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Energy Bill Priorities

109th Congress

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Summary

In the upcoming year Congress will revisit the issues of electricity policy. **TAPS believes that the only matter that demands immediate legislation is authorizing a system of mandatory, enforceable reliability standards that include meaningful penalties and apply to all market participants.** Particularly in light of the August 14, 2003 blackout, it is essential that Congress act promptly to enact the reliability legislation that has long had broad support throughout the industry.

If, however, Congress decides to legislate more comprehensively regarding electricity, an electricity title must also address the issues identified below:

- **Native Load Service Obligation.** Protect the ability of all load-serving entities, whether transmission owners or transmission dependent utilities, to continue to use their existing transmission rights and to secure new, long-term transmission rights to meet their “obligation to serve” reliably and at reasonable cost;
- **RTO Accountability.** Direct FERC to ensure that existing regional transmission organizations and independent transmission operators are accountable to customers and rigorously control costs in ways that provide clearly identifiable net benefits for customers, and to study and report to Congress on the short- and long-term impacts of locational marginal pricing on consumers;
- **Transparency.** Enhance FERC’s ability to require meaningful wholesale market transparency;
- **Market Manipulation/ Damages.** Provide FERC with express authority to prohibit all forms of market manipulation, and eliminate barriers to civil remedies for manipulation;
- **Penalties/Refund Effective Date.** Authorize FERC to impose meaningful penalties for violations of the Federal Power Act, tariffs and FERC rules or orders, and eliminate current waiting periods and timing restrictions on refunds;

♦ An association of transmission-dependent utilities and other supporters of equal, non-discriminatory transmission access and vigorously competitive wholesale electric markets. TAPS members are located in more than 33 states, including: Alabama . Arizona . California . Colorado . Connecticut . Florida . Illinois . Indiana . Iowa . Kansas . Kentucky . Louisiana . Maine . Massachusetts . Minnesota . Mississippi . Missouri . Nebraska . New Hampshire . New Mexico . North Carolina . North Dakota . Ohio . Oklahoma . Pennsylvania . Rhode Island . South Carolina . South Dakota . Utah . Vermont . Virginia . West Virginia . Wisconsin . Wyoming

- **Generation Transfers.** Clarify FERC's authority to review sales or transfers of generation-only assets to protect competitive markets;
- **Transmission Siting.** Require the Department of Energy to regularly assess transmission adequacy and empower the FERC, as a backstop, to authorize siting of transmission facilities needed to eliminate constraints or congestion that adversely affects consumers; and
- **Inclusive Transmission Investment.** Encourage FERC to adopt policies promoting a strong grid through facilitating transmission investment by all segments of the industry, including load-serving entities on a load ratio share basis.

Congress should not attempt to address:

- **Pricing.** Congress should not mandate any specific form of transmission pricing, including participant funding or rolled-in pricing.
- **Incentives.** Congress should not mandate above-market returns for new transmission investment.
- **Provisions that Undermine FERC.** Congress should not restrict FERC's existing authority to mandate non-discriminatory open access transmission or to deal with market power.