
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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COMMISSION PROPOSES REFORMS TO STRENGTHEN WHOLESALE POWER MARKETS

The Federal Energy Regulatory Commission is seeking public comment on potential reforms to improve operations in organized wholesale power markets.

An advance notice of proposed rulemaking (ANOPR) will help the Commission identify challenges facing competitive wholesale power markets in regional transmission organizations (RTOs) and independent system operators (ISOs) and propose workable solutions and determine those areas in which the Commission has jurisdiction.

“The nation’s policy is to encourage competition in wholesale power markets and the Commission’s fundamental responsibility is to protect consumers from exploitation and manipulation in those markets,” Commission Chairman Joseph T. Kelliher said. “The Commission relies on both competition and regulation to assure just and reasonable wholesale power prices. Today we propose a package of reforms to strengthen wholesale markets.”

The Commission’s proposals reflect the nature of wholesale power markets. The United States does not have a national market, but a number of regional markets. There are significant differences among those regional markets, one of which is structural. Some regional markets are organized markets operated by RTOs and ISOs. More than half the U.S. is now served by RTOs and ISOs. These organized markets have improved transmission reliability and enabled greater coordination and efficiency in dispatching electricity generation.

Other wholesale markets are bilateral markets, where wholesale sales are made on a bilateral basis rather than through a centralized auction or exchange. The Commission recognizes that these two market structures have their own distinct strengths and weaknesses, and both market structures face competitive challenges. The ANOPR proposals focus on strengthening competition in the organized market because the Commission is acting to strengthen competition in the bilateral markets in other

proceedings, such as Open Access Transmission Tariff reform, efforts to improve competitive solicitation and market access, and market based rate reform.

Earlier this year, the Commission held two conferences on competition in wholesale markets, one on demand response and one on the role and structure of market monitoring units. Based on the comments received at those conferences, the Commission is making specific preliminary proposals in four specific areas regarding wholesale competition in RTO and ISO regions. The Commission is seeking comment on these preliminary proposals and may address them in a future generic proceeding.

The four areas in which the Commission seeks comment are:

- The role of demand response in organized markets;
- Increasing opportunities for long-term power contracts;
- Strengthening market monitoring; and
- The responsiveness of RTOs and ISOs to customers and other stakeholders.

The Commission noted that it is not “seeking to fundamentally redesign organized markets or to appropriate jurisdiction” from its state colleagues. “Our goal is to make incremental improvements to the operation of organized markets without undoing or upsetting the significant efforts that have already been made in providing demonstrable benefits to wholesale customers.”

The Commission’s proposals would apply to the following RTOs and ISOs: PJM Interconnection, LLC, New York Independent System Operator, Inc., Midwest Independent Transmission System Operator, Inc., ISO New England, Inc., California Independent Service Operator Corp., and Southwest Power Pool, Inc.

Comments on the ANOPR, *Wholesale Competition in Regions with Organized Electric Markets*, are due 45 days after the ANOPR’s publication in the Federal Register.

More information on the Commission’s competition initiatives can be found at <http://www.ferc.gov/industries/electric/indus-act/competition.asp>.