

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission**

[Docket No. RM99-2-000]

**Regional Transmission Organizations; Notice of Intent To Prepare an Environmental Assessment for the Regional Transmission Organizations Rulemaking, Request for Comments on Environmental Issues, and Notice of Public Scoping Meeting**

May 14, 1999.

To further the policies and goals of the National Environmental Policy Act of 1969 (NEPA), the staff of the Federal Energy Regulatory Commission (FERC) will prepare an environmental assessment (EA) that will consider the environmental impacts of the proposed rulemaking on Regional Transmission Organizations (RTO). The proposed rule was issued by the Commission on May 13, 1999, and appears elsewhere in this issue of the **Federal Register**. The Commission requests public comments on the scope of the issues it will address in the EA. All comments received will be considered during the preparation of the EA. A comment period will be allotted for public review of the EA.

Scoping comments are due on or before June 14, 1999; the public scoping meeting will be held at 10:00 a.m. on July 8, 1999 in the Commission Meeting Room, 888 First Street, NE, Room 2C, Washington, D.C. 20426.

**Summary of the Proposed Action**

In Order Nos. 888 and 889, the Commission established the foundation necessary to develop competitive bulk power markets in the United States: Non-discriminatory open access transmission services by public utilities and stranded cost recovery rules that would provide a fair transition to competitive markets. Order Nos. 888 and 889 were not intended to address all problems that might arise in the development of competitive power markets. Indeed, since the issuance of Order Nos. 888 and 889, the industry has undergone changes. Trade in bulk power markets has continued to increase significantly and the Nation's transmission grid is being used more heavily and in new ways.

After almost three years of experience with implementation of Order Nos. 888 and 889, there remain transmission-related impediments to a competitive wholesale electric market. In an effort to ensure that electricity consumers realize the full benefits that competition can bring to wholesale markets, the Commission has issued a Notice of

Proposed Rulemaking, the objective of which is to encourage all transmission facilities in the Nation, including transmission facilities owned or controlled by non-public utility entities, to form appropriate regional transmission institutions in a timely manner.

Accordingly, as set forth in detail in the Notice of Proposed Rulemaking, the Commission proposes the following:

- Minimum characteristics and functions that an RTO must satisfy. Industry participants will retain flexibility in structuring RTOs that satisfy the standards.
- An "open architecture" policy regarding RTOs, whereby all RTO proposals must allow the RTO and its members the flexibility to improve their organizations in terms of structure, operations, market support and geographic scope to meet market needs. In turn, the Commission will provide the regulatory flexibility to accommodate such improvement.
- Guidance on flexible transmission ratemaking that may be proposed by RTOs, including ratemaking treatments that will address congestion pricing and performance based regulation. The Commission will consider on a case-by-case basis incentive pricing that may be appropriate for transmission facilities under RTO control.
- A plan for encouraging formation of RTOs across the Nation that includes: (1) A collaborative process to take place in the spring of 2000 for all stakeholders to actively work toward the voluntary development of specific RTOs; and (2) filing requirements whereby all public utilities that own, operate or control interstate transmission facilities must file with the Commission by October 15, 2000 a proposal for an RTO with the standards adopted in the final rule, or a description of reasons that it has not filed such a proposal. Each proposed RTO must plan to be operational by December 15, 2001.

**Public Participation**

The public is invited to provide comments that will assist us in conducting an accurate and thorough analysis of the potential environmental impacts of the proposed rule. Comments should address environmental issues, including any potential environmental effects of the proposed rule, alternatives to the proposed rule, and measures to avoid or lessen environmental impacts (if any). The more specific the comments, the more useful they will be. Please carefully follow these instructions to ensure that your comments are received in time and properly recorded:

- Send two copies of your letter to: David P. Boergers, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE, Room 1A, Washington, D.C. 20426.
- Label one copy of the comments for the attention of Jim Turnure, Office of Economic Policy, Federal Energy Regulatory Commission, 888 First Street, NE, Room 64-09, Washington, D.C. 20426.
- Mail your comments so that they will be received in Washington, D.C. on or before June 14, 1999.

In addition to filing paper copies, the Commission encourages the filing of comments either on computer diskettes or via Internet e-mail. Comments may be filed in the following formats: WordPerfect 6.1 or lower version, MS Word Office 97 or lower version, or ASCII format.

For diskette filing, include the following information on the diskette label: Docket No. RM99-2-000; the name of the filing entity; the software and version used to create the file; and the name and telephone number of a contact person.

For Internet E-Mail submittal, comments should be submitted to "comment.rm@ferc.fed.us" in the following format. On the subject line, specify Docket No. RM99-2-000. In the body of the E-Mail message, include the name of the filing entity; the software and version used to create the file, and the name and telephone number of the contact person. Attach the comments to the E-Mail in one of the formats specified above. The Commission will send an automatic acknowledgment to the sender's E-Mail address upon receipt.

Questions on electronic filings should be directed to Brooks Carter at 202-501-8145, e-mail address: Brooks.Carter@FERC.FED.US.

Commenters should take note that, until the Commission amends its rules and regulations, the paper copy of the filing remains the official copy of the document submitted. Therefore, any discrepancies between the paper filing and the electronic filing or the diskette will be resolved by reference to the paper filing.

All written comments will be placed in the Commission's public files and will be available for inspection in the Commission's Public Reference room at 888 First Street, N.E., Washington D.C. 20426, during regular business hours. Additionally, comments may be viewed, printed, or downloaded remotely via the Internet through FERC's Homepage using the RIMS submitted in electronic format all available on CIPS. User

assistance is available at 202-208-2222, or by E-Mail to [rismaster@ferc.fed.us](mailto:rismaster@ferc.fed.us).

In addition to asking for written comments, we invite any interested parties to attend our public scoping meeting that will be held on July 8, 1999. The meeting will be held at 10:00 a.m. in the Commission Meeting Room,

888 First Street, N.E., Room 2C, Washington, D.C. 20426. The purpose of the public meeting is to provide interested parties another opportunity to offer comments on the proposed rule.

A copy of the EA will be made available for review and comment to all interested parties. A 30-day comment

period will be provided for reviewing the EA. The Commission will consider all comments on the EA in developing the final rule.

**David P. Boergers,**  
*Secretary.*

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