

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
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December 19, 2017

Dr. Eric Hildebrandt
Director of Market Monitoring
California ISO
250 Outcropping Way
Folsom, CA 95630

Dear Dr. Hildebrandt:

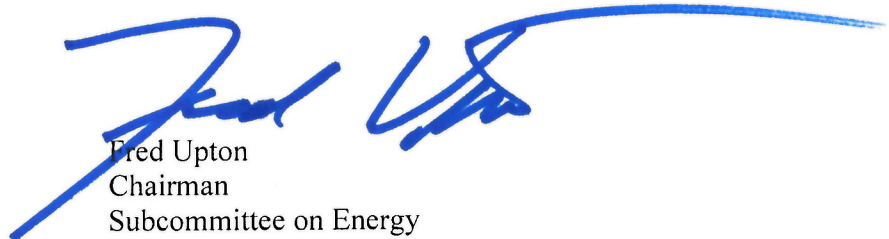
Thank you for appearing before the Subcommittee on Energy on November 29, 2017, to testify at the hearing entitled "Powering America: Examining the Role of Financial Trading in the Electricity Markets."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Tuesday, January 9, 2017. Your responses should be mailed to Allie Bury, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to Allie.Bury@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Fred Upton
Chairman
Subcommittee on Energy

cc: The Honorable Bobby L. Rush, Ranking Member, Subcommittee on Energy

Attachment

Attachment—Additional Questions for the Record

The Honorable Fred Upton

1. In your testimony, you state that market design flaws associated with Financial Transmission Rights (FTRs) is costing ratepayers over \$400 million a year. Why does every RTO and ISO have this flaw and what is your proposed solution?
2. I understand that sometimes the revenue paid out to Financial Transmission Right (FTR) holders is greater than the revenue generated by FTRs, resulting in a revenue shortfall. When this occurs, where does the money come from to cover the shortfall?
 - a. How often does this occur and on what scale?
3. You testified that financial instruments are essentially price swap contracts and that unlike such contracts for other commodities, FTRs sold in electricity markets are not cleared and settled based on bids from willing buyers and sellers, but *instead* auctioned off by market operators. Can you explain in further detail why this is the case?