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FERC Approves Final Rule to Integrate Variable Energy Resources

The Federal Energy Regulatory Commission (FERC) today issued a final rule that promotes more efficient operation of the transmission system amid increasing integration of variable energy resources and benefits electric consumers by ensuring that services are provided at just and reasonable rates.

Today's rule adopts two reforms from a November 2010 Notice of Proposed Rulemaking (NOPR) by requiring transmission providers to offer customers the option of scheduling transmission service at 15-minute intervals and by requiring generators using variable energy resources to provide transmission owners with certain data to support power production forecasting. Although the rule does not require the standard approach to generator regulation service proposed in the NOPR, it gives guidance on how the Commission will evaluate proposed charges for that service.

"Variable energy resources make up an increasing share of new capacity coming on-line," FERC Chairman Jon Wellinghoff said. "This final rule eliminates undue burdens on these resources and will help transmission providers and their customers effectively manage the costs of integration."

The rule finds that transmission customers are exposed to excessive imbalance service charges because they cannot adjust their service schedules within each operating hour. Intra-hour scheduling gives customers the tool they need to manage that exposure when generation output changes within the hour.

The rule allows transmission providers to submit alternative proposals that are consistent with or superior to the 15-minute scheduling reform. Any alternative proposal will need to provide equivalent or greater opportunities for transmission customers to mitigate generator imbalance penalties and for the public utility transmission provider to lower its reserve-related costs.

The final rule finds that while power production forecasts help transmission providers manage reserves more efficiently, forecasts are only as good as the data on which they rely. By requiring new interconnection customers whose generating facilities are variable energy resources to provide meteorological and operational data to transmission providers engaging in power production forecasting, FERC finds that transmission providers will better be able to manage resource variability.

In response to comments calling for flexibility in the design of reserve capacity services needed to efficiently integrate variable energy resources, the Commission decided not to require transmission providers to add to their tariffs a new schedule for generator regulation service. FERC will continue to evaluate proposed charges for that service on a case-by-case basis, and the rule provides a framework for transmission providers to develop proposed charges. The rule notes that public utility transmission providers that decide to file with the Commission to impose such a reserve capacity charge should, as part of any filing, account for the reserve costs savings associated with the reforms FERC adopts in this final rule.

The final rule takes effect 12 months after publication in the *Federal Register*.

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