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

Mark T. Maassel
Antitrust Issues Meet Natural Gas & Electric System Reliability Issue in a Competitive Marketplace

by Mark T. Maassel(*)

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

[*] Mark T. Maassel is Vice President, Regulatory and Government Policy, for NiSource, Inc. He earned a bachelor's degree with high distinction in Civil Engineering from the University of Minnesota and juris doctor with high honors from Chicago Kent College of Law, Illinois Institute of Technology. Mr. Maassel joined Northern Indiana Public Service Company (NIPSCO), a subsidiary of NiSource, in 1977 as an Associate Civil/Structural Engineer. He was promoted to Manager, Research and Development Group, in 1986; Manager, Environmental Programs, in 1988; Director, Central Region, in 1991; and Vice President, Electric Service and Sales, in January 1994. He became Vice President, Marketing and Sales, of NiSource in July 1996; and was elected to his present position in June, 1998.