



FERC Eliminates WECC Soft Price Cap

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By: Ben N. Reiter, Stephen J. Hug, Emily P. Mallen, Sharmila P. Das, Corban A. Coffman, Barbara Deathe (Senior Paralegal Specialist)

On February 19, 2026, the Federal Energy Regulatory Commission (FERC) issued an order rescinding the soft price cap for bilateral spot market energy sales in the Western Electricity Coordinating Council (WECC) region.¹ As previously covered, on July 15, 2025, FERC initiated a Federal Power Act Section 206 proceeding following the D.C. Circuit's decision finding that FERC must apply the *Mobile-Sierra* public interest standard before ordering refunds for above-cap bilateral sales and vacating FERC's orders requiring refunds for certain bilateral spot market transactions in the WECC region that exceeded the \$1,000 MWh soft price cap.² FERC's Order follows through on the proposal it made last July to eliminate the WECC's soft price cap and marks a recognition that Western wholesale markets have evolved over the past two decades to become sufficiently competitive to render the soft price cap unnecessary.

FERC's February 19, 2026 Order concludes that the WECC soft price cap is no longer just and reasonable and rescinds both the \$1,000/MWh cap and the associated cost-justification filing requirement for sellers exceeding such cap, effective July 18, 2025. Central to FERC's determination is its view that the soft price cap—which FERC explains is better understood not as a price cap but rather a screen for its identification of individual spot market contracts that may warrant *Mobile-Sierra* analysis³—no longer functions as a meaningful market mitigation tool. FERC rests its decision to eliminate the soft price cap on three different grounds.⁴

First, FERC explains that the expansion of centralized markets across the West have meaningfully expanded market participants' access to numerous supply options other than existing bilateral trading structures.⁵ FERC also notes that these Western markets “include robust market monitoring provisions that both directly mitigate potential exercises of market power for sales within those constructs, and can discipline bilateral spot market activity.”⁶ In light of the development of markets across the West, FERC finds that soft price cap is no longer necessary in the WECC region.

Second, FERC relies on the more robust legal authority and monitoring capabilities that it has been provided since the soft cap was implemented.⁷ FERC, for instance, explains that it has significantly improved both the scope and timeliness of relevant market data that it receives resulting in “more efficient, timely, and comprehensive assessment of market dynamics and activity.”⁸ FERC also identifies the data it receives pursuant to a memorandum of understanding it has entered into with the Commodity Futures Trading Commission along with data from market operators pursuant to Order No. 760 as providing it with a better ability to assess market dynamics than the after-the-fact soft cap filing requirement is capable of providing.⁹ FERC also notes that the electric quarterly reports submitted by sellers provides both FERC and the public with “specific trade quantity, price, and duration information on a similar timeframe to that provided by the WECC soft price cap filings.”¹⁰

Finally, FERC concludes that given its characterization of the soft price cap as only a screening tool for potential *Mobile-Sierra* review under which freely negotiated contract rates are presumed just and reasonable, the incremental oversight value of retaining the soft cap—and the associated cost-justification filing requirement—is negligible.¹¹ Maintaining the cap as a mere informational or “flagging” device does not justify the regulatory burdens it imposes and reinforces FERC’s conclusion that the soft price cap is no longer just and reasonable and should be rescinded.¹²

¹ *Western Electricity Coordinating Council*, 194 FERC ¶ 61,123 (2026) (“Order”).

² *Western Electricity Coordinating Council*, 192 FERC ¶ 61,053 (2025); *Shell Energy N. Am. (US), L.P. v. FERC*, 107 F.4th 981 (D.C. Cir. 2024).

3 Order at P 35, n.83.

4 *Id.* at P 37.

5 *Id.* at P 39.

6 *Id.*

7 *Id.* at P 40.

8 *Id.* at PP 41-42.

9 *Id.* at P 43.

10 *Id.*

11 *Id.* at PP 46-47.

12 *Id.* at P 49.

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