Federal Energy Regulatory Commission
Strategic Plan FY 2004 – FY 2008

9/10/2003

Vision

Dependable, affordable energy through sustained competitive markets

Mission

The Federal Energy Regulatory Commission regulates and oversees energy industries in the economic and environmental interest of the American public.

Goals and Objectives

Goal 1: Promote a Secure, High-Quality, Environmentally Responsible Infrastructure through Consistent Policies.

Objective 1.1: Expedite Appropriate Infrastructure Development to Ensure Sufficient Energy Supplies.

- Identify transmission and pipeline projects with high public interest benefits and facilitate their speedy completion, consistent with the Commission's statutory mandates and due process.
- Implement power plant interconnection rules; complete small plant interconnection rules.
- Firmly establish regional electric system expansion planning, with a variety of technology solutions to meet reliability, security and market needs.
- Implement hydroelectric rule and gas pipeline interagency agreement facilitating hydropower licensing, pipeline certification and LNG plant authorization.

Objective 1.2: Provide for Timely Cost Recovery to Infrastructure Investors.

- Establish clear cost recovery process for transmission investment in each region, consistent with regional transmission plan.
- Ensure that revenue levels and rate designs for regulated company services support long-term competitive markets, through formula rate or other administratively efficient means, when possible.
- Encourage balanced innovative rate of return proposals that provide incentives for pro-competitive behavior and publicly beneficial projects.

Objective 1.3: Address Landowner and Environmental Concerns Fairly.

- Encourage potential applicants for licenses or certificates to utilize the Commission's collaborative pre-filing process.
- Incorporate reasonable environmental conditions into permits, licenses and certificates and ensure compliance with conditions.

Objective 1.4: Promote Measures to Improve the Security and Safety of Energy Infrastructure.

- Ensure strictest adherence to prudent dam safety practices, pipeline construction measures and LNG plant safety requirements.
- Work with other agencies and industry to address and improve infrastructure security.
- Allow prompt recovery of prudently-incurred security and safety expenses.

Goal 2: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation.

Objective 2.1: Advance Competitive Market Institutions Across the Entire Country.

- Complete the adoption of wholesale regional power markets in ISO-New England, New York ISO, PJM Interconnection, Midwest ISO, Southwest Power Pool and California, phasing changes as appropriate.
- Encourage further development of regional transmission organizations in southeast and western (outside California) regions of the country.
- Support creation of regional state committees to develop and/or help oversee regional power markets.
- Develop means of ensuring transparency of market and transmission information.
- Provide regulatory certainty through clear market rules and case-specific decisions.

Objective 2.2: Establish Balanced, Self-Enforcing Market Rules.

- Complete revisions to market-based ratemaking policy to be implemented through periodic rate reviews.
- Work with states to support robust programs for customer demand-side participation in energy markets.
- Encourage standardized business rules and practices to maximize market efficiency, ease market entry and reduce transactions costs, relying on NAESB, NERC and the RTO/ISOs where appropriate.

Goal 3: Protect Customers and Market Participants through Vigilant and Fair Oversight of the Transitioning Energy Markets.

Objective 3.1: Assure Pro-Competitive Market Structure and Operations.

- Promote understanding of energy market operations and technologies through maintaining expert skills, keeping abreast of trends and innovations, and reporting findings as appropriate.
- Assess and report on market and infrastructure conditions using objective benchmarks.
- Maintain close working relationships with RTO and ISO market monitoring units.
- Identify and remedy problems with market structure and operations, and periodically review market rules for consistency with long-term market development.
- Ensure that mergers and consolidations are not inconsistent with pro-competitive goals.

Objective 3.2: Remedy Individual Market Participant Behavior as Needed to Ensure Just and Reasonable Market Outcomes.

- Investigate statutory and rule violations, and provide appropriate remedies.
- Use expedited dispute resolution to accelerate solutions and minimize customer expense.
- Act swiftly on third-party complaints, using litigation before Administrative Law Judges as needed to determine factual issues.

Management Initiatives Supporting all Goals and Objectives

Human Capital

- Implement the Human Capital Plan to meet challenges of new Commission roles and changing workforce demographics.
- Use the right mix of internal workforce and contracted services from the private sector to meet the agency's statutory mandates efficiently and effectively.

Information Technology

- Complete the implementation of e-government initiatives to expedite interactions with customers.
- Build effective electronic workload/time-management and case-processing systems to expedite work processes.

Agency Resources

- Integrate budget, business plan, and performance measurement to improve performance and accountability.
- Generate accurate and timely financial information to support operating, budget, and policy decisions.

Communication

- Reach out to groups affected by agency actions in a timely manner.
- Build strong partnerships with all stakeholders, legislators and regulators.