

# Report to NAESB WEQ Market Operations Subcommittee

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## *FERC Wholesale Market Platform*

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# FERC Offers an Olive Branch to Congress and States?

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- ◆ **Response to outcry from July 2002  
SMD NOPR**
- ◆ **WMP White Paper – issued by FERC  
April 28, 2003**
- ◆ **Viewed as interim step toward Final  
Rule**

# Reaffirms Many Order 2000 (RTO) Elements

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- ◆ **FERC wants Regional Entities with Wholesale Market Rules & tariff**
- ◆ **Independence of Regional Entity is key**
- ◆ **Development of Regional Transmission Planning Process**

# Relaxes Some Elements of SMD NOPR

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- ◆ **Indicates increasingly flexible approach to allow regional differences**
- ◆ **Provides for significant decisional role of Regional State Committee(s)**
- ◆ **Provides for phased-in implementation and sequencing by region**
- ◆ **Allows an ISO or RTO to fulfill requirements**

# Elements of WMP

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- ◆ **RTO/ISO to administer markets**
  - **Security-constrained Real-Time Balancing market (spot market)**
  - **Day-Ahead Market for Energy**
  - **Ancillary Services market**
  - **Locational Marginal Pricing for transmission congestion management encouraged, not required**
  - **Independent market monitoring**
- ◆ **RTO/ISO to administer Tariff**
  - **OASIS**
  - **FTRs may be auctioned or allocated**

# Elements of WMP, Cont.

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- ◆ **RTO/ISO to administer Regional Planning Expansion Process**
  - **Must address both reliability and economic (e.g. congestion reduction) needs**
- ◆ **ITCs**
  - **Reaffirms allocation of functions between an RTO and an ITC based on April 2002 TRANSLink decision**

# Decisional Role for Regional State Committees

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- ◆ **Rate design for transmission**
- ◆ **FTR auction or allocation**
- ◆ **Regional Planning Process Policy**
- ◆ **Resource Adequacy Approach**

# Standards Development

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- ◆ **Recognition of NERC/NAESB/RTO MOU for standards development**
- ◆ **Market Standards could be included in RTO & ISO Tariffs to facilitate compatible and seamless rules**
- ◆ **Requires RTOs/ISOs to resolve seams issues**
- ◆ **FERC will adopt NERC Standards on cyber security**

# What Does This Mean for NAESB?

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- ◆ **Opportunity to move forward with developing standards to be used by existing and emerging RTOs and ISOs**
- ◆ **Specific FERC direction via formal action unlikely in near term**
- ◆ **Accommodation of regional differences and inconsistent timing/implementation of WMP may be challenging element of NAESB's work**