

Restructuring Today



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Market advocates sensitive to regional differences

Delaying SMD until regional differences are worked out is fine with the Center for the Advancement of Energy Markets (CAEM, pronounced Kay-em).

The market advocates see merit in debates on regional needs and FERC has to do “much more work” on policies to foster transmission upgrades, obstacles to a robust forward power market and deploying new grid technologies, CAEM’s IDEAS Foundation proclaimed.

CAEM too sees FERC and SEC guidelines and trading rules as “desirable and understandable” in building trust in the market.

Those new rules should be market-based and cause more trading and should not be changed for a “period of time” once in place.

“Energy traders are going through a natural ‘sorting out’ period of who should be in the business, new businesses are entering and will continue to enter the market and ... energy traders will again find credit-worthy counterparties and liquidity in the market in the short term,” the board believes.

Energy trading “is critically important to the long-term success and stability ...

... of industry.”

Federal energy legislation is unlikely this year, the board members believe but “this is fortunate.”

Last year’s bills “were too supply-oriented and did not have enough focus on infrastructure and demand for energy,” board members said.

They “put the government in the position of picking winners and losers on a political basis rather than allowing the market to work.”

The foundation will launch a forum on supply-demand integration strategies to “create a new framework focused on making the value proposition of electricity clearer and more useful to consumers,” start a working group on forward power contracts and create an “executive-level strategy group for competitive markets.”

CAEM will create Education in Energy Markets to provide to opinion makers “objective, unbiased information” relating to energy markets, regulation and restructuring and “complex concepts” so they can understand them.

Board members represent a broad swath of regulators and industry.

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