



# National Energy Marketers Association

## Wholesale Issues List January 2004\*

The following is a compilation of issues on which NEM has been or may be called upon to express an opinion in the course of its advocacy. In order to properly represent its members, each member company is requested to express its opinion on the questions listed here and to add as many additional issues or comments as appropriate.

### Has NEM's position changed on its wholesale-related National Policy Papers?

- **National Guidelines for Restructuring the Electric Generation, Transmission and Distribution Industries**  
(<http://www.energymarketers.com/Documents/FinalElectricityPaper.pdf>)
- **National Guidelines for Unbundling and Restructuring the Natural Gas Distribution Function**  
(<http://www.energymarketers.com/Documents/FinalGasUnbundlingPaper.pdf>)
- **Uniform Code of Conduct for Regulated and Unregulated Suppliers of Energy and Related Services and Technologies**  
(<http://www.energymarketers.com/Documents/FinalUCC.pdf>)
- **Solutions to Improve the Liquidity and Creditworthiness of the U.S. Energy Industry**  
([http://www.energymarketers.com/Documents/Final\\_Clearing\\_Solutions\\_Document.pdf](http://www.energymarketers.com/Documents/Final_Clearing_Solutions_Document.pdf))

What should NEM's priority be on the following issues:

1. Affiliate Abuse
2. Creditworthiness
3. The Energy Policy Act of 2004
4. Energy Trading & Risk Valuation
5. FERC Authority
6. ISO-RTO Billing
7. Market Manipulation
8. Market Power
9. Pipeline Contract Extensions and Designations
10. PJM Market Power Mitigation Procedures
11. Price Reporting, Index Creation and Self-Regulation
12. Seams
13. Standard Market Design
14. Supply Margin Assessment
15. Withholding

### 1. Should NEM arrange meetings with:

---

\* Copyright, January 12, 2004, National Energy Marketers Association.

- a. Federal Legislators Yes No
- b. Federal Legislative Staff Yes No
- c. Federal Committee Staff Yes No

If so, who?

- d. Federal Regulators Yes No
- e. Federal Regulatory Staff Yes No
- f. Regional Officials Yes No

If so, who?

**2. Price Reporting, Index Creation and Self Regulation**

- a. What is NEM's position on Price Reporting?
  - i. Does NEM support an independent data hub? Yes No
    - A. If so, for profit, not for profit, or government run?
      - 1. If not for profit, who funds and how?
      - 2. If for profit, should there be price and access regulations?
      - 3. If run by government, should it be free to everyone?
  - ii. Should reporting be mandatory? Yes No

To:

    - A. A for profit independent data hub?
    - B. A not for profit independent data hub?
    - C. A government run independent data hub?
  - iii. If mandatory, who should report?
    - A. If mandatory, who should be exempt?
  - iv. If mandatory, what information should be reported?
- b. What is NEM's position on Index Creation?
  - i. What rules, if any, should apply to indexes?
  - ii. Are counterparty identities necessary for verification?
  - iii. How should double-counting be addressed?
  - iv. What sample sizes should be deemed representative?

- v. How should suspect data be subject to challenge and excluded?
- c. What is NEM's position on Self Regulatory Organizations (SROs)?
  - i. What is the extent of FERC's authority to implement a SRO solution? Is legislation required?
  - ii. How should a SRO be chosen?
  - iii. Does NEM support designation of a particular entity as a SRO?
  - iv. What price surveillance oversight functions could/should FERC delegate to a SRO (standards of conduct, compliance, surveillance, auditing, enforcement, rulemaking, standardization of formats, dispute resolution, adjudication, membership requirements)?

**3. The Energy Policy Act of 2004.**

- a. What is NEM's position on the Energy Policy Act of 2004?
- b. Does NEM support particular provisions pertaining to:
  - i. Electric reliability standards organization? Yes No  
If NERC? Yes No
  - ii. Transmission pricing including methodologies such as direct assignment, participant funding and rolling into regional or sub-regional rates? Yes No
  - iii. Incentive-based rates for transmission, including incentives for transmitting utilities and electric utilities to join an RTO or ISO? Yes No
  - iv. The definition of Round Trip Trading Yes No
  - v. FERC establishment of electronic information system to promote electric price transparency? Yes No
  - vi. FERC establishment of mandatory natural gas price reporting requirements? Yes No
  - vii. Supply incentives? Yes No
  - viii. Does NEM support tax incentives for:
    - A. Utility Shareholders if tied to migration rates? Yes No

B. Marketers Yes No  
1. If so, for what? If not, please explain.

C. Consumers Yes No  
1. If so, for what? If not, please explain.

4. Supply Margin Assessment (SMA)

a. What is NEM's position on FERC's SMA screen? Please explain.

b. What is NEM's position on the Pivotal Supply Screen - Capacity Surplus Index? Please explain.

c. What is NEM's position on the Market Share - Limited Competing Supplier Screen?

i. If an applicant's market share is between 20% and the 35% Justice Department Guidelines, what other factors should FERC consider in granting/denying market-based rate authority?

d. What is NEM's position on the Market Share - Wholesale Market Share Screen?

i. If an applicant's market share is between 20% and 35%, what other factors should FERC consider in granting/denying market-based rate authority?

5. PJM Market Power Mitigation Procedures

a. What is NEM's position on the proposed competitive Local Market Auction?

i. What is NEM's position on PJM's proposal to require winning bidders to provide PJM with an FTR into the load pocket for the life of the contract?

b. What is NEM's position on suspending offer caps when competitive conditions exist in a load pocket?

i. Does NEM support the concept that competitive conditions will not be found if three or fewer generation suppliers are jointly pivotal to serve the load in a locality? Yes No

ii. How should competitive conditions be measured?

c. What is NEM's position on capping the price of post-1996 generating units to variable costs plus 10%?

- d. **What is NEM's position on requiring all owners of generation located in PJM to become members of PJM or otherwise agree to adhere to all rules and procedures applicable to generation and transmission in the PJM region?**
  - e. **What is NEM's position on ISO/RTO tracking of long-term revenue adequacy?**
  - f. **What is NEM's position on PJM regional market reforms?**
    - i. **Establishing market for 10-minute non spinning and 30 minute reserves**
    - ii. **Modifying capacity markets to compensate resources in excess of the minimum requirement when there is surplus capacity**
    - iii. **Modifying mitigation procedures to permit marginal units an opportunity to recover investment**
  - g. **What is NEM's position on the creation of local capacity and reserve markets where there is a local reliability need?**
- 6. ISO/RTO Billing**
- a. **What is NEM's position on the information that ISOs/RTOs should be required to provide to marketers to audit bills and when? Please explain.**
- 7. What is NEM's position on the definition of:**
- a. **Market Power?**
  - b. **Economic Withholding?**
  - c. **Affiliate Abuse?**
- Please supply by email.**
- 8. FERC Authority**
- a. **What is NEM's position on FERC's authority over:**
    - i. **Open Access**
    - ii. **Market Monitoring**
    - iii. **Refunds**
  
    - iv. **Enforcement**
    - v. **Prices**
    - vi. **Reliability**
    - vii. **Seams**

**viii. RTOs**

**9. Seams Issues**

**a. Price Convergence at the Borders**

- i. What is NEM's position on NYISO/ISO-NE's Virtual Regional Dispatch (VRD) solution?**

**Please explain.**

- b. Which issues identified in the NAESB seams catalog should NEM prioritize?**

**Please supply by email.**

**10. Energy Trading and Risk Valuation**

- a. What is NEM's position on CFTC jurisdiction over energy derivatives transactions?**

- b. What is NEM's position on trading hubs?**

- c. What should NEM do with the Master Netting Agreement?**

- d. What is NEM's position on best practices for clearing and settlement?**

- e. What is NEM's position on mark-to-market and implementation of FASB 133?**

- f. What is NEM's position on mandatory clearing?**

**11. Pipelines**

- a. What is NEM's position on the "shipper must take title" rule?**

- b. What should NEM's position be if the NYPSC reverses its position on renewals of long-term LDC capacity contracts?**

- i. How will that affect NEM's position on capacity release and the availability of firm capacity during winter months?**

- c. What is NEM's position on the designation and ranking of contracts under which gas will flow on a pipeline's system?**

- d. What is NEM's position on standards that should apply to shipper creditworthiness?**

**12. Market Manipulation**

- a. What is NEM's position on "legitimate business practices" that might be interpreted as "market manipulation"?
13. Creditworthiness Requirements
- a. What is NEM's position on credit standards?
14. Standard Market Design
- a. What is NEM's position now on SMD?
    - i. RTO participation
    - ii. Who should administer the residual capacity auction

**Please note that this is a partial list of issues. Please add any issues that you think are important as this list is intended to be updated regularly.**