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News Media Contact

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Docket Nos. RM11-9-000; EL10-71-000

FERC Seeks Comments on 'Locational Exchange' Transactions

The Federal Energy Regulatory Commission (FERC) is seeking public comment on how to consider transactions known as "locational exchanges" of electric power, and the nature of their impact on competition and transmission service for customers.

Today's Notice of Inquiry stems from a 2010 petition from Puget Sound Energy Inc. seeking a ruling that a simultaneous pair of purchase and sales transactions involving the same quantity of power and the same parties but at two different locations and at two different prices do not fall under FERC transmission service tariffs. The notice states that Puget's request raises significant policy issues for market participants and therefore requires a broader inquiry.

FERC is asking broadly about the characteristics of the transactions to understand how market participants use and benefit from them, as well as how the transactions affect the electric power system. The Commission also wants to know whether the transactions affect congestion, whether these transactions offer opportunities for transmission providers and their affiliates to discriminate unduly against or between non-affiliated transmission service customers and whether a party with network transmission rights could use the transactions to circumvent FERC's open access transmission principles. FERC also is asking whether the transactions allow some parties to obtain the functional equivalent of transmission service on more favorable terms or rates than those available to other parties, whether existing price reporting procedures ensure appropriate reporting of these transactions and whether these transactions affect transmission system reliability.

Finally, the Commission is asking whether it should consider granting authority to enter into these transactions on a generic or case-by-case basis.

Comments on the inquiry (RM11-9-000) are due 60 days from the date of publication in the *Federal Register*.

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