

2000

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Recommended Citation

Mark T. Maassel, *Antitrust Issues Meet Natural Gas & Electric System Reliability Issue in a Competitive Marketplace*, 7 Rich. J.L. & Tech 23 (2000).

Available at: <http://scholarship.richmond.edu/jolt/vol7/iss2/18>

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Volume VII, Issue 2,

Fall 2000

**Antitrust Issues Meet Natural Gas & Electric System Reliability
Issue in a Competitive Marketplace**

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Cite As: Mark T. Maassel, *Antitrust Issues Meet Natural Gas & Electric System Reliability Issue in a Competitive Marketplace*, 7 RICH. J.L. & TECH. 23 (Symposium 2000), at <http://www.richmond.edu/jolt/v7i2/maassel.html>.

I. Historical Context

- A. Utilities had right and obligation to serve
- B. Monopoly granted by states or FERC
- C. Often included exclusive franchise areas

II. Reliability Planning - Historically

- A. Occurred voluntarily between companies who did not (could not) compete
- B. Coordinated, cooperative planning occurred
- C. Consistent, voluntary standards ensured reliability

III. Planning Occurred

A. Electric Industry, Regional Reliability Council

B. Gas Industry, No Single Formal Group as in Electric Industry

IV. Competition Changes Things

A. Electric Industry - (Formerly Highly Vertically Integrated)

1. Asset Divestiture (Power Plants)
2. Merchant Power Plants
3. Congested Interstate Transmission Network
4. No Ability to Mandate Reliability in Operations
5. Congestion Management is an Issue
6. Transmission Loading Relief (TLR)

B. Gas Industry (Historically Not Vertically Integrated)

1. Peak Day Planning done by Individual Company, working with the Interstate Pipeline
2. In some areas, regional planning occurred
3. Congestion Management is an issue
4. Operating Flow Orders (OFO)

V. Issues to Consider

A. Information which should be Shared

1. What Information?
2. How is that Information Shared?

B. Reliability Planning Among Competitors

1. How does the Information Affect Reliability?
2. How does the Information Affect Competition?
3. Who Does the Reliability Planning?

C. Other Questions to Consider

1. Who has the Responsibility to Implement the Emergency Plan?
2. Abuses which might Result from the Information Shared?

D. Options

1. Legislation
 - a. NAERO Provides an Express Exemption to Anti-trust Law
2. Continued Regulatory Oversight
 - b. ex. Massachusetts
3. Marketplace with Antitrust Oversight



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