
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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AD04-13-000

COMMISSION PROPOSES NEW RULES ADDRESSING WIND ENERGY IN OPEN ACCESS TARIFFS

The Federal Energy Regulatory Commission today proposed rules designed to better accommodate an increased participation of wind energy in wholesale markets. The proposal addressing transmission tariffs will allow intermittent resources, including wind, to compete on a level playing field and become a larger part of our nation's energy portfolio. The proposal would encourage the development of renewable resources by removing barriers that affect intermittent resources' access to the transmission grid.

Renewable resources bring benefits to energy customers by providing environmental benefits and support increased reliability by broadening the diversity of energy supplies, the Commission said.

The Commission noted that while wind-generated power was not a significant source of generation when its landmark open-access transmission rule, Order No. 888, was issued in 1996, wind resources have grown at an annual average rate of about 20 percent. As a result, these resources are now ready to take advantage of the open access transmission tariff but are facing challenges due to the outdated design of the tariff that was designed for generation with controlled fuel input and more precise scheduling ability.

Today's proposal would establish a new generator imbalance service schedule under the pro forma open access transmission tariff (OATT) for intermittent resources that will aid in the removal of barriers to entering the open access market for these resources. The new schedule addresses the unique operating characteristics and constraints of wind generation.

(2)

Specifically, the new proposed service schedule sets up an intermittent generator imbalance bandwidth of plus or minus 10 percent for differences between the amount scheduled to be generated and the actual amount generated for each hour. Deviations within the plus or minus 10 percent bandwidth will be priced at the transmission provider's system incremental/decremental cost at the time of the deviation. Deviations outside the bandwidth will be priced at the transmission provider's system incremental/decremental cost plus or minus 10 percent.

In instances where a transmission provider's tariff includes a generator imbalance charge provision more lenient than the one outlined by today's rulemaking, the Commission proposes that the transmission provider assess the lesser charge. The Commission does not propose to modify existing energy imbalance service under the tariff, and seeks comment on whether generator imbalance provisions in future interconnection agreements should conform to what is proposed in the rulemaking.

The proposal reiterates the existing pro forma tariff provision that allows for the modification of generation schedules up to 20 minutes before the hour to minimize exposure to the costs associated with imbalances.

The Commission noted that system reliability should not be compromised by the proposal since the impact of these resources for most transmission systems will be relatively small in comparison to total generation and transmission on any system.

Commission staff issued a briefing paper in November 2004, *Assessing the State of Wind Energy in Wholesale Electric Markets*. The Commission followed this with a technical conference in December 2004 to discuss the issues associated with wind energy in the energy market. The Commission has conducted extensive outreach with the industry and public on wind energy issues and means to facilitate the renewable energy technology's integration into the nation's highly interconnected power grid.

In January 2005, the Commission proposed regulations that would remove barriers to wind-generated electricity's interconnection to the power grid (RM05-4-000). The Commission proposed uniform interconnection procedures tailored to the technical requirements of wind-generated power.

Comments on today's proposed rule should be submitted to the Federal Energy Regulatory Commission's Office of the Secretary within 30 days after the proposal, *Imbalance Provisions for Intermittent Resources*, is published in the *Federal Register*. Comments must refer to Docket No. RM05-10-000.