



DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 35

[Docket No. RM17-3-000]

Fast-Start Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Withdrawal of notice of proposed rulemaking and termination of rulemaking proceeding.

SUMMARY: The Federal Energy Regulatory Commission is withdrawing its proposal to amend its regulations to require that each regional transmission organization and independent system operator incorporate market rules that meet certain requirements when pricing fast-start resources.

DATES: As of **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, the notice of proposed rulemaking published on December 30, 2016, at 81 FR 96,391, is withdrawn.

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SUPPLEMENTARY INFORMATION:

1. On December 15, 2016, the Commission issued a Notice of Proposed Rulemaking (NOPR) in this proceeding.¹ For the reasons set forth below, we are exercising our discretion to withdraw the NOPR and terminate this rulemaking proceeding.
2. In the NOPR, the Commission preliminarily found that some existing regional transmission organization/independent system operator (RTO/ISO) fast-start pricing practices, or lack of fast-start pricing practices, may not result in rates that are just and reasonable.² As a result, the Commission proposed to require that each RTO/ISO establish the following set of requirements for its fast-start pricing: (1) Apply fast-start

¹ *Fast-Start Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 81 FR 96,391 (Dec. 30, 2016), FERC Stats. & Regs. ¶ 32,720 (2016).

² NOPR, FERC Stats. & Regs. ¶ 32,720 at PP 36-37.

pricing to any resource committed by the RTO/ISO that is able to start up within ten minutes, has a minimum run time of one hour or less, and that submits economic energy offers to the market; (2) incorporate commitment costs, i.e., start-up and no-load costs, of fast-start resources in energy and operating reserve prices; (3) modify fast-start pricing to relax the economic minimum operating limit of fast-start resources and treat them as dispatchable from zero to the economic maximum operating limit for the purpose of calculating prices; (4) if the RTO/ISO allows offline fast-start resources to set prices for addressing certain system needs, the resource must be feasible and economic; and (5) incorporate fast-start pricing in both the day-ahead and real-time markets. The Commission sought comment on the proposed reforms.³

3. The Commission received a number of comments in response to the proposed reforms in the NOPR. Some commenters expressed support for the proposed reforms. Other commenters raised concerns about the need for the proposed reforms relative to the burden of implementing changes. Additionally, some commenters discussed the need for regional flexibility to allow RTOs/ISOs to implement fast-start pricing practices that are appropriate for their regions.

4. Upon further consideration and after review of the comments received in response to the NOPR, we will withdraw the NOPR and terminate this proceeding. We appreciate the feedback received in response to the NOPR. We continue to believe that improved fast-start pricing practices have the potential to achieve the goals outlined in the NOPR;

³ NOPR, FERC Stats. & Regs. ¶ 32,720 at P 44.

however, we are persuaded by comments that question whether the proposed reforms would bring sufficient value in all RTOs/ISOs and argued for regional flexibility. Having considered these comments, we are persuaded to not require a uniform set of fast-start pricing requirements that would apply to all RTOs/ISOs. Instead, we will pursue the goals of the NOPR through section 206 actions involving NYISO, PJM, and SPP⁴ focusing on specific concerns with each RTO's/ISO's implementation of fast-start pricing consistent with the concerns outlined in the NOPR.

5. The Commission therefore withdraws the NOPR and terminates this rulemaking proceeding.

By direction of the Commission.

Issued: December 21, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

⁴ *New York Independent System Operator, Inc.*, 161 FERC ¶ 61,294; *PJM Interconnection, L.L.C.*, 161 FERC ¶ 61,295; and *Southwest Power Pool, Inc.*, 161 FERC ¶ 61,296, (2017).

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