



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

December 18, 2008

Docket Nos. ER09-88-000; ER96-780-020

NEWS MEDIA CONTACT

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FERC Conditionally Accepts Southern Company Tariff Proposal

The Federal Energy Regulatory Commission (FERC) today conditionally accepted an innovative auction proposal from Southern Company Services Inc. (Southern Companies) that is intended to bring transparency and price certainty to the Southeast region.

The Commission directed the Southern Companies to make further adjustments to the proposed auction in order for the auctions to fully mitigate Southern Companies' potential market power in the Southern Balancing Authority Area.

"Southern Companies made an innovative offer that will improve price discovery, transparency and liquidity in Southeastern bilateral markets that even protestors recognized was a significant step forward," FERC Chairman Joseph T. Kelliher said. "Our success with improving regional wholesale markets has come through incremental steps such as this, reforms that are respectful of regional differences. With improvements outlined in the conditions we have imposed, we believe Southern Companies can mitigate their potential to exercise market power in generation in the Southeast."

Today's auction order (ER09-88-000) involves a proposal by Southern Companies to institute for a minimum of three years an hour-ahead and day-ahead auction under which Southern Companies would offer for all of their available capacity. Southern Companies' proposal was for the auction initially to be limited to available capacity of Southern Companies, but they indicated that they are amenable to expanding the auction to include other sellers in the future. Southern Companies propose that the auction be administered by an "auction administrator" and that Southern Companies support employees would be eligible to serve as auction administrator. All audits would be overseen by a Commission-approved independent auction monitor.

FERC conditioned its approval of the Southern Companies' proposal on the auction being opened up to other sellers within 12 months of startup, and on Southern Companies' assurance that the independent auction monitor have the authority to verify Southern Companies' available capacity calculations, confirm that any transmission service necessary to accommodate a purchase under the auction is not unreasonably withheld and report to the Commission regarding the auction process.

FERC also is requiring that the independent monitor report to the Commission every 12 months regarding the functioning of the auctions; the order outlines specific information to be included in those reports. The Commission also specifies that the auction administrator and the independent auction monitor must have confidential access to each other.

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R-08-68