

US Brings In Long Term Transmission Rights

The US Federal Energy Regulatory Commission has released guidelines covering long-term transmission rights in electricity markets aimed at underpinning new investment and long term power supply deals. “Long-term firm transmission rights are an important issue, particularly to wholesale power customers who want to enter into long-term transmission service arrangements without being exposed to unhedged congestion cost risk. This final rule goes far to reduce the risk exposure to transmission customers,” says FERC Chairman Joseph Kelliher. The final rule requires independent transmission organisations to make long-term firm transmission rights available to all transmission customers. “The availability of such rights will provide an added measure of certainty to load-serving entities that wish to enter into long-term power supply arrangements to serve their load, which in turn should allow load-serving entities to more readily obtain financing for new infrastructure,” says FERC. In line with current practice, the guidelines also require that long-term firm transmission rights be available to entities that pay for upgrades or build expansions. In other moves, the North American Electric Reliability Council has taken on new powers for reliability standards under the 2005 Energy Policy Act. NERC will now be responsible for developing and enforcing mandatory reliability standards, and can impose fines on utilities that fail to meet performance targets.

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