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**Technology, Telecommunications  
& Energy Committee**

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**SJM 8000**

**Brief Description:** Requesting the federal energy regulatory commission to withdraw a proposal affecting electricity.

**Sponsors:** Senators Fraser, Morton, Hewitt, Keiser and Hale.

**Brief Summary of Bill**

- Requests that the Federal Energy Regulatory Commission withdraw its Notice of Proposed Rulemaking to establish a standard market design for electricity or that the President and Congress prevent the rulemaking from going forward.

**Hearing Date:** 3/25/03

**Staff:** Pam Madson (786-7166).

**Background:**

In July 2002, the Federal Energy Regulatory Commission (FERC) proposed a rule that would establish a standard market design (SMD) for the wholesale electricity market and some retail market activities. To support its rule, FERC argues that a single market model will work for the entire nation. The proposal requires a competitive market-based structure that changes the way the western transmission system is operated, expands FERC's authority in state decisions regarding resource adequacy and demand response, and affects the regional benefits derived from the Federal Columbia River Power System.

The Northwest electricity system is unique when compared to the rest of the nation. Factors include substantial public ownership of the electrical transmission lines and power generation, a hydro-based system where the amount of energy generated is limited by the amount of water available, complex legal arrangements for multiple uses of the water to meet diverse goals, and a system that requires substantial coordination among generation facility owners and utilities.

Members of Congress, western state Governors, and power interests have argued that the SMD proposal would increase costs to consumers in the region and decrease reliability of the

electric power system. The recently passed federal omnibus spending bill included language that requires the Secretary of the Department of Energy to independently analyze the impact on electricity prices and system reliability under current conditions and under the SMD before the rule can be finalized.

**Summary of Bill:**

The Legislature requests that the Federal Energy Regulatory Commission (FERC) leave the Northwest electricity system in place and withdraw its Notice of Proposed Rulemaking establishing a Standard Market Design for electricity.

In the event that FERC does not withdraw its proposal, the Legislature further requests that the President and Congress take action to prevent FERC from proceeding with its proposal establishing a standard market design.

**Appropriation:** None.

**Fiscal Note:** Not Requested.