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# FEDERAL ENERGY REGULATORY COMMISSION



## US FERC Overview

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# What is the US Federal Energy Regulatory Commission?

**FERC is an independent Federal Agency with the following regulatory responsibilities:**


- Oversight of electric transmission and wholesale sales rates and services under the Federal Power Act
- Hydroelectric dam licensing and safety under the Federal Power Act
- Natural gas pipeline transportation rates and services under the Natural Gas Act
- Reliability of the Bulk Power System under the Energy Policy Act of 2005
- Review of applications for interstate gas pipelines, LNG facilities, and other special projects under the Natural Gas Act
- Enforcement and monitoring against manipulation of organized energy markets under the Energy Policy Act of 2005

# What is the US Federal Energy Regulatory Commission?

## Who are the Commissioners?

- Nominated by the President of the United States and confirmed by the Senate for staggered five-year terms, chair designated by the President
- Have requisite experience, background, education
- Independent from political influence
  - No more than three commissioners from one party, agency decisions reviewed by a federal court
- Independent from stakeholder influence
  - Agency actions determined by public record; Private discussions in contested case-specific proceedings are prohibited by ex-parte regulation





# **FERC Processes-- How We Carry Out Our Work**



# How We Carry Out Our Work

## Rulemakings

- Developed through the rulemaking process. A petition for a rulemaking can arise from the energy industry, specific companies, stakeholders, the public, and the agency itself

## Rate-setting/Administrative Hearings Process

- Administrative hearings are held to resolve contested proceedings, such as appeals of Commission orders or complaints. Rate cases are set for hearing if proposed rates, terms and conditions have not been shown to be just and reasonable, and may be unduly discriminatory or otherwise unlawful

## Reliability

- We oversee the reliability and security of the nation's bulk power system through the approval of mandatory reliability standards, and resilience and cyber security efforts



# FERC Processes – Consumer Protection

## Just and Reasonable Rates

- Bedrock foundation of our consumer protection
  - Rates charged by jurisdictional utilities must be fair, just, and reasonable (rate cases)

## Office of Enforcement

- Protects consumers through market oversight and surveillance; assuring compliance with tariffs, rules, regulations, and orders; detecting, auditing, and investigating potential violations; and crafting appropriate remedies, including civil penalties and other measures.
- Initiates and executes investigations of possible violations of the Commission's rules, orders, and regulations relating to energy market structures, activities, and participants. Recommends remedies to address violations and, where authorized, pursues remedies through negotiation or litigation.



# Electricity Regulation in the US





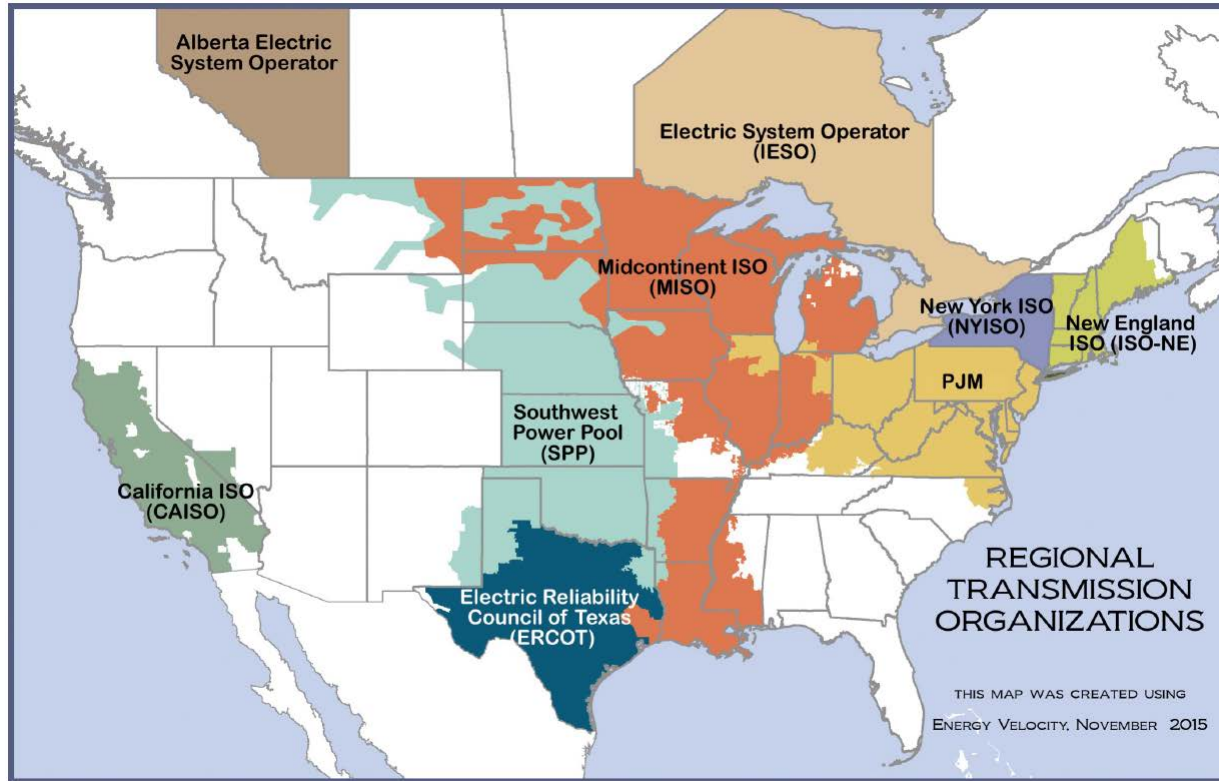
# Federal (FERC) and State Regulatory Responsibilities

## Electricity Regulation in US is Shared between FERC and the States

- As established in the Federal Power Act, Interstate Commerce Act, FERC is responsible for overseeing reliability and affordability of the wholesale energy markets
  - Interstate electricity transmission owners, RTOs/ISOs, organized electricity markets
  - Assuring all generation resources (traditional, renewable) have non-discriminatory access to wholesale transmission system
- State Public Utility Commissions are responsible for local/retail reliability and affordability
  - Regulation of retail electricity and natural gas sales to consumers
  - Approval for the physical construction of electric generation facilities
  - Establishment of public policies such as renewable portfolio standards, demand response
- Some utilities are exempt from both FERC and state regulation, including the activities of the municipal power systems, federal power marketing administrations, rural electrical systems

# Federal (FERC) and State Regulatory Responsibilities

Regional  
Transmission  
Organizations  
(RTO) and  
Independent  
System  
Operators (ISO)



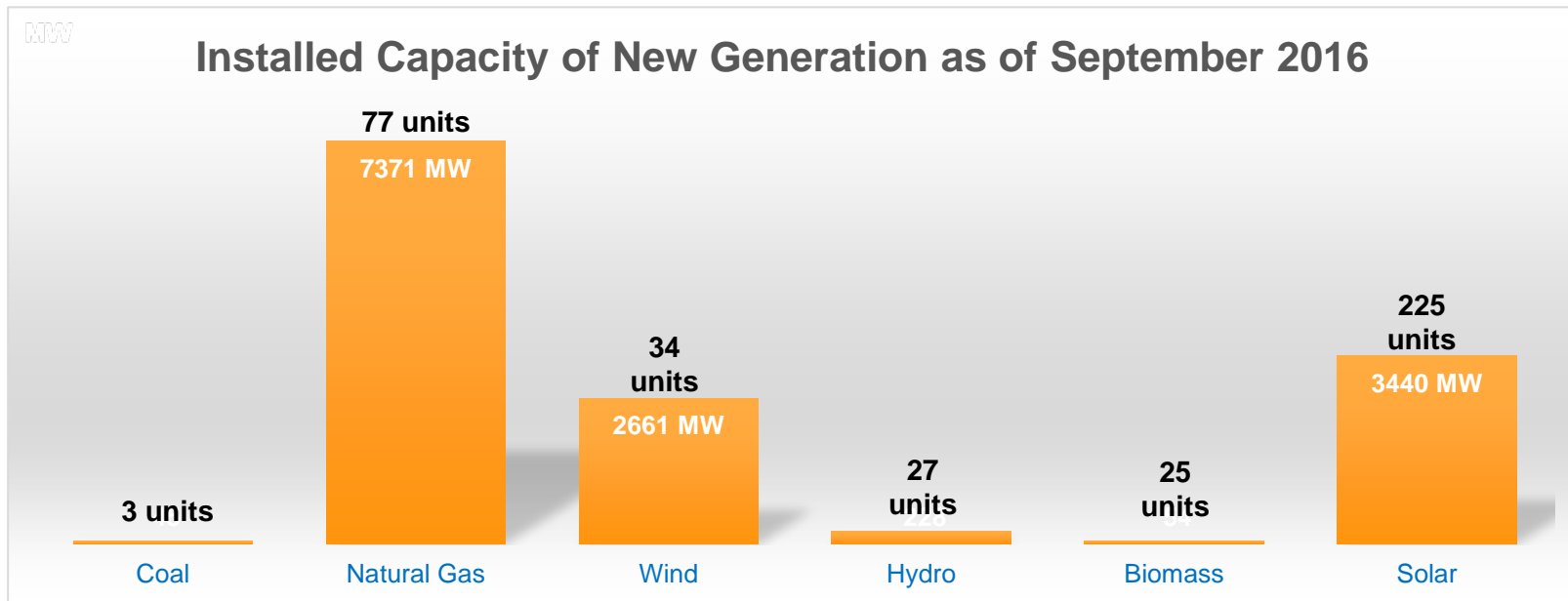


# Changes in Industry - Renewable Development, New Technologies



# Industry – Renewables – Technologies

2016: FERC Office of Energy Projects Infrastructure Update of New Generation in-service for 2016





# Industry – Renewables – Technologies

## FERC actions accommodating renewable energy, new technologies

- **Order 1000** – Reforms the Commission’s electric transmission planning and cost allocation requirements. Aims to correct deficiencies with respect to transmission planning processes, cost allocation methods, and public policy requirements (e.g., state renewable portfolio standards)
- **Order 745** – Removes barriers to the participation of demand response resources in wholesale electricity markets. Requires organized wholesale energy market operators to pay demand response resources the market price for energy, when those resources can balance supply and demand as an alternative to a generation resource and when dispatch of those resources is cost-effective
- **Order 828** – A rule modifying existing regulations and requiring newly interconnecting small generating facilities (no less than 20 MW) to ride through abnormal frequency and voltage events and not disconnect during such events



# Industry – Renewables – Technologies

## Electricity Storage Notice of Proposed Rulemaking (Docket No. RM16-23-000)

- Establish a participation model consisting of market rules that, recognizing the physical and operational characteristics of electric storage resources, accommodates their participation in the organized wholesale electric markets, and
- Define distributed energy resource aggregators as a type of market participant that can participate in the organized wholesale electric markets under the participation model that best accommodates the physical and operational characteristics of its distributed energy resource aggregation

## Gas and Electric Coordination

- **Order 809 (April 2015):** Directed jurisdictional gas and electric entities to better coordinate scheduling practices for gas and electricity needs



# Collaboration with ANEEL

# Collaboration with ANEEL

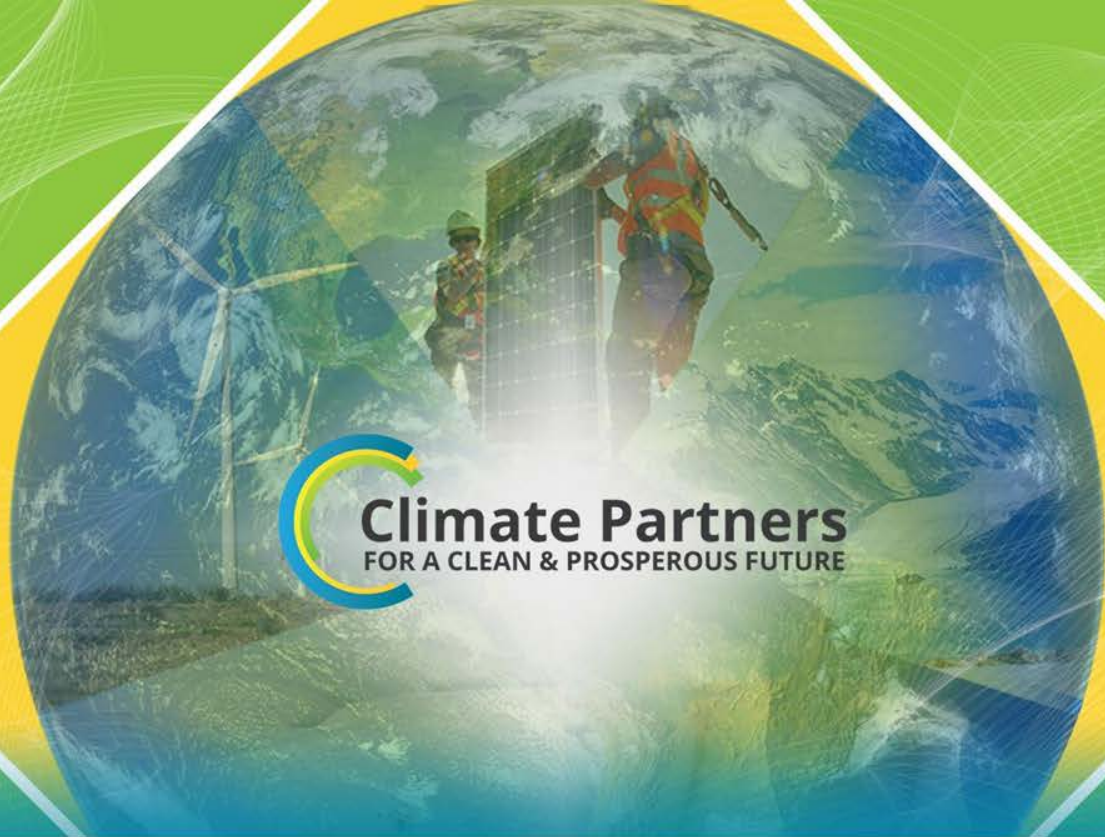
## Memorandum of Understanding between ANEEL, FERC

FERC and ANEEL intend to exchange technical information about, as follows:

- Experiences and best practices related to the integration into the grid of renewable energy, distributed energy resources and demand response
- Smart grid development
- Monitoring and oversight of wholesale energy markets
- Planning and reliability of the electric system
- Energy storage technologies







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