
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION REVIEWS PROGRESS OF NORTHEAST, SOUTHEAST AND MIDWESTERN RTOS; FOCUSES ON CORE RTO ISSUES

The Federal Energy Regulatory Commission today focused on a number of key issues relating to development of regional transmission organizations (RTOs) in the Northeast, Southeast and Midwest as the nation moves toward a seamless nationwide power market.

Today's discussions followed a week-long series of comprehensive workshops on substantive RTO operational issues held at the Commission's Washington headquarters last week. The Commission is sharpening its policies and procedures on RTOs as it reflects on the clear messages and exchanges delivered by a broad range of participants, including state regulatory commissioners, energy companies representatives, consumer advocates, members of the financial community, scholars and others.

RTOs coordinate movement of electric power on an interstate highway of transmission lines ensuring a more reliable, efficient and economic electric power markets.

In a separate action, the Commission asked staff to consider the best way to establish regional panels with the goals of: strengthening relationships with the states; gaining the benefits of state contributions; reducing costs for states engaged in FERC issues; and, improving efficiency and problem solving. This comes in response to requests made by Michigan State Commissioner David Svanda and others at last week's RTO workshops.

At today's meeting, the Commission reviewed two reports, each the result of 45 days of intensive mediation efforts among diverse parties working to develop a single

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RTO proposal for the Northeast region and a single RTO proposal for the Southeast electric market.

The Northeast RTO (RT01-99), extending from Maine to Virginia, would use the PJM (Pennsylvania-New Jersey-Maryland) model as its base and incorporate appropriate elements from the New England and New York independent system operators (ISOs) as the three ISOs transition to a single RTO market.

The Northeast RTO would have ultimate responsibility for both transmission planning and expansion and administer a single tariff for the northeast region.

Two proposals emerged from the Southeast mediation talks. One proposal, the Collaborative Governance Model, a for-profit transco (transmission company), is supported by GridFlorida, the Carolinas-based GridSouth and Entergy. An Independent System Administrator (ISA) model, sponsored by the Southern Companies and seven public power entities, would be able to accommodate one or more transcos.

Two RTOs are developing in the Midwest—the Indiana-based Midwest ISO (MISO) and one presented by the Alliance Companies (RT01-88, et al). MISO (ER98-1438, et al.) reports that is on schedule to assume operational control of the facilities transferred to it by December 15, 2001. MISO extends across a broad area, covering parts of states from North Dakota to Kentucky with 19 public and non-public transmission-owning members. In addition, MISO has two pending membership applications and is negotiating with the Southwest Power Pool and Manitoba Hydro.

The Alliance Companies, covering parts of 11 states from Missouri to North Carolina, plan to develop a for-profit transco. A settlement agreement between Alliance and MISO, approved by the Commission earlier this year, provides the basis for developing a seamless market in the region that will be served by the two groups.

Alliance noted that a proposal by National Grid USA (EL01-80-01) to manage the Alliance RTO, along with Alliance's proposed Business Plan, are critical to the RTO's start-up. Alliance reports that it would take up to 120 days to initiate operations once it has received final Commission approval.

Both MISO and Alliance, under terms of the Inter-RTO Cooperation Agreement (IRCA), have made progress in addressing seams, or border, issues between the two RTO proposals. The IRCA seeks to resolve issues related to available transmission capability

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coordination, congestion management, market monitoring, and transmission planning, along with other key coordination topics.

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