Federal Energy Regulatory Commission impact on the Utilities Industry:

The Energy Policy Act of 2005 mandates "Reliability" standards for those companies in the Utility industry throughout the U.S. (except Alaska and Hawaii) but only those companies that are regulated by the Federal Energy Regulatory Commission (FERC) are immediately impacted. So, it might be helpful to know what FERC is responsible for (and what they are not responsible for) and what that means for our customers and prospects for our new product. Here is a brief overview of what they do and don't do.

Keep in mind when talking to small trading partners that work in this industry, that while they might not feel the pinch of the new regulation mandates right now, sooner or later, the large trading partner that they do business with may decide to implement an encrypted EDI solution that would eliminate those trading partners that can not read their data!

FERC's Role:
The Federal Energy Regulatory Commission, or FERC, is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil. FERC also reviews proposals to build liquefied natural gas (LNG) terminals and interstate natural gas pipelines as well as licensing hydropower projects. The Energy Policy Act of 2005 gave FERC additional responsibilities. This is a brief summary.

- Regulates the transmission and sale of natural gas for resale in interstate commerce;
- Regulates the transmission of oil by pipeline in interstate commerce;
- Regulates the transmission and wholesale sales of electricity in interstate commerce;
- Licenses and inspects private, municipal, and state hydroelectric projects;
- Approves the setting of and abandonment of interstate natural gas facilities, including pipelines, storage and liquefied natural gas;
- Ensures the reliability of high voltage interstate transmission system;
- Monitors and investigates energy markets;
- Uses civil penalties and other means against energy organizations and individuals who violate FERC rules in the energy markets;
- Oversees environmental matters related to natural gas and hydroelectricity projects and major electricity policy initiatives; and
- Administers accounting and financial reporting regulations and conduct of regulated companies.

What FERC Does *NOT* Do

Many areas outside of FERC's jurisdictional responsibility are dealt with by **State Public Utility Commissions.**

Areas considered outside of FERC's responsibility include:

- Regulation of retail electricity and natural gas sales to consumers;
- Approval for the physical construction of electric generation, transmission, or distribution facilities;
- Regulation of activities of the municipal power systems, federal power marketing agencies like the **Tennessee Valley Authority**, and most rural electric cooperatives;
- Regulation of nuclear power plants by the **Nuclear Regulatory Commission;**
- Issuance of State Water Quality Certificates;
- Oversight for the construction of oil pipelines;
- Abandonment of service as related to oil facilities;
- Mergers and acquisitions as related to oil companies;
- Responsibility for pipeline safety or for pipeline transportation on or across the Outer Continental Shelf;
- Regulation of local distribution pipelines of natural gas; and the Development and operation of natural gas vehicles.

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