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## **EPSA COMMENDS FERC FOR FIRST FINAL RULE ON ENERGY PRICE FORMATION**

### ***Implores FERC to Move Forward On Other Reforms This Year***

WASHINGTON, DC – Electric Power Supply Association President & CEO John E. Shelk released the following statement on the unanimous vote by the Federal Energy Regulatory Commission (FERC) today to approve a final rule strongly supported by EPSA to improve price formation in wholesale energy markets operated by regional transmission organizations and independent system operators (RTOs/ISOs):

“EPSA commends FERC Commissioners and staff for today’s unanimous adoption of a two-part final rule to begin needed improvements to wholesale energy market price formation. EPSA strongly supported both reforms in comments filed with FERC as part of EPSA’s priority efforts on energy price formation issues.

The final rule’s so-called ‘five-minute’ pricing provisions will compensate generators based on more granular, actual market conditions within an hour as opposed to paying an hourly average. The new pricing approach is particularly important as the nation’s resource mix continues to change dramatically. Greater intermittent resources such as wind and solar require other resources to quickly respond to dispatch signals and do so flexibly to maintain reliability. This part of today’s final rule will increase transparency and compensate resources more appropriately going forward.

The final rule adopted today also requires RTOs/ISOs to improve energy price formation by more regularly reflecting actual market conditions regardless of the short time duration of tight supply and demand when they occur. Doing so will ensure that price signals truly reflect system operations, which is a bedrock principle of EPSA’s multi-pronged energy price formation initiative.

EPSA agrees with Chairman Bay and his colleagues who indicated today that energy price formation is among the most important work FERC is doing and that more needs to be done. Today’s action is the first final rule in FERC’s multi-year energy price formation effort. EPSA is encouraged by today’s approval of this two-part final rule and implores FERC to take additional final action this year on other pending matters to fully improve Day Ahead and Real Time energy pricing so that wholesale markets continue to deliver reliable power supplies at just and reasonable rates.”

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*EPSA is the national trade association representing leading competitive power suppliers, including generators and marketers. Competitive suppliers, which collectively account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities serving power markets nationwide. EPSA seeks to bring the benefits of competition to all power customers.*