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Agenda Item E-1

Docket No. RM14-14-000

FERC Refines Electric Market-Based Rate Program

The Federal Energy Regulatory Commission (FERC) today issued a final rule to clarify and streamline certain aspects of its market-based rate program for wholesale sales of electric energy, capacity and ancillary services. The changes will increase transparency while continuing to ensure that the standards result in market-based rates that are just and reasonable.

FERC codified its market-based rate policy through Order No. 697, issued in 2007. Today's final rule finds the burdens associated with certain requirements outweigh the benefits in some circumstances. It streamlines the program by, for example, eliminating a requirement that market-based rate sellers file quarterly land acquisition information for new generation sites. In addition, the final rule clarifies that sellers need not report behind-the-meter generation in the indicative screens and asset appendices.

As proposed in the June 2014 Notice of Proposed Rulemaking (NOPR), the final rule defines the default relevant geographic market for an independent power producer located in a generation-only balancing authority area as the balancing authority area of each transmission provider to which the IPP's generation-only balancing authority area is directly interconnected. It also requires a market-based rate seller to report in its indicative screens and asset appendices all long-term firm purchases of capacity and/or energy that have an associated long-term firm transmission reservation, regardless of whether that seller has operational control of the generation capacity supplying the purchased power.

The final rule does not adopt the NOPR proposal to relieve market-based rate sellers in organized markets of the obligation to submit horizontal market power indicative screens. However, the Commission said it would retain the record on that aspect of the NOPR for possible future consideration.

The final rule will take effect 90 days after publication in the *Federal Register*.

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