



Federal Energy Regulatory Commission
October 15, 2015
Open Commission Meeting
Staff Presentation
Item E-3

"Good morning Chairman Bay and Commissioners,

"E-3 is a draft order involving a notice of change in status filed by Public Service Company of New Mexico, PNM, to report a transaction in which it purchased the interests in Delta Person, Limited Partnership, the owner of a 132 megawatt gas-fired generating facility located in the PNM balancing authority area. PNM also seeks to re-instate its market-based rate authorization in the PNM balancing authority area because PNM states that the market characteristics in the PNM balancing authority area have changed since PNM relinquished its market-based rate authority in 2010. In support of its request, PNM submits an updated market power analysis, which includes indicative market power screens, a Delivered Price Test, or DPT analysis, and a simultaneous transmission import limit or SIL study.

"The draft order accepts the notice of change in status filed by PNM and, rejects, without prejudice, PNM's request for market-based rate authority in the PNM balancing authority area. The draft order also rejects, without prejudice, the SIL values submitted by PNM for the PNM balancing authority area.

"The draft order also reminds market-based rate sellers of the type of information and analysis that is useful and appropriate for the Commission's consideration of a DPT. The draft order provides important information not only to PNM but also to industry with respect to several issues that arose in the review of the DPT analysis and SIL study prepared by PNM. SIL studies are used as a basis for calculating import capability to serve balancing authority area load when performing market power analyses, including both the indicative market power screens and the DPT analyses. The issues identified in the draft order have been seen in a number of other market-based rate filings. Thus, the clarification in E-3 is intended to promote industry compliance with the Commission's regulations and policies in an effort to more timely process market-based rate filings.

"Although the Commission has provided guidance on how to conduct a DPT analysis in previous orders and generic rulemaking proceedings, and this is also addressed in the Commission's regulations, the draft order attempts to gather this previous guidance into one order and provide further clarification to the industry. In an effort to assist industry in preparing SIL studies and DPT analyses, in the near future, staff intends to update the market-based rate portion of the Commission's website to outline the findings in the draft order and provide responses to Frequently Asked Questions on the preparation of SIL studies and DPT analyses. If filers have further questions, they can request pre-filing conferences with staff prior to submitting these studies, as staff is available to provide information on how these studies should be prepared.

"This concludes our presentation. Staff would be happy to answer any questions you may have."