



Federal Energy Regulatory Commission

October 15, 2015

Open Commission Meeting

Staff Presentation

Item E-1

"Good morning Chairman Bay and Commissioners.

"E-1 is a draft Final Rule pertaining to the Commission's requirements for market-based rate authorization for wholesale sales of electric energy, capacity, and ancillary services by public utilities. Through this draft Final Rule, the Commission adopts, in many respects, the proposals in the June 19, 2014 Notice of Proposed Rulemaking that are intended to clarify and streamline certain aspects of its electric market-based rate program.

"With regard to issues of process and reporting, the draft Final Rule clarifies that, in lieu of submitting indicative screens as part of their horizontal market power analysis, sellers may explain and provide information demonstrating that all of their generation capacity in the relevant geographic market, including first-tier markets, is fully committed. In addition, it adopts a 100 MW change in status threshold for reporting new affiliations to align with the existing 100 MW threshold for reporting net increases in generation capacity, as proposed in the NOPR. The draft Final Rule adopts changes to the asset appendix that sellers must submit with most market-based rate filings, and also requires that the asset appendix be submitted in an electronic format that can be searched, sorted, and otherwise accessed using electronic tools.

"The draft Final Rule reduces burden by adopting the NOPR proposal to eliminate the requirement that market-based rate sellers file quarterly land acquisition reports and provide information on sites for generation capacity development in market-based rate applications and updated market power analyses.

"The draft Final Rule adopts the NOPR proposal to require a seller filing an initial application for market-based rate authority, an updated market power analysis, or a notice of change in status reporting new affiliations to include a corporate organizational chart. However, the chart only needs to include the seller's affiliates as defined in section 35.36(a)(9) of the Commission's regulations rather than all upstream owners, "energy subsidiaries" and "energy affiliates" as originally proposed in the NOPR. The draft Final Rule requires that the horizontal market power screens and simultaneous transmission import limit submittals be filed in workable electronic spreadsheets. Shortly after the Final Rule is issued, spreadsheets for the Standard Screen Format, Asset Appendix, and SIL Submittals 1 and 2 will be available on the Commission's website.

"The draft Final Rule also provides important clarifications with respect to the manner in which the market power analysis is undertaken. For example, the draft Final Rule adopts the NOPR proposal to require market-based rate sellers to report in their screens and asset appendices all of their long-term firm purchases of capacity and/or energy that have an associated long-term firm transmission reservation. This will provide a more accurate measure of a seller's generation resources. It also adopts most of the NOPR's clarifications with regard to simultaneous transmission import limit studies and provides additional clarifications in response to comments, and adopts several of the NOPR's proposals that concern defining the default relevant geographic market for an independent power producer located in a generation-only balancing authority area as the balancing authority areas of each transmission provider to which the independent power producer's generation only balancing authority area is directly interconnected.

"While the draft Final Rule does adopt many of the proposals in the NOPR, it does not adopt the NOPR proposal to relieve market-based rate sellers in regional transmission organizations and independent system operator markets of the obligation to submit the indicative screens. Rather, the draft Final Rule proposes to transfer the record on this aspect of the NOPR to a newly established administrative

docket for possible consideration in the future as the Commission may deem appropriate. As such, the draft Final Rule continues the Commission's current practice of requiring that sellers in regional transmission organization and independent system operator markets submit the screens when submitting initial market-based rate applications and updated market power analyses.

"Finally, in contrast to the NOPR proposal, the draft Final Rule determines that behind-the-meter generation need not be accounted for in the indicative screens and asset appendices and will not count towards the 100 MW change in status threshold or the 500 MW Category 1 seller threshold.

"This concludes the presentation on E-1. Staff would be happy to answer any questions you may have."