



# FEDERAL ENERGY REGULATORY COMMISSION

January 21, 2010

**Docket No.** RM10-13-000

**Item No.** E-2

**Commissioner Philip D. Moeller**

## **Statement of Commissioner Philip D. Moeller on Credit Reforms for Organized Electric Markets**

"In December 2007, credit practices in the organized electric markets took center stage when PJM announced that one of its market participants was responsible for a major default in its FTR markets. The amount of that default was eventually determined to be nearly \$52 million, a cost that was to be socialized among other PJM members.

As I stated shortly thereafter in a concurring statement, "we must balance the goals of allowing the ISOs and RTOs to reduce their risk of exposure in the event of payment defaults while at the same time ensuring that the credit requirements are not so stringent that they unnecessarily inhibit access to the marketplace." *New England Power Pool*, 122 FERC ¶ 61,189 (2008). I also called upon RTOs and ISOs to take adequate measures to minimize or prevent future FTR-related defaults since a market participant's inability to cover its obligations not only imposes a burden on its fellow market participants, but ultimately the ratepayers.

Over the past two years, the RTOs and ISOs and their stakeholder bodies have made steady progress in tightening their credit policies, from shortening the settlement periods to reducing the level of unsecured credit. I commend them for their progress, and today's NOPR should not be viewed as an attempt to undermine their efforts.

I am pleased that we have decided to issue today's notice of proposed rulemaking because it is important that the Commission solicit comments on this proposed rule. The RTOs and ISOs, market participants, and anyone with an interest in the markets are encouraged to inform us about the impact of these proposed credit policies. Specifically, I solicit views on the proposal's effectiveness and how it will address actual problems in the credit markets within the RTOs and ISOs. That is, I am mindful that the Commission must ensure that the rules are designed to solve actual problems and not problems that are perceived to exist in other energy markets.

I look forward to receiving comments in 60 days and considering these matters on a full and complete record. I am confident that this Commission will reach the appropriate result after a full consideration of all the comments that we receive."