
FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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FERC DIRECTS A PROBE OF ELECTRIC BULK POWER MARKETS

The Federal Energy Regulatory Commission today ordered its staff to conduct an investigation of electric bulk power markets so that it can determine whether markets are working efficiently and, if not, the causes of the problems.

Commission staff will investigate the markets, including volatile price fluctuations, and report their findings by November 1, 2000. The Commission will then determine what steps, if any, it should take within its jurisdiction to correct any market behavior, operation, design or structural problems.

Chairman James J. Hoecker commented: "If it can be relied on to be competitive, fair and transparent, the new wholesale electricity market will produce substantial consumer benefits and will set the value of power and services efficiently and appropriately. It is the Commission's responsibility to identify and help solve problems that delay or deter fair competition and good economic decisions. Today we have decided to focus on the pricing and other market abnormalities that sometimes occur in this transitional environment. We will address promptly anything that compromises the public interest."

Staff investigators will find out if any technical or operational factors, federal or state regulatory prohibitions or rules, market or behavioral rules, or other factors are affecting the competitive pricing of electricity or reliability.

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Among other things, the Commission may use the information to:

- * analyze filings involving market pricing or rules;
- * modify: existing transmission or power exchange tariffs or agreements; bylaws for existing institutions; or the institutions themselves; and
- * help analyze Order No. 2000 regional transmission organization (RTO) filings that are due October 15 and January 15, 2001. Order No. 2000 calls for the formation of RTOs--large, regional entities designed to manage the movement of electricity efficiently and fairly.

The Commission, in ordering the investigation, noted that the bulk power markets are in different stages of transition to competition in various parts of the country and that some areas have experienced extreme price fluctuations.

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