
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

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FOR IMMEDIATE RELEASE:

April 14, 2004
Docket No. RM01-10-001

COMMISSION UPHOLDS, CLARIFIES STANDARDS OF CONDUCT GUIDELINES FOR NATURAL GAS AND ELECTRIC TRANSACTIONS

The Federal Energy Regulatory Commission today clarified its standards of conduct that govern the relationship between transmitting providers and their energy affiliates.

In response to petitions for rehearing and clarification of its November 2003 rule, the Commission reaffirmed the need for the rule, noting that it protects customers in an environment where robust competition provides the economic incentives that may tempt a transmission provider to give its affiliates undue preferential treatment—behavior that harms customers. The Commission is extending until September 1, 2004, the date for full implementation of the standards of conduct.

The standards provide specific guidelines to ensure that transmission providers do not give their energy affiliates undue preferential treatment in providing transmission services consistent with the provisions of the Federal Power Act and the Natural Gas Act.

Further, the Commission upheld the rule's "no-conduit" provisions which allow shared employees to receive certain information as long as the shared employee does not actively share the information with a marketing or energy affiliate.

The Commission clarified the rule so that a transmission provider may share with its energy affiliates information necessary to maintain the operations of the transmission system.

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The rule will now expressly state that corporate governance information may be shared with permissibly-shared employees, such as officers and directors, between the transmission provider and the energy affiliate, as long as these employees do not act as a conduit for sharing information.

The Commission clarified a number of other provisions of the rule, including refining the definition of an energy affiliate that “engages in” or is “involved in” transmission transactions. This responds to commenters who said the terms are too vague. The term, “engaged in” means the affiliate holds or requests transmission capacity on a transmission provider as a shipper or customer or buys or sells transmission capacity in the secondary capacity market.

The Commission clarified the term, “involved in,” to mean an entity that is acting as agent, asset manager, broker or in some fashion, managing, controlling or aggregating capacity on behalf of transmission customers or shippers.