FEDERAL ENERGY
REGULATORY COMMISSION

NEWS

January 21, 2010
Docket No. RM10-13-000

NEWS MEDIA CONTACT
Barbara A. Connors 202.502.8680

FERC Proposes Credit Reforms for Organized Electric Markets

The Federal Energy Regulatory Commission (FERC) today proposed a series of credit reforms that will balance the need for market liquidity with appropriate risk management while ensuring just and reasonable rates for the nation's electric customers.

In announcing its Notice of Proposed Rulemaking, the Commission reiterated that the electric industry must follow sound credit practices that promote confidence in competitive markets and limit the potential for future market disruptions. If adopted, the credit practices would be implemented by operators of regional organized markets.

The Commission is seeking comment on the following proposals, which should reduce both the risk of default and the cost of default shared among market participants:

- Shorten the settlement cycle to no more than seven calendar days with no more than an additional seven calendar days for final payment.
- Limit unsecured credit to no more than $50 million per market participant in energy markets and eliminate unsecured credit in Financial Transmission Rights (FTR) markets.
- Clarify the ability of market administrators to offset amounts owed to market participants against amounts owed by market participants and to manage defaults.
- Establish minimum participation criteria for market participants.
- Specify circumstances in which a market administrator may invoke "material adverse change" to require a market participant to post additional collateral.
- Limit time period allowed for posting additional collateral when additional collateral is requested.

Comments on the proposed rule, *Credit Reforms in Organized Wholesale Electric Markets*, are due 60 days after publication in the *Federal Register*.

-30-

R10-16