

The Federal Energy Regulatory Commission



OMS Black Sea Partnership

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Introduction

- FERC Overview
- Wholesale Markets/RTOs and a review of regulatory history
- Roles of Staff at RTOs
- Current RTO issues

FERC is An Independent Agency

- Five Commissioners appointed by the President and confirmed by the Senate
- Commissioners serve five-year terms and have an equal votes
- No more than three commissioners may belong to the same political party
- One is designated by the President to serve as chair and principal executive officer



What Does FERC Regulate?

- Transmission of electricity, natural gas & oil in interstate commerce
- Sale of electricity & natural gas in interstate commerce (wholesale)
- Non-federal hydroelectric projects - private, municipal, and state (licenses and inspects)
- Reliability of high voltage interstate transmission system (EPAct 2005)

What FERC Does Not Regulate

- Retail electricity and natural gas sales to consumers
- Construction of electric generation, transmission or distribution facilities
- Municipal power systems, federal power marketing agencies and most rural electric coops
- Local distribution of natural gas

Wholesale Power Markets

- National Policy for many years has been and continues to be to foster competition in wholesale power markets
- FERC has acted quickly and strongly over the years to implement this national policy

Steps Along the Way

- 1992 - Energy Policy Act of 1992 became law. The law encouraged FERC to foster competition in the wholesale energy markets through open access to transmission facilities

Steps - continued

- 1996 - FERC issued a series of orders designed to foster competition through better access to transmission facilities, namely Order No. 888

Steps - continued

- 1999 - FERC issued Order No. 2000 which encouraged transmission utilities, including those that were not public utilities, to join a RTO

Steps - continued

- 2005 - Energy Policy Act of 2005 became law. It reaffirmed a commitment to competition in wholesale power markets as national policy

Steps - continued

- 2007 FERC issued Order No. 890 that sought to ensure transmission service is provided on a nondiscriminatory and just and reasonable basis, as well as provide for more effective regulation and transparency in the operation of the transmission grid

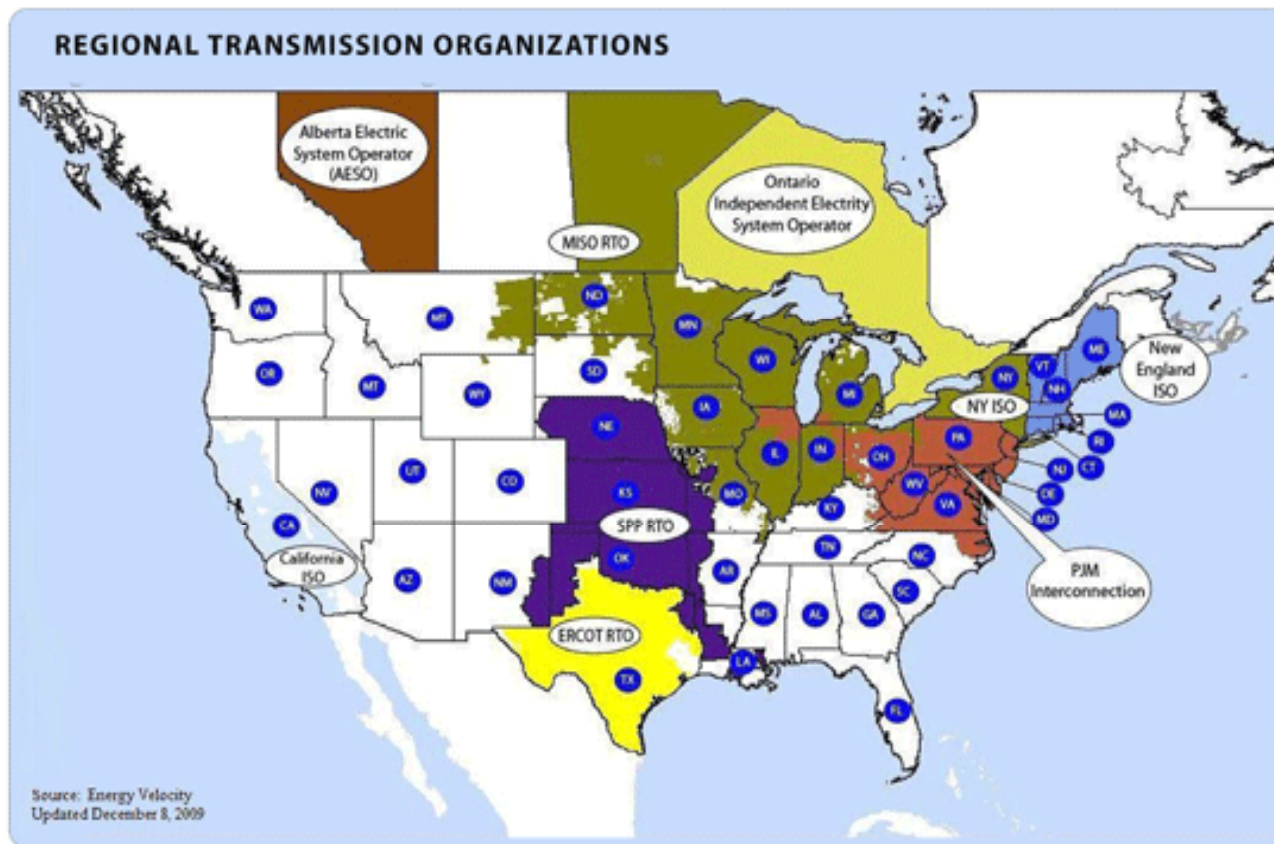
Steps - continued

- 2008 FERC issued a NOPR which proposed reforms designed to improve wholesale competition in organized markets. It addressed, among other things, demand response, long-term power contracting, market-monitoring policies, and responsiveness of RTOs to stakeholders and customers.

Steps - continued

- 2008-2009 FERC issued a series of orders finalizing regulations proposed in the NOPR which essentially adopted the reforms in the NOPR. (Order No. 719)

Regional Transmission Organization in North America



FERC Staff at RTOs

- Staffed on the ground and followed “virtually” from Washington, DC since 2001.
 - Staff at Midwest ISO and California ISO
 - Staff cover Southwest Power Pool from Midwest ISO
 - Staff covers eastern RTOs from Washington

Current RTO Issues

- “Seams” Agreements with Neighbors
- Transmission Pricing
- Next Generation Services
- Differing Market Rules
- Demand Response
- Smart Grid

Questions

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