Report to NAESB WEQ
Market Operations Subcommittee

FERC Wholesale Market Platform

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FERC Offers an Olive Branch to Congress and States?

- 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

- 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

- 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

- 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.

- 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

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

- 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?

- 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