

Session Six:

Structural Changes in the Market



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My Personal Opinions

- ⇒ My remarks today may not represent the official views of the Federal Energy Regulatory Commission (FERC), nor do they necessarily represent the views of any other Commissioners.
- ⇒ The Commission acts by issuance of formal orders which impact individual energy companies, and the energy industry generally.
- ⇒ When asked by the United States Congress, the Commission will provide its views on legislative initiatives under consideration.

Legislative Proposals for the FERC

- ⇒ In the US, significant energy legislation remains under consideration by the U.S. Congress. If enacted, these proposals could have fundamental impacts on wholesale markets.
- ⇒ Climate change continues to be a focus of the U.S. Congress, with additional focus on renewable energy standards for electric power production, and the siting of long-distance transmission by the FERC.
- ⇒ The FERC has had longstanding authority to site and authorize natural gas pipelines involved in interstate transmission.

Continuing Regulation of Wholesale Markets

- ⇒ Regional wholesale markets continue to evolve in ways unique to each.
- ⇒ Wholesale power prices in organized markets were dramatically lower in 2009.
- ⇒ Some critics continue to argue that organized markets do not produce just and reasonable rates.

Proposed Policies and Rules at the FERC

- ⇒ **Sweeping proposals at the FERC for compensating demand response have the potential to significantly affect the continued evolution of wholesale markets.**
- ⇒ **The FERC is moving toward rules or policies on :
(1) improving the integration of renewable energy,
(2) allocating the cost of developing long-distance transmission lines, (3) and the “smart grid” proposals of the National Institute of Standards and Technology (NIST).**