

OMS 2010 Annual Meeting



Presentation on the Federal Energy Regulatory Commission

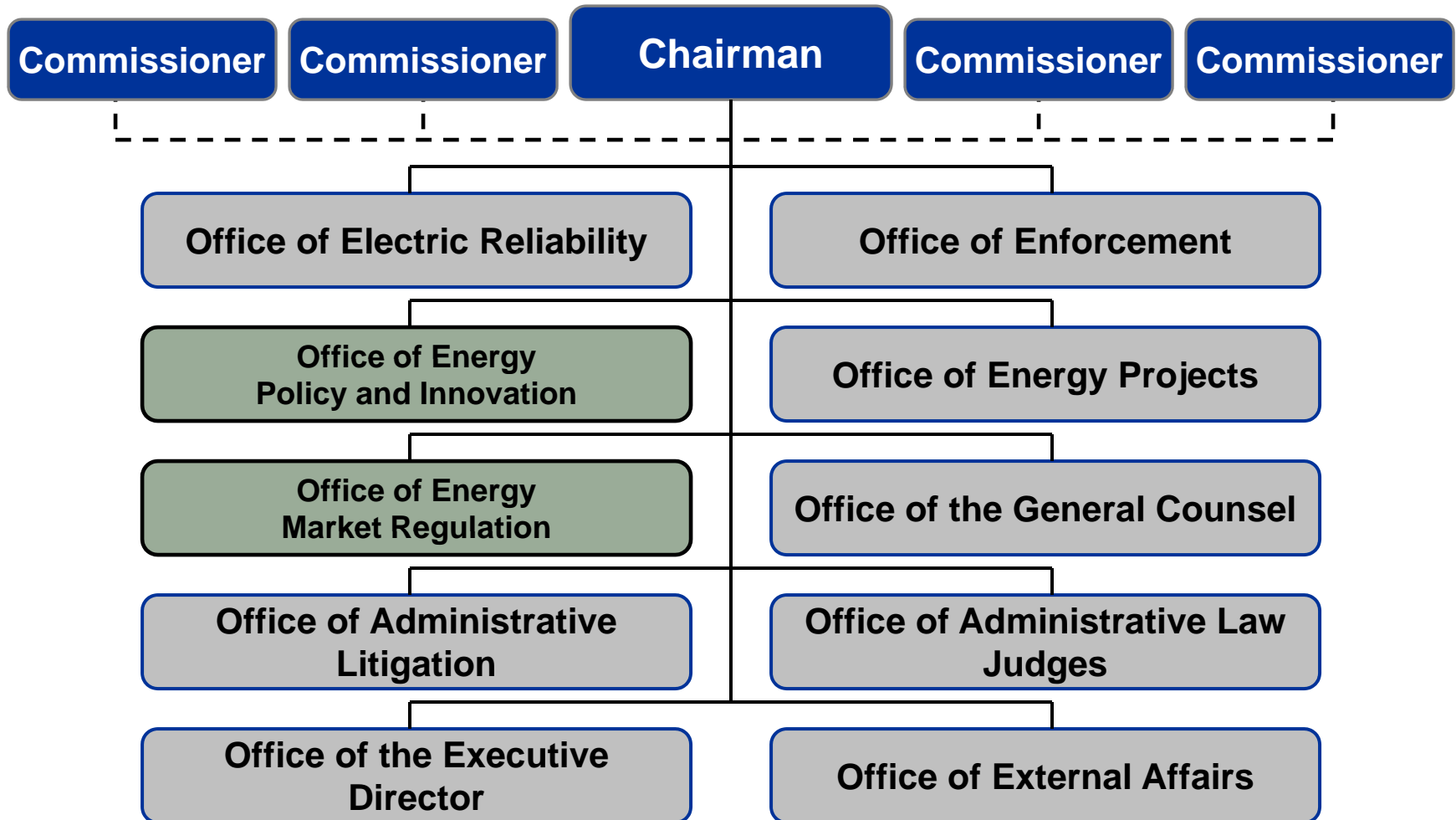
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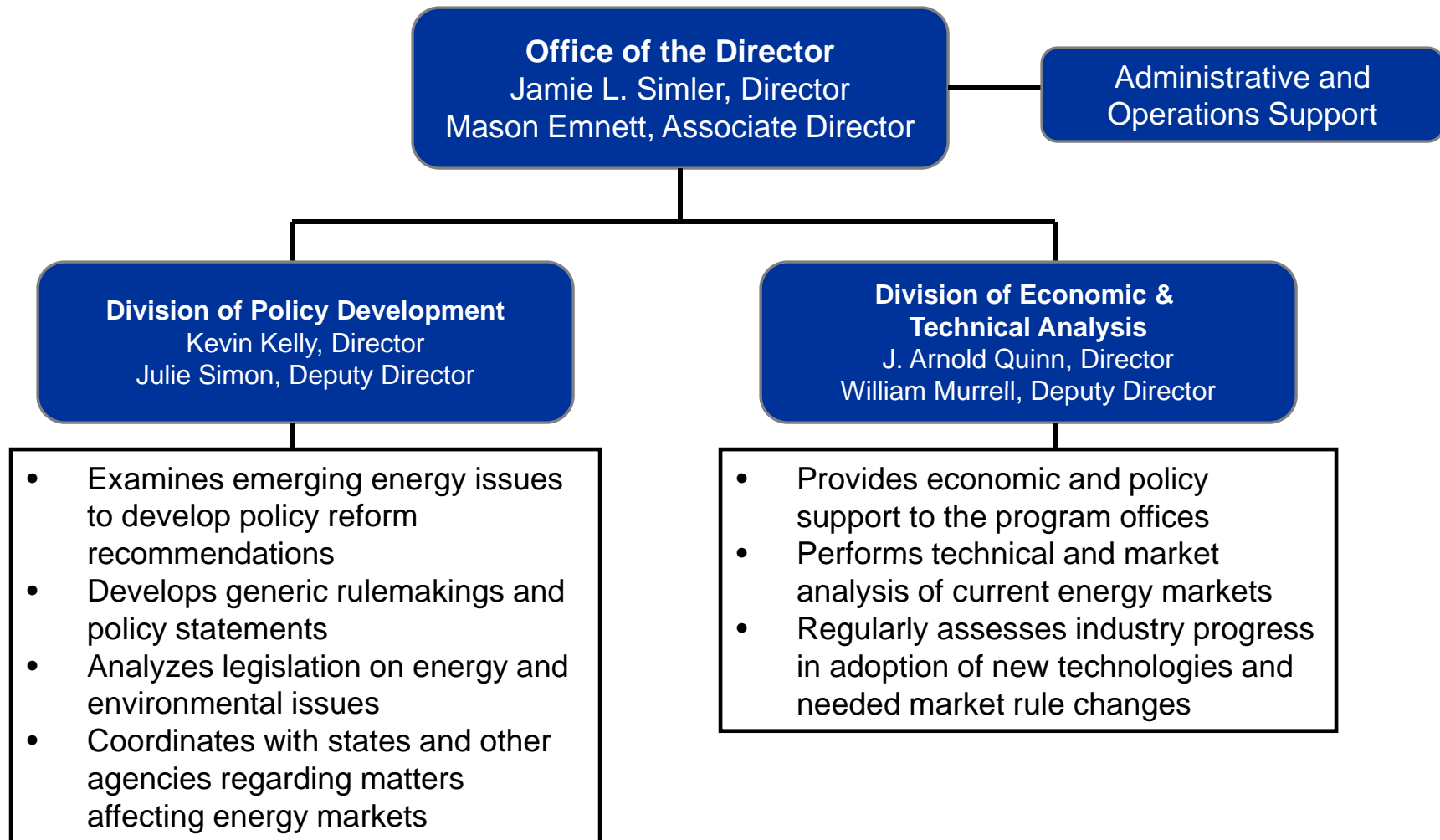
Introduction

- Office of Energy Market Regulation (OEMR) and Office of Energy Policy Innovation (OEPI)
- Strategic Plan
- Implementing the Strategic Plan
- OMS Focus (Hot Topics 2011)

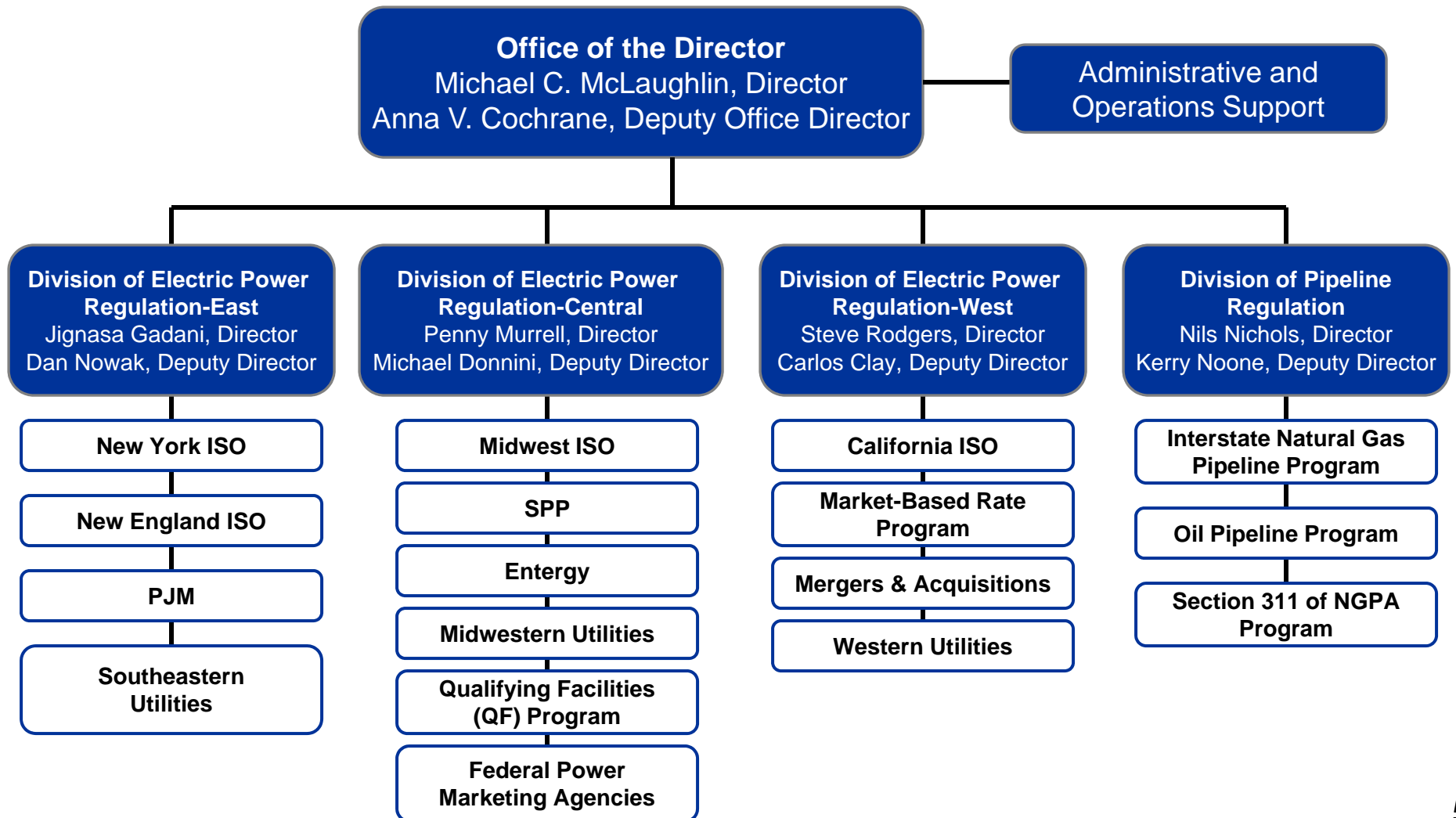
FERC's Organizational Structure



Office of Energy Policy and Innovation



Office of Energy Market Regulation



FERC's Strategic Plan 2009-2014

Mission

To assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means

Goals to Fulfill Mission

Goal 1 (Rates)

Ensure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential

Goal 2 (Infrastructure)

Promote the development of safe, reliable and efficient energy infrastructure that services the public interest

Implementing the Strategic Plan

- The Commission is working on reforming and improving a number of areas involving:
 - Market Rule Reforms
 - Transmission Development Initiatives

Demand Response in Organized Markets

- On October 17th 2008 FERC Issued its Order No. 719 “Wholesale Competition in Regions with Organized Electric Markets” containing a number of measures to ensure Demand Response can participate in wholesale markets
- On March 18th 2010, FERC issued a proposed rulemaking (RM10-17-000) to revise its regulations for demand response

Integration of Variable Energy Resources

- January 21, 2010, the Commission issued an NOI in (RM10-11-000) asking for comments on the impact of integrating an increasing number of VERs on topics including:
 - data and reporting requirements, including the use of accurate forecasting tools;
 - scheduling practices, flexibility, and incentives for accurate scheduling of VERs;
 - forward market structure and reliability commitment processes;
 - balancing authority area coordination and/or consolidation;
 - suitability of reserve products and reforms necessary to encourage the efficient use of reserve products;
 - capacity market reforms; and,
 - redispatch and curtailment practices necessary to accommodate VERs in real time.

Credit Policy Reforms

- On January 21, 2010, the Commission issued a NOPR proposed the following reforms on the administration of credit in the organized markets:
 - implementation of a settlement cycle of no more than seven days,
 - reduction in the allocation of unsecured credit to no more than \$50 million per market participant and a further aggregate cap per corporate family,
 - elimination of unsecured credit for FTR markets,
 - clarification of the ISOs/RTOs' status as a party to each transaction so as to eliminate any ambiguity or question as to their ability to net and manage defaults through the offset of market obligations,
 - establishment of minimum criteria for market participation,
 - clarification of when the ISO or RTO may invoke a “material adverse change” clause in requiring additional collateral, and
 - establishment of a standard grace period to “cure” collateral calls.

Other Market Reforms

- Technical Conference on Frequency Regulation in Wholesale Power Markets (AD10-11-000)
- Technical Conferences on Increasing Market and Planning Efficiency Through Improved Software (AD10-12-000)

Performance Metrics

- In September 2008, the United States Government Accountability Office issued a report “Electricity Restructuring: FERC Could Take Additional Steps to Analyze Regional Transmission Organizations’ Benefits and Performance”
 - The report recommended FERC work with RTOs, ISOs and other stakeholders and experts to come up with standardized performance metrics for annual reporting.
- Commission staff met with interested stakeholders to solicit comments on performance metrics
- Commission staff issued a request for comments on whether the proposed performance metrics will effectively track the performance of ISO/RTOs (AD10-5-000)

Oversight and Enforcement

- Increase Compliance and Deter Market Manipulation
- Promote internal compliance programs and self-reporting
- Guidelines for Civil Penalties (PL10-4-000)

Transmission Development

- NOPR on Transmission Planning and Cost Allocation Principles (RM10-23-000)
 - Issued June 17, 2010
 - FERC currently evaluating 177 comments received

Transmission Incentives

- The Energy Policy Act of 2005 directed FERC to develop incentive-based rate treatments for transmission
- FERC issued rules, that became effective on September 29, 2006, allowing utilities on a case-by-case basis to select and justify the package of incentives needed to support new investment

Transmission Development by Independent and Merchant Providers

- FERC has received a number of filings from merchant and independent transmission developers:
 - Aero Energy, LLC, 115 FERC ¶ 61,128 (2006)
 - Milford Wind Corridor, LLC, 129 FERC ¶ 61,149 (2009)
 - Chinook Transmission, LLC, 126 FERC ¶ 61,134 (2009)
 - Primary Power, LLC, 131 FERC ¶ 61,015 (2010)
 - Green Energy Express LLC, 129 FERC ¶ 61,165 (2009)
 - Sagebrush, 130 FERC ¶ 61,093, (2010)
 - Tres Amigas, 130 FERC ¶ 61,207, (2010)

Advanced Technologies

- Encourage new electric transmission facilities that advance efficient transmission operation
- Smart Grid Policy Statement in 2009 (PL09-4-000)

Maintain Reliability of Electric Transmission Grid

- Timely Processing of Reliability Standards
- Monitor, Audit, and Enforce Reliability Standards

OMS Hot Topics 2011

- Keep focus on collaboration
- Provide us your insights on RMs and NOIs
- RTO seams and market rule differences
- Cost-benefit studies of Entergy joining SPP or MISO

Questions?

