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Docket Nos. RM10-22-000

## FERC Lifts Price Caps for Transmission Customers Reassigning Capacity

The Federal Energy Regulatory Commission (FERC) voted today to make electricity markets more efficient by permanently lifting the price cap for all reassignments of firm transmission capacity by wholesale electric transmission customers.

Today's final rule comes after the Commission reviewed comments on a Notice of Proposed Rulemaking (NOPR) issued in April and based on a staff [report](#) [PDF](#) that summarized the findings of a 30-month study of the competitive effects of removing the price cap for reassigned electric transmission capacity.

As part of the open access transmission policies in Order No. 888, FERC required transmission providers to amend their Open Access Transmission Tariffs explicitly to permit voluntary reassignment of all or part of a holder's firm point-to-point capacity rights to any eligible customer, subject to a price cap. In Order No. 890-A, issued in December 2007, FERC removed the price cap for a limited period ending Oct. 1, 2010, and directed staff to study the effects of removal of the cap and to prepare a report within six months of receipt of two years of quarterly data on reassignments.

The report found that the secondary market for transmission capacity reassignments experienced strong growth during the study period, with the number of transactions growing from 200 to 32,000 and the volume of reassigned capacity expanding from 3,000 gigawatt hours (gwh) to 36,000 gwh. Only a few of the reassignments were at prices above the cost-based tariff rate. The report also found that in markets in which pricing differentials were available, the reassignment prices comported with pricing differentials between those markets, indicating that resale prices reflect market fundamentals rather than the exercise of market power.

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