

FILED 7-3-06
RM06-8-000

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

July 3, 2006

The Honorable Jeff Bingaman
United States Senate
Washington, DC 20510

Dear Senator Bingaman:

Thank you for your June 20, 2006 letter concerning the Federal Energy Regulatory Commission's ongoing rulemaking proceeding providing for long-term transmission rights in organized electricity markets.

On February 2, 2006, the Commission issued a Notice of Proposed Rulemaking (NOPR) that would adopt regulations to require independent transmission organizations, such as Regional Transmission Organizations and Independent System Operators, that oversee organized electricity markets to make long-term firm transmission rights available to all transmission customers. The availability of such rights will provide an added measure of certainty to load-serving entities that wish to enter into long-term power supply arrangements to serve their load, which in turn should allow load-serving entities to more readily obtain financing for new infrastructure. By proposing guidelines, the rule would allow regional flexibility to account for different market designs and regional differences when developing the framework for long-term rights.

This proceeding will implement new section 214(b)(4) of the Federal Power Act in transmission organizations with organized electricity markets, as directed by Congress in section 1233(b) of the Energy Policy Act of 2005. We intend to issue a Final Rule by August 8, 2006, as Congress required in section 1233(b).

The Commission is now reviewing the comments received in response to that NOPR, some of which touch on the concerns raised in your letter. Commission staff has also met with many interested parties and groups to better understand their concerns regarding our proposal. I can assure you the Commission will work to expeditiously implement the new rules under section 1233. The Commission fully appreciates the importance of addressing the allocation of long-term firm transmission rights and the impact of that allocation on the ability of load-serving entities to satisfy their service obligations.

Your letter and this response will be placed in the public file in the RM06-8-000 and AD05-7-000 dockets, which serves to alert the Commission to the concerns of interested individuals and groups.

2006-07-03

If I can be of further assistance on this or any other Commission matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph T. Kelliher". The signature is written in a cursive style with a large, looping initial "J".

Joseph T. Kelliher
Chairman