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Commission Reviews Actions to Improve Cold-Weather Grid Performance

Federal Energy Regulatory Commission (FERC) staff from the Office of Enforcement (OE), the Office of Energy Policy Innovation (OEPI) and the Office of Electric Reliability (OER) today provided an update on Commission and industry actions and continuing initiatives responding to the severe cold weather events experienced last winter.

FERC staff outlined steps the Commission has taken since last winter to identify issues and develop solutions to improve performance during future extreme cold weather events. For instance, the Commission in June directed staff to convene workshops with industry on market rules and operational practices affecting price formation in the energy and ancillary services markets - the second workshop will take place Oct. 28.

In other action, the Commission:

- Continues to actively explore centralized capacity markets, and has scheduled a joint conference with the New York Public Service Commission on matters such as the role of capacity markets in attracting investment and ensuring resource adequacy, valuation of capacity resources, lessons learned from the polar vortex events and readiness for the coming winter.
- Is moving on gas-electric coordination challenges, with a notice of proposed rulemaking issued in March on how to better coordinate scheduling of natural gas and electricity markets in light of increased reliance on natural gas for electric generation, as well as to provide additional flexibility to all shippers on interstate natural gas pipelines.
- Has asked the regional entities of the North American Electric Reliability Corporation to respond to a data request seeking a better understanding of the underlying circumstances of the weather-related outages, and information on how the major issues identified in their own reports on the polar vortex are being addressed.

In addition, FERC's enforcement staff outlined its review of market participant behavior during the cold weather events. FERC's enforcement staff said at today's Commission meeting they found no evidence of widespread or sustained market manipulation when bitter cold posed significant challenges to electric and natural gas system operators, power generators and other market participants in certain regions of the country. Enforcement staff said they reached their conclusions after an extensive review and data analysis related to gas trading behavior, allegations received through the FERC hotline, generator offer behavior and outage behavior. However, enforcement staff reported that they are in the early stages of three non-public investigations into limited market participant behavior.

Specifically, OE said it has begun investigations into potential downward price manipulation related to the formation of a single monthly natural gas index to benefit the market participant's financial derivative positions and into whether certain generators improperly benefited from the constrained conditions in the electric markets by offering in a manner that resulted in increased uplift payments.

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