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News Media Contact
Craig Cano | 202-502-8680
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FERC Proposes to Refine Electric Market-Based Rate Program

The Federal Energy Regulatory Commission (FERC) today proposed to streamline and simplify its market-based rate program for wholesale sales of electric energy, capacity and ancillary services. The changes will increase transparency and reduce the burden on industry and the Commission, while continuing to ensure that the standards for market-based rates result in sales that are just and reasonable.

FERC's current market-based rate policy was codified in 2007. Based on more than six years of experience with implementation of Order No. 697, today's Notice of Proposed Rulemaking (NOPR) finds the burdens associated with certain requirements outweigh the benefits in some circumstances. In addition to easing regulatory burdens, the proposed changes will improve transparency in the Commission's market-based rate program.

For example, the NOPR:

- Clarifies that where all generation capacity owned or controlled by sellers and their affiliates in the relevant balancing authority areas (including first-tier balancing authority areas or markets) is fully committed, sellers may explain that their capacity is fully committed in lieu of submitting indicative screens as part of their horizontal market power analyses.
- Proposes to eliminate the requirement for a seller to submit indicative screens if a seller is in a regional transmission organization/independent system operator market and relies on Commission-approved monitoring and mitigation to prevent the exercise of market power.
- Proposes to remove the requirement that market-based rate sellers file quarterly land acquisition reports and provide information on their control of sites for development of new generation capacity.
- Proposes to require that all long-term firm purchases of capacity and/or energy by market-based rate sellers be reported in their indicative screens.
- Proposes to redefine the default relevant geographic market used to analyze market power for an independent power producer with generation capacity located in a generation-only balancing authority area.

Comments on the proposed rule are due 60 days after publication in the *Federal Register*.

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