



**Federal Energy Regulatory Commission**  
**May 8, 2007**  
**Technical Conference AD07-7**  
**Conference to Examine the State of**  
**Competition in Wholesale Power Markets**  
**Statement of**  
**Chairman Joseph T. Kelliher**

"Welcome to the second technical conference on enhancing competition in wholesale power markets.

Today, we are going to concentrate discussion on the organized markets, rather than the bilateral wholesale markets. We will review in greater detail some of the challenges that were identified at the February conference, namely the need for more effective demand response, promotion of long term contracts, and assuring accountability by regional transmission organizations (RTOs) and independent system operators (ISOs).

Competition in wholesale power markets is national policy, recently reaffirmed by the Energy Policy Act of 2005. Our job is to use our regulatory powers to promote effective competition in both bilateral and organized wholesale markets. The Commission for many years has relied on both regulation and competition to assure just and reasonable power prices. The power industry is a dynamic industry, and we are reacting to changes by adjusting the mix between our reliance on competition and regulation. We are searching for the best possible mixture of the two.

We have taken action to improve the competitiveness of bilateral wholesale markets. Order No. 890 will improve access to the grid and improve transmission planning. We have also established a federal-state working group on competitive procurement, chaired on our side by our colleague Commissioner Marc Spitzer. These steps should improve competition in the bilateral wholesale markets.

In my view, as regulators we have a duty to constantly consider for regulatory reform. That is what we are doing here today – considering possible reforms to FERC policy that could improve competition in the organized wholesale markets.

This is an important conference. It could help shape reforms FERC may take to improve demand response, promote long term contracts, and assure accountability by RTOs and ISOs.

As I have indicated before, I fully expect at the end of this process the Commission will propose a number of significant policy reforms.

For purposes of full disclosure, I want to inform the panelists that I will listen most closely to those of you who propose concrete solutions to the challenges we are examining today, rather than merely recite problems.

I look forward to hearing the views of the panelists today."