
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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COMMISSION ESTABLISHES FEDERAL-STATE JOINT BOARDS TO ADDRESS SECURITY-CONSTRAINED ECONOMIC DISPATCH

The Federal Energy Regulatory Commission today established the framework for Congressionally mandated regional FERC-state joint boards to study ways of enhancing the affordability and reliability of electric service.

Today's action implements a provision of the Energy Policy Act of 2005 that added a new section 223 to the Federal Power Act requiring the Commission to convene specific joint boards between the Commission and states. The joint boards are directed to study the issue of security-constrained economic dispatch for the various market regions, what constitutes security-constrained economic dispatch and how it affects or enhances the reliability and affordability of electric service. The Commission must report to Congress regarding the recommendations of the joint boards by August 7, 2006.

Commission Chairman Joseph T. Kelliher said: "I am pleased that we have this opportunity to establish joint boards with the states on economic dispatch. I look forward to working with my state colleagues in a joint board format."

The Energy Policy Act defines security-constrained economic dispatch as "the operation of generation facilities to produce energy at the lowest cost to reliably serve consumers, recognizing any operational limits of generation and transmission facilities."

Each joint board will address the benefits, issues and obstacles associated with security-constrained economic dispatch, such as dispatching an entire region's resources on a regional basis instead of on a utility-by-utility basis. Issues the joint boards may address include cost recovery, software costs, transmission constraints, pricing methods and how generation in one market region may bid into another market.

The Energy Policy Act directs the Commission to designate the appropriate regions to be covered by each joint board. The Commission today announces four regions, with a FERC Commissioner chairing each region. The designated regions are:

- **SOUTH:** Alabama, Arkansas, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas.
- **WEST:** Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota, Utah, Washington and Wyoming.
- **NORTHEAST:** Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.
- **PJM/MISO:** Delaware, the District of Columbia, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Virginia, West Virginia and Wisconsin.

The following Commissioners will chair and participate in the above joint boards: Chairman Kelliher on the South board; Commissioner Brownell on the Northeast and PJM/MISO boards; and Commissioner Kelly on the West board.

Under the Commission's order, should a state desire to participate in a joint board, it must designate no later than October 14, 2005, a representative to serve on the relevant board. Some states have utilities in more than one of the identified market regions, the Commission noted. Such states may have a representative on more than one joint board.

The Commission also invited Canadian provinces, Canada and Mexico to participate as observers on the appropriate state boards.

The initial meeting of each joint board is expected in November 2005. Further notice will be issued on the details for the initial joint board meetings. The joint board recommendations are due to the Commission by May 2, 2006, and the Commission's final report to Congress is due by August 7, 2006.