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FEDERAL ENERGY REGULATORY COMMISSION

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FERC Opens Inquiry on Interconnection Facilities, Issues Final Rule on Market Surveillance

The Federal Energy Regulatory Commission (FERC) took steps to further promote efficient and nondiscriminatory operation of the nation's electric system today when it opened an inquiry into open access and priority rights for capacity on interconnection facilities, and issued a Final Rule on market surveillance and analysis.

The Notice of Inquiry (NOI) asks whether FERC should revise its policy on access to interconnection facilities and, if so, offers alternate approaches for comment. Currently, a generation developer may seek priority rights to unused capacity on its interconnection facilities, preserving the ability to phase in new generation projects so long as the developer can justify that priority. This policy is intended to prevent undue discrimination by ensuring that third parties have access to capacity not being used by the owner of the interconnection facilities.

Commenters at a March 2011 FERC technical conference asserted that open-access policies may be ill-suited for generator lead lines, which the NOI refers to as interconnection facilities. These commenters asserted that the policies may have detrimental impacts on the development and financing of such lines and urged FERC to recognize commercial, technological, legal and other differences between transmission lines and generator lead lines when considering open-access principles.

The NOI first asks questions about the need to reconsider existing policies: Has industry largely adapted to current policy in the time since the technical conference? Must interconnection facilities provide third-party access under an open-access transmission tariff (OATT) to ensure non-discriminatory access and just and reasonable rates? Does current policy blur the line between interconnection and transmission service with respect to third-party access, creating unintended consequences?

Addressing concerns expressed at the technical conference and in subsequent comments, the NOI also seeks comments on two alternate approaches: continued use of an OATT framework with certain modifications, including a "safe harbor" period during which a generation developer would be assumed to have priority rights to capacity on its interconnection facilities; and use of a framework that would allow the Commission to consider issues of third-party access and priority rights under a modification of its existing interconnection rules and procedures.

Comments are due 45 days after the NOI is published in the *Federal Register*.

The Final Rule on market surveillance and analysis will help ensure just and reasonable rates for consumers by requiring regional organized market administrators to deliver, on an ongoing electronic basis, data related to their markets, including data concerning physical and virtual offers and bids, market awards, resource outputs, marginal cost estimates, shift factors, financial transmission rights, internal bilateral contracts, uplift and interchange pricing. It also will enhance FERC's efforts to detect anti-



competitive or manipulative behavior, or ineffective market rules. The Final Rule minimizes burden on regional organized market administrators by phasing in implementation requirements and not requiring data to be consistently formatted across all regional organized markets.

The Final Rule takes effect 60 days after publication in the *Federal Register*, with the first data deliveries to begin within 45 days thereafter. All data deliveries will be phased in over 7 months after the effective date.

R-12-17

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