

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Joint Boards on Security
Constrained Economic Dispatch

Docket No. AD05-13-000

ORDER CONVENING JOINT BOARDS
PURSUANT TO SECTION 223 OF THE FEDERAL POWER ACT

(Issued September 30, 2005)

1. Section 1298 of the recently enacted Energy Policy Act of 2005,¹ adds section 223, “Joint Boards on Economic Dispatch,” to the Federal Power Act (FPA).² This section requires the Commission to convene joint boards on a regional basis pursuant to FPA section 209 “to study the issue of security constrained economic dispatch for the various market regions,” “to consider issues relevant to what constitutes ‘security constrained economic dispatch’ and how such a mode of operating . . . affects or enhances the reliability and affordability of service,” and “to make recommendations to the Commission.” It also requires the Commission to designate a member of the Commission to chair and participate as a member of each joint board and to issue a report to Congress regarding the recommendations of the joint boards on or before August 7, 2006.

2. In this order, the Commission designates the market regions for the joint boards; establishes the joint boards; designates a Commissioner to chair each board; requests that each state nominate a board representative to the appropriate joint board and submit their name and contact information to the Commission, in this docket, no later than two weeks from the date of this order; targets the month of November 2005, if not earlier, for the first meetings of the joint boards; recommends that the joint boards take into account the

¹ Pub. L. No. 109-58, § 1298, 119 Stat. 594, ____ (2005).

² 16 U.S.C. §§ 824 *et seq.* (2000).

Department of Energy's (DOE) report on the benefits of economic dispatch;³ and requires the joint boards to submit their recommendations to the Commission no later than May 2, 2006. The Canadian provinces, Canada and Mexico are also invited to participate, as observers, on the appropriate joint boards. Finally, the Commission proposes to issue further notice(s) announcing the details for the initial joint boards meetings.

Background

3. New FPA section 223 states:

(a) In General- The Commission shall convene joint boards on a regional basis pursuant to section 209 of this Act to study the issue of security constrained economic dispatch for the various market regions. The Commission shall designate the appropriate regions to be covered by each such joint board for purposes of this section.

(b) Membership- The Commission shall request each State to nominate a representative for the appropriate regional joint board, and shall designate a member of the Commission to chair and participate as a member of each such board.

(c) Powers- The sole authority of each joint board convened under this section shall be to consider issues relevant to what constitutes 'security constrained economic dispatch' and how such a mode of operating an electric energy system affects or enhances the reliability and affordability of service to customers in the region concerned and to make recommendations to the Commission regarding such issues.

(d) Report to the Congress- Within one year after enactment of this section, the Commission shall issue a report and submit such report to the Congress regarding the recommendations of the joint boards under this section and the Commission may consolidate the recommendations of more than one such regional joint board, including any consensus recommendations for statutory or regulatory reform.

4. FPA section 209, in turn, authorizes the Commission to refer matters to joint boards that include state representatives.⁴

³ Section 1234 of the Energy Policy Act, Pub. L. No. 109-58, § 1234, 119 Stat. 594, ___ (2005), requires the Secretary of Energy, in coordination and consultation with states, to conduct a study on and submit a report on the results of the study on including non-utility generation in economic dispatch, not later than 90 days after enactment and on a yearly basis thereafter.

⁴ 16 U.S.C. § 824h (2000); *see* 18 C.F.R. §§ 385.1301-06 (2005).

Appropriate Market Regions

5. FPA section 223(a) states that the Commission “shall designate the appropriate regions to be covered by each such joint board for purposes of this section.” While the appropriate regions could be defined in any number of ways, to reflect the different experiences of utilities in various areas of the nation, and yet limit the number of regions and thus the joint boards to a manageable number, we have identified four regions: the South (Texas and the states in the southeast and Southwest Power Pool); the West (states in the Western Interconnection); the Northeast (New York and the states in New England); and PJM/MISO (states that are served primarily by PJM Interconnection, LLC and Midwest Independent Transmission System Operator, Inc.).

6. The South region will be comprised of: Alabama, Arkansas, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas.

7. The West region will consist of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota (a portion of this state is in the Western Electricity Coordinating Council), Utah, Washington and Wyoming.

8. The Northeast region will have the following states: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.

9. Finally, Delaware, 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 will be in the PJM/MISO region.

Composition of the Joint Boards

10. FPA section 223(b) requires the Commission to “request each State to nominate a representative for the appropriate regional joint board.” Generally, FPA section 209(a) requires the Commission to appoint persons to the board that are “nominated by the State commissions of each State affected, or by the Governor of each State if there is no State commission.” Further, FPA section 223(b) states that the Commission “shall designate a member of the Commission to chair and participate as a member of each such board.”

11. We request that each state nominate and submit to the Commission, in this docket, the name and contact information of one representative for the appropriate joint board(s) described above no later than two weeks from the date of this order. The Commission recognizes that some states have utilities in more than one of the delineated market regions, and we have concluded that it is appropriate to permit a state to have a representative on more than one joint board if it is served by utilities that are in regional transmission organizations or independent system operators (RTOs or ISOs) as well as by

utilities that are not in RTOs or ISOs. While we have included such states in more than one market region, those states may choose to participate on one joint board or on two joint boards, as designated above. States that choose to participate on more than one joint board as designated above may nominate a different representative to each board.⁵

12. The following commissioners will chair and participate in the noted joint boards: Chairman Joseph T. Kelliher on the South board; Commissioner Nora Mead Brownell on the Northeast and PJM/MISO boards; and Commissioner Suedeem G. Kelly on the West board.

13. The Canadian provinces, Canada and Mexico are invited to participate as observers on the appropriate joint boards.

Scope of Study and Schedule for Completing the Study

14. Each joint board is authorized: (1) “to consider issues relevant to what constitutes ‘security constrained economic dispatch’”; (2) to consider “how such a mode of operating an electric energy system affects or enhances the reliability and affordability of service to customers in the region concerned”; and (3) “to make recommendations to the Commission regarding such issues.” For purposes of this proceeding, we will adopt the definition of economic dispatch provided in section 1234(b) of the Energy Policy Act of 2005 as the definition of security constrained economic dispatch, *i.e.*, “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.” The Commission recognizes that there are significant differences among the regions in the way in which security constrained economic dispatch is performed. The Commission expects that the joint boards will, in adopting objectives, developing work plans, and preparing reports, account for these differences.

15. Section 1234 of the Energy Policy Act of 2005 directs DOE, in consultation and coordination with the states, to conduct a study to identify the benefits and ways of including non-utility generation in economic dispatch and report to Congress within 90 days, *i.e.*, by November 7, 2005. The joint boards should take into account the DOE report as they proceed with their own efforts.

16. We expect the initial joint board meetings to be public and to be held during the month of November 2005, if not earlier. The Commission will issue notice(s) announcing further details, including dates, locations and the agenda, for the initial joint

⁵ If any state commission believes that its state should have been, but has not been, included in more than one of the above regions because it is served by utilities that are in RTOs or ISOs as well as by utilities that are not in RTOs or ISOs, it should notify the Commission within one week of issuance of this order.

board meetings. Each such board has the discretion to hold further meetings and to seek written comments on the discussions at the initial joint board meetings, as well as to hold non-public meetings. Further, the designated FERC chair of each joint board shall have authority to issue relevant data requests to public utilities as defined in the FPA, consistent with applicable laws and regulations, if he or she deems it appropriate to obtain information prior to the first joint board meeting.

17. In order for the Commission to submit a report to Congress regarding the recommendations of the joint boards on or before August 7, 2006, the boards should submit, in this docket, their reports and recommendations to the Commission no later than May 2, 2006. The Commission has the discretion to consolidate the recommendations of more than one joint board, including any consensus recommendations for statutory or regulatory reform.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.