



# FEDERAL ENERGY REGULATORY COMMISSION

**Date** March 6, 2008

**Chairman Joseph T. Kelliher**

## **Statement of Chairman Joseph T. Kelliher on Strategies for Achieving Wholesale Power Market Competition**

"Competition has been national policy in wholesale power markets for 25 years. Competition policy has been a success, and has assured security of our electricity supply at reasonable cost. However, there are upward pressures on electricity prices. The cost of fuels used to generate electricity – such as natural gas and coal – have risen significantly. Also, the capital cost of a new power plant has more than doubled. Uncertainty about climate change policy is also putting upward pressure on electricity prices.

FERC is not complacent about the state of wholesale power markets. We seek steady reform to strengthen wholesale competition, encourage generation entry, improve market access and grid access, establish good market rules, prevent market power exercise and market manipulation, assure effective enforcement, improve market transparency, provide contract certainty, reinforce the power grid, and improve demand response.

FERC has pursued a series of reforms over the past two years. We are currently in the midst of a competition proceeding that began more than a year ago. We asked consumers and market participants for their best ideas on how to make wholesale markets more competitive, and are moving ahead on a package of reforms. This effort is not our first step in promoting effective competition, and it will not be the last word.

FERC is searching for the perfect mixture of competition and regulation. But U.S. electricity markets are highly dynamic, and if we achieve that perfect mixture, the market will change and require a further adjustment in policy.

National policy supporting competitive wholesale power markets will not change. With that in mind, our focus at FERC is making wholesale markets more competitive."

[Full text of Chairman Kelliher's opening address at CERAWEEK 2008](#)