
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 502-8680

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CHAIRMAN WOOD OUTLINES FERC PLANS FOR 2003, SMD WHITE PAPER PLANNED

"The three key elements for a strong and secure energy market are the same in 2003 as they were in 2002 – balanced market rules, adequate infrastructure and vigilant oversight," Federal Energy Regulatory Commission (FERC) Chairman Pat Wood, III said in a January 9 address to the Edison Electric Institute (EEI).

Noting that the Commission has a full plate of issues before it, Chairman Wood outlined FERC's vision for the coming year. "Clearly, we plan to wrap up much of the Western market proceedings in the first quarter and focus on the long term health of the nation's energy markets." Wood noted that the Commission will host a conference on January 16 on capital available for energy markets, a fundamental concern in developing sufficient infrastructure to support the nation's growing energy needs.

Chairman Wood also announced that the Commission will issue a white paper on its proposed Standard Market Design (SMD) rule in April. While moving forward on implementation of regional transmission organizations (RTOs) and SMD, the Commission has "embraced the flexibility needed to accommodate regional concerns," he said. "We will continue to do so in implementation as well."

"The Commission engaged in an extensive public outreach in developing the SMD proposal and will continue to listen to all constituencies in developing its final rule," Chairman Wood emphasized. "We have listened to customers, the Congress, state regulators, the industry, and academics."

"I can tell all these groups today that we have listened, we have heard your concerns and will continue to seek your comments." Chairman Wood indicated that the

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Commission would seek comments on the white paper from interested parties.

EEI has recommended a flexible regional SMD implementation schedule. Chairman Wood indicated his support for regional flexibility.

Chairman Wood believes that new transmission be screened, along with other potential resources, through a regional planning process. A provision in the SMD proposed rule suggested that all new transmission construction follow from a competitive procurement process. Chairman Wood observed that this provision could slow down needed transmission investment in the near term, and therefore should not be included in the Commission's final rule.

While elements of SMD may develop on a staggered timetable, regional development through RTOs is proceeding. "To have a level playing field, enhance wholesale competition and remove economic inefficiencies, we need to get the structure right and then let the markets operate. While this may delay SMD in some parts of the country, it is more important to do it right than do it fast. Customers deserve no less," Chairman Wood concluded.

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