
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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COMMISSION CONVENES TECHNICAL CONFERENCE IN ARIZONA TO HEAR WESTERN CONCERNS ON CAISO MARKET REDESIGN

The Federal Energy Regulatory Commission today convened a technical conference to hear Western concerns about a California Independent System Operator (CAISO) filing intended to fix problems that helped cause the electricity crisis of 2000 and 2001.

Commission Chairman Joseph T. Kelliher opened the conference to examine the potential for California's proposed redesigned power market to affect power markets outside of California. He urged conference participants to provide the most specific information possible to help the Commission ensure that the pending market changes in California "enhance reliability and market operation throughout the Western Interconnection."

The technical conference in Phoenix, Arizona, is an outgrowth of the Commission's action September 21, 2006, conditionally accepting the CAISO's Market Redesign and Technology Upgrade (MRTU), concluding that the tariff reforms will bring important corrections and improvements to the CAISO markets necessary to enhance reliability of the grid, protect customers from market manipulation, and to promote infrastructure development.

The MRTU would correct market flaws that contributed to the energy crisis in California and the West in 2000 and 2001. The Commission conditionally accepted the CAISO's proposal, directing significant changes in the MRTU tariff to address concerns raised by commenters. Today's technical conference, one of three ordered by the Commission, is to address concerns about operational rules that differ between the CAISO and providers of transmission service in the West outside of California, commonly referred to as "seams" issues.

"Western parties have raised concerns about seams that may result from adoption of MRTU," Chairman Kelliher observed in his opening remarks today.

"MRTU does not introduce seams into Western electricity markets, since certain seams issues already exist between organized and bilateral markets in the West. However, concerns have been raised about whether MRTU adversely impacts existing seams, and whether it creates new seams that will have an impact on the rest of the West," Chairman Kelliher said.

"I want to be clear from the outset that we recognize the relationship between the California power market and the rest of the West. We also recognize that failure of the California market six years ago hurt not only California, but the rest of the West. We understand the importance of seams issues to operation of the Western power market," Chairman Kelliher continued.

Chairman Kelliher urged conference participants to specifically identify seams issues and the nexus between the seams issue and the MRTU proposal. The more specific the information is, the more readily the Commission will be able to assess whether MRTU adversely affects existing seams, whether it creates new seams that will have an impact on the rest of the West, and what further changes, if any, are needed to the MRTU proposal, the Chairman said.

Today's Conference continues tomorrow. Further details are available on the Commission's website:
<http://www.ferc.gov/EventCalendar/EventDetails.aspx?ID=2935&CalType=%20&CalendarID=0&Date=&View=List>.

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