
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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COMMISSION PROPOSES STRENGTHENING STANDARDS OF CONDUCT FOR GAS, ELECTRIC INDUSTRIES

In light of the dramatic changes occurring in the energy industries, the Federal Energy Regulatory Commission today proposed a rulemaking that would adopt one set of standards of conduct to govern the relationship between regulated transmission providers and all their energy affiliates.

The proposed standards would combine, revise and conform the current gas and electric standards, would broaden the definition of an affiliate covered by the standards of conduct, and apply them uniformly to natural gas pipelines and transmission providers.

Significant changes have occurred since the standards of conduct were adopted in both the gas and electric industries, the Commission said. There is more consolidation in both energy sectors and transactions involving both physical and financial transactions by marketing and non-marketing gas pipeline affiliates have skyrocketed. The electric industry has experienced significant increases in the number of power providers while trade in bulk power has escalated.

While the current standards of conduct restrict the ability of interstate natural gas pipelines and electric utilities—transmission providers—to give their marketing affiliates or wholesale merchant functions undue preferences over non-affiliated transportation customers, they fail to address the sharing of confidential shipper information and transportation information with all energy affiliates.

A key element of today's proposal is that the transmission providers' employees engaged in transmission system operation must function independently from

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the providers' sales or marketing employees and energy affiliates. In addition, the prohibition on preferential sharing of transmission information would be broadened to include all energy affiliates.

Comments on the proposed rule should be filed with the Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street, NE, Washington, DC 20426. Comments are due 45 days after the proposed rule is published in the Federal Register.

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