

## **FERC's Proposed Rule on Wholesale Power Markets**

### **Saves customers money because effective wholesale markets will:**

- achieve more efficient use of current electric system
- get more new, efficient, clean generators built, which drive down electricity prices
- treat everyone fairly
- protect existing contracts and service quality for native load, and ensures transmission for future load growth
- prevent California-type melt-downs through market oversight and market power mitigation
- reduce price volatility
- assign risk to the market, not customers.

### **Improves reliability and security of the nation's infrastructure because effective wholesale power markets will:**

- use stable market rules to encourage investment in new generation, transmission and demand reduction
- make technologically smarter use of existing transmission grid
- encourage investment in new technologies that offer greater efficiencies and better environmental solutions
- reduce the use of scarce fossil resources
- adopt cyber-security standards that reduce grid vulnerability to terrorism
- make more new resources available due to long-term planning and adequacy requirements, reducing short-term scarcity and outages
- locate resources smarter and closer to customers, making the grid more reliable and secure.

# FERC's Wholesale Power Markets Proposal

## Overview

- Creates uniform rules for transmission service across the interstate grid with regional flexibility as appropriate
- Transmission grid and short-term markets to be operated by a fair, independent organization (RTO or ITP)
- Establishes procedures to monitor market operations and effectiveness and mitigate market power and manipulation
- Preserves and expands role of states in regional planning, resource adequacy, and cost allocation for new resources and facilities
- Supplements long-term bilateral contracts with real-time energy markets that reveal the true costs of electric congestion and value over location and time
- Manages congestion on the electric grid by price instead of service denial, creating economic signals for new investments in infrastructure and technology
- Sets procedures for minimum long-term regional resource adequacy using generation, transmission and demand-side resources, with details set by regional state committees
- Permits customers under existing contracts to keep the same level and quality of transmission service if they choose to
- Allows flexible transmission pricing, including participant funding (cost causers are cost payers)
- Rationalizes and improves power plant transmitting siting with better signals, part funding and regional resource planning
- Creates stability and certainty for customers and investors