

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Electricity Market Design and Structure

Docket No. RM01-12-000

NOTICE OF INTENT TO PREPARE AN ENVIRONMENTAL ASSESSMENT AND
REQUEST FOR COMMENTS ON THE SCOPE OF ISSUES TO BE ADDRESSED
FOR THE PROPOSED RULEMAKING ON ELECTRICITY MARKET DESIGN AND
STRUCTURE

(July 26, 2002)

1. The staff of the Federal Energy Regulatory Commission ("FERC" or "Commission") will prepare an environmental assessment to address the environmental impacts of the Commission's Proposed Rulemaking on Electric Market Design and Structure.
2. The Commission anticipates issuing the proposed rulemaking on July 31, 2002. This represents the third of a series of initiatives undertaken by the Commission to harness the benefits of competitive markets for the nation's electric energy customers, in order to meet its statutory responsibility to assure adequate and reliable supplies of electric energy at a just and reasonable price. The Commission's objectives in this third rulemaking initiative are to establish a standardized transmission service and wholesale electric market design that will provide a non-discriminatory level playing field for all entities that seek to participate in wholesale electric markets. The Commission proposes to provide new choices through a flexible transmission service, promote efficient grid operations, establish a market design that minimizes the opportunities for market manipulation and gaming, mitigate market power and provide the right pricing signals for investment in transmission and generation facilities, as well as investment in demand reduction.
3. **The EA Process**
The National Environmental Policy Act (NEPA) requires the Commission to take into account the environmental impacts that could result from the issuance of a rulemaking. NEPA also requires the Commission to discover and address concerns the public may have about proposed federal actions. This process is referred to as "scoping". The main goal of the scoping process is to focus the analysis in the EA on the important environmental issues. By this Notice of

Intent, the Commission requests public comments on the scope of the issues it will address in the EA. All comments received are considered during the preparation of the EA. State and local government representatives are encouraged to notify their constituents of this proposed action and encourage them to comment on their areas of concern. The EA will discuss impacts that could occur as a result of implementation of the proposed rulemaking.

4. We will also evaluate possible alternatives to the proposal or portions of the proposal, and make recommendations on how to lessen or avoid environmental impacts. Our independent analysis of the issues will be in the EA. Depending on the comments received during the scoping process, the EA may be published and mailed to Federal, state, and local agencies, public interest groups, interested individuals, affected industry representatives, newspapers, libraries, and the Commission's official service list for this proceeding. A comment period will be allotted for review if the EA is published. We will consider all comments on the EA before we make our recommendations to the Commission.
5. To ensure your comments are considered, please carefully follow the instructions in the public participation section below.
6. **Currently Identified Environmental Issues**
We have already examined the likely environmental effects of establishing competitive wholesale markets for electric power in an Environmental Impact Statement for Order No. 888 (Docket Nos. RM95-8-000 and RM94-7-001) and an Environmental Assessment for Order No. 2000 (Docket No. RM99-2-000). We intend to focus this assessment on any relevant changes that may have arisen since those other two studies, effects that particular aspects of Standard Market Design may have, and environmental effects not contemplated earlier.
7. **Public Participation**
You can provide us with specific comments or concerns about the proposal. By becoming a commentor, your concerns will be addressed in the EA and considered by the Commission. You should focus on the potential environmental effects of the proposal, alternatives to the proposal and measures to avoid or lessen environmental impact. The more specific your comments, the more useful they will be. Please carefully follow these instructions to ensure that your comments are received in time and properly recorded.

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8. Send **an original and two** copies of your letter to:

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First St., N.E., Room 1A
Washington, DC 20426

9. Label one copy of the comments for the attention of Office of Market Oversight and Investigation.
10. Reference Docket No. RM01-12-000.
11. **Mail your comments so that they will be received in Washington, DC on or before September 3, 2002.**
12. Please note that we are continuing to experience delays in mail deliveries from the U.S. Postal Service. As a result, we will include all comments that we receive within a reasonable time frame in our environmental analysis of this proposal. **However, the Commission encourages electronic filing of any comments to this proceeding.** See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site at <http://www.ferc.gov> under the "e-Filing" link and the link to the User's Guide. Before you can file comments you will need to create a free account which can be created by clicking on "Login to File" and then "New User Account."
13. **Scoping Meeting**
A public Scoping Meeting will be held at 2:00 PM, August 12, 2002, at FERC Headquarters; 888 First Street, N.E., Washington, DC 20426. All those wishing to present oral comments at the scoping meeting are encouraged to contact Lonnie Lister, at (202) 208-2191, to have their name placed on the Speakers List. Further opportunity will be provided for anyone to present their comments at the meeting after the pre-registered speakers have made their statements. A court reporter will transcribe the meeting, and copies of the transcript will be available from the reporting service. A formal copy of the transcript will be placed in the public record in Docket No. RM01-12-000 approximately ten days after the meeting.

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14. **Environmental Mailing List**

This notice is being sent to individuals, organizations, and government entities interested in and/or potentially affected by the proposed rulemaking.

15. **Additional Information**

Additional information about the proposed rulemaking is available from the Commission's Office of External Affairs, call toll-free at 1-866-208-FERC, or you can call the FERC operator at 1-800-847-8885 and ask for External Affairs. Information is also available on the FERC website (www.ferc.gov) using the "RIMS" link to information in this docket number. Click on the "RIMS" link, select "Docket #" from the RIMS Menu, and follow the instructions. For assistance with access to RIMS, the RIMS helpline can be reached at (202) 208-2222.

16. Similarly, the "CIPS" link on the FERC Internet website provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rulemakings. From the FERC Internet website, click on the "CIPS" link, select "Docket #" from the CIPS menu, and follow the instructions. For assistance with access to CIPS, the CIPS helpline can be reached at (202) 208-2222.

Linwood A. Watson, Jr.
Deputy Secretary