



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

**BEFORE THE
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

**In the Matter Concerning the
Participation of Incumbent Electric
Utilities in Regional Transmission
Entities**

**Case No.
PUE990349**

**Comment of the Staff of the Bureau of Economics
of the Federal Trade Commission(1)**

February 10, 2000

I. Introduction and Summary

The staff of the Bureau of Economics of the Federal Trade Commission (FTC) appreciates this opportunity to present its views to the State Corporation Commission (SCC) on its implementation of provisions of t

There is a potential for additional state RTE requirements, above and beyond FERC's minimum requirements, to vary or even be inconsistent, and thus to have the unintended consequence of frustrating the efficient formation of multi-state RTEs. In light of this potential, the SCC may wish to consider delaying adoption of these additional requirements to see whether FERC's minimum requirements work. The SCC could then better determine what additional requirements, if any, are necessary. Following this period of review, if FERC's standards are insufficient to meet the SCC's concerns, the SCC could

transmission and generation capacity. In addition, this type of authority may allow the RTE to discriminate against distributed generation, which is a market-based means to reduce transmission congestion.(13)

IV. Market Monitoring and Information Sharing Requirements

A. RTE Market Monitoring Should Include Analysis of Existing Market Power

The SCC has proposed that RTEs "[p]rovide for effective market monitoring, including serving as a resource to assist

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1. This comment represents the views of the staff of the Bureau of Economics of the Federal Trade Commission. They are not necessarily the views of the Federal Trade Commission or any individual Commissioner. Inquiries regarding this comment should be directed to John C. Hilke (303-844-3565).

2. Duplicate of Footnote One (webmaster)

3. The staff of the FTC has commented to FERC on electric power regulation in Docket No. RM99-2-000 (regional transmission organizations) (Aug. 16, 1999); Docket EL99-

9. See, e.g., Alabama Competition Comment, *supra* n. 2, at 30.

10. It is important to ensure that these market-based investment signals are not unnecessarily burdened by regulatory obstacles. In the electric power industry, a large impediment to expanding or adding new generation or