



# FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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Docket No. RM10-22-000

NEWS MEDIA CONTACT

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## **FERC Proposes to Lift Price Caps for Transmission Customers Reassigning Capacity**

The Federal Energy Regulatory Commission (FERC) today proposed to make electricity markets more efficient by permanently lifting the price cap for all wholesale transmission customers that want to reassign their firm transmission capacity rights to others.

Today's Notice of Proposed Rulemaking (NOPR) is based on the Commission's experience and a staff [report](#) issued April 15, 2010, that evaluated a 30-month study period for temporary removal of the price caps on reassigned transmission capacity. As part of the open access transmission policies in Order No. 888, FERC required transmission providers to amend their Open Access Transmission Tariffs to explicitly permit voluntary reassignment of all or part of a holder's firm point-to-point capacity rights to any eligible customer, subject to a price cap. FERC directed staff to study the effects of removal of the cap in Order No. 890-A, which was issued in December 2007.

The report found that the secondary market for capacity reassignments experienced strong growth during the study period, with the number of transactions growing from 200 to 32,000 and the volume of reassigned capacity expanding from 3,000 gigawatt hours (gwh) to 36,000 gwh. And while few of the reassignments were at prices above the cap, the report found that in markets in which pricing differentials were available, the reassignment prices comported with pricing differentials between those markets, indicating that resale prices reflect market fundamentals rather than the exercise of market power.

Comments on the NOPR are due 60 days from publication in the *Federal Register*.

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