements or investment decisions with any other parties.

² *Federal Power Act Section 203 Blanket Authorizations for Investment Companies*, Docket No. AD24-6-000, Notice of Inquiry, 185 FERC ¶ 61,192 (Dec. 19, 2023), 88 Fed. Reg. 89346 (Dec. 27, 2023) (the “NOI”).

³ See NOI at PP 3-6.

public utility securities on a quarterly basis and to submit to FERC the Schedule 13G and Schedule 13D filings at the same time such filings are submitted to the Securities and Exchange Commission. Based on these and other conditions, the Commission has determined that such authorizations are consistent with the public interest and will not have an adverse effect on competition, rates or regulation.⁴ In granting these blanket authorizations, the Commission has also found that blanket authorizations serve to “encourage greater investment in utilities” by investment companies, provided that the Commission retains the ability to perform continuing oversight in accordance with FPA Section 203.⁵

The Commission’s blanket authorization policy remains consistent with the public interest. The Commission, utilities and investors have benefitted from the standardized blanket authorization construct for institutional investors. These blanket authorizations provide a stable shareholder base for the energy sector that keeps the cost of capital low, which leads to more stable energy prices for consumers. Asset managers, particularly those with index investment strategies, provide companies with a stable, long-term shareholder base, which helps companies focus on delivering long-term value. Under the Commission’s blanket authorizations, utilities have relied on asset management firms as an important source of capital to conduct utility operations, which include activities to expand, operate and maintain their networks of electric and other infrastructure.⁶ As such, these blanket authorizations, subject to the conditions imposed by the Commission, continue to serve the goal of encouraging investment in public utilities while protecting consumers.⁷

The Commission granted BlackRock a blanket authorization under FPA Section 203 with respect to the acquisition of voting securities of public utilities and holding companies in 2010. This authorization has been reviewed and extended every three years since that time. BlackRock’s blanket authorization was most recently renewed on April 19, 2022 for another three year period.⁸ Consistent with its prior findings, the Commission determined that BlackRock’s blanket authorization is consistent with the public interest

⁴ See NOI at PP 5-6.

⁵ See NOI at P 5.

⁶ See, e.g., *The Vanguard Group, Inc., et al.*, Docket No. EC19-57-002, Motion to Intervene Out of Time and Comments of Eversource Energy, at 3 (filed Dec. 5, 2022) (“Eversource comments here to alert the Commission that it relies on Vanguard as an important source of capital to conduct its utility operations, which include activities to expand, operate and maintain its extensive network of electric, gas and water infrastructure. Eversource encourages the Commission to consider Vanguard’s important role as an institutional investor of Eversource, and likely that of myriad other public utilities similar to Eversource, and approve Vanguard’s Application.”).

⁷ See *Cap. Research & Mgmt. Co.*, 116 FERC ¶ 61,267 (2006) (finding that a blanket authorization was appropriate to “encourage greater investment in utilities by mutual funds”); *Transactions Subject to FPA Section 203*, Order No. 669, 113 FERC ¶ 61,315, at PP 144-145 (2005), *order on reh’g*, Order No. 669-A, 115 FERC ¶ 61,097, *order on reh’g*, Order No. 669-B, 116 FERC ¶ 61,076 (2006) (“This is consistent with the intent of Congress that EPAct 2005 increase outside investment in the utility sector while protecting customers. . . . We agree that this approach makes sense and that it is consistent with the public interest and Congressional intent in repealing the restrictions of PUHCA 1935 and encouraging incentives for additional investment.”).

⁸ *BlackRock, Inc.*, 179 FERC ¶ 61,049 (2022); *BlackRock, Inc.*, 167 FERC ¶ 62,049 (2019); *BlackRock, Inc.*, 155 FERC ¶ 62,051 (2016); *BlackRock, Inc.*, 143 FERC ¶ 62,046 (2013); *BlackRock, Inc.*, 131 FERC ¶ 61,063 (2010).

and will not have an adverse effect on competition, rates or regulation.⁹ The Commission based its findings, in part, on the conditions placed on BlackRock and the other blanket authorization holders, which act to prevent blanket holders from exercising control over the utilities in which they acquire voting securities under the blanket authorization.¹⁰

BlackRock has complied with the terms and conditions of the Commission's blanket authorization orders and will continue to do so going forward. As a minority shareholder in public utilities and consistent with the conditions to receive blanket authorization, BlackRock does not exercise control over the day-to-day management or operations of any public utility. Further, BlackRock has certified on the Schedule 13G filings forwarded to FERC pursuant to its blanket authorization orders that the securities we hold on behalf of our clients "were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities."¹¹ Consistent with the Commission's findings, satisfying the conditions for blanket authorization and the eligibility criteria for reporting our positions on Schedule 13G helps ensure that BlackRock does not control the public utilities and holding companies whose securities we acquire and that the transactions underlying the blanket authorization are consistent with the public interest.

As BlackRock stated in our most recent application for reauthorization, and the Commission recognized in its most recent approval order, BlackRock's fiduciary responsibilities to our clients include voting shares where clients have authorized us to do so.¹² As part of these fiduciary responsibilities, BlackRock's investment stewardship team encourages sound corporate governance and business practices that, in its experience, can support companies in delivering the long-term durable financial value creation that BlackRock's clients depend on to achieve their financial goals. BlackRock's stewardship team does this through engagement with companies and, for those clients who have given BlackRock authority, through voting proxies in such clients' long-term financial interests. Proxy voting and company engagement activities focus on the drivers of long-term financial value creation in companies' business models – primarily corporate governance topics, and other material risks and opportunities as relevant – and do not implicate control over the day-to-day management or operations of a public utility. FERC has never found that these activities are inconsistent with a blanket authorization holder's passivity.¹³ Because BlackRock aims to be a transparent steward of our clients' investments, we voluntarily publish insights – through commentaries and reports – regarding our investment stewardship activities, in addition to those disclosures that are required under law and regulation. These voluntary disclosures provide visibility around our engagement priorities and voting and engagement record.¹⁴

⁹ See, e.g., *BlackRock, Inc.*, 179 FERC ¶ 61,049, at PP 2, 15-16, 19 (2022).

¹⁰ See *id.*

¹¹ See, e.g., *BlackRock, Inc.*, Docket No. EC16-77-002, Notification of Schedule 13G Filings (filed May 5, 2023).

¹² *BlackRock, Inc.*, Request for Reauthorization and Extension of Blanket Authorizations Under Section 203 of the Federal Power Act and Request for Expedited Consideration, Docket No. EC16-77-002, at 6 (filed Feb. 18, 2022); *BlackRock, Inc.*, 179 FERC ¶ 61,049, at P 7 (2022).

¹³ See, e.g., *BlackRock, Inc.*, 179 FERC ¶ 61,049, at PP 13-16 (2022).

¹⁴ See BlackRock, BlackRock Investment Stewardship,

BlackRock's investment decisions and our stewardship engagement and voting are governed strictly by our fiduciary duties to clients. BlackRock does not coordinate our voting, engagements or investment decisions with respect to public utilities and public utility holding companies with other asset managers, asset owners or external groups or organizations.¹⁵ BlackRock's participation in industry initiatives allows us to join in dialogue with governments, companies, and financial institutions on matters that BlackRock believes could impact the long-term economic value of our clients' portfolios. BlackRock does not make pledges or commitments that impact our ability to make independent decisions about how to exercise our fiduciary duties to our clients. Our participation in industry initiatives is secondary to our fiduciary duties to our clients, and we have made it clear to those initiatives that our participation was contingent on us acting independently and in our clients' best interests.

We believe that the existing conditions and restrictions have been effective at protecting the public interest while ensuring that the rules do not impede day-to-day business transactions or stifle timely investment in transmission and generation infrastructure. However, completely aligning passivity in the context of FPA Section 203 blanket authorizations with the passivity standards for Schedule 13G filings would provide greater clarity regarding compliance with the Commission's regulations and blanket authorization orders. This clarity would promote the Commission's ongoing oversight and the continued compliance with the terms and conditions of the Commission's blanket authorization orders going forward.

We thank the Commission for providing BlackRock the opportunity to comment on the NOI and look forward to further engagement. Please contact the undersigned if you have any questions or comments regarding BlackRock's views or if we can be of any assistance as you develop your final position on the NOI.

Sincerely,

Ben Tecmire
Director, Government Affairs and Public Policy

Danny Riemer
Director, Legal & Compliance

<https://www.blackrock.com/corporate/insights/investment-stewardship> (last visited March 20, 2024).

¹⁵ See BlackRock, Letter from Dalia Blass, Senior Managing Director, Head of External Affairs to Attorneys General of the States Listed as Signatories of the August 4, 2022 Letter, Re: Attorneys General Letter, dated August 4, 2022, *available at* <https://www.blackrock.com/us/individual/literature/press-release/blackrock-response-attorneys-general.pdf>.