



February 19, 2015

News Media Contact

Craig Cano | 202-502-8680

Docket No. RM15-2-000

Item No. E-2

FERC Proposes Sale of Primary Frequency Response Service at Market-Based Rates

The Federal Energy Regulatory Commission today proposed to allow the sale of primary frequency response service at market-based rates by sellers with market-based rate authority for energy and capacity. The Notice of Proposed Rulemaking (NOPR) is intended to promote competition in anticipation of growing demand for the service as a result of a reliability standard that requires Balancing Authorities to meet a minimum frequency response obligation.

Primary frequency response involves the autonomous, automatic and rapid response of a generator or other resource to change its output to rapidly dampen large changes in frequency, which must be maintained within predetermined boundaries above and below 60 Hertz to ensure reliable operation of the North American electric system.

Most Balancing Authorities should be able to use their own resources to meet the Frequency Response and Frequency Bias Setting Reliability Standard (BAL-003-1) approved by FERC in January 2014. However, the standard does not limit Balancing Authorities in how they meet the requirements of the standard, and the Commission believes that some may be interested in voluntary purchases of a primary frequency response product if doing so would be economically beneficial.

Any entity selling primary frequency response service at either market- or cost-based rates would be required to report those sales in its Electric Quarterly Report to the Commission.

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

R-15-21

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