

# 719 Filing Requirements: MA Proposal

MRC

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## The RTO or ISO must describe how its proposal would (Order 719, @248):

- **“Under the revised criteria, we expect an RTO or ISO to explain how its market rules will reduce or avoid periods of operating reserve shortages as well as how its market rules will reliably reduce demand and increase generation during periods of operating reserve shortage. Nothing in this Final Rule dictates the particular market rules or mechanisms an RTO or ISO must adopt. For example, we do not require regions that have not adopted a capacity market to develop such markets.”**



# The RTO or ISO must describe how its proposal would (Order 719, @248):

- **FERC has recognized that scarcity pricing and capacity markets perform the same function:**
  - **Ensuring enough reserves**
  - **Ensuring sufficient revenues to provide for required reserves**



## **The RTO or ISO must describe how its proposal would (Order 719, @247):**

- **“Improve reliability by reducing demand and increasing generation during periods of operating reserve Shortage...”**
  - **MA ORDC methodology would do this.**
  - **MA ORDC would insure that energy prices would increase and be sustained during a shortage.**
  - **MA ORDC methodology would increase available energy and make more reserves available.**



## The RTO or ISO must describe how its proposal would (Order 719, @247):

- **“Make it more worthwhile for customers to invest in demand response technologies;...”**
  - ***Current* price levels (max energy price of \$1,000) and markets (RPM, energy and ancillary service markets) have demand response participation and provided incentives for additional investment in these technologies.**
  - **The MA ORDC approach would provide incentives to invest in demand response technologies.**
  - **Hour ahead Tier 2 market should be maintained for additional incentives for DR investment and market participation (MA position)**



## The RTO or ISO must describe how its proposal would (Order 719, @247):

- **“Encourage existing generation and demand resources to continue to be relied upon during an operating reserve shortage;...”**
  - ***Current* markets (RPM, energy and ancillary service markets) encourage resources to be relied upon during an operating reserve shortage.**
  - **The MA ORDC approach would provide clearer signal of the need for existing generation and demand resources to perform.**
  - **Hour ahead Tier 2 market should be maintained to provide continued participation of reserve resources.**



# The RTO or ISO must describe how its proposal would (Order 719, @247):

- **“Encourage entry of new generation and demand resources;...”**
  - ***Current* price levels (max \$1,000 in energy) and markets (RPM, energy and ancillary service markets) have demand response participation and provided incentives for additional investment in these technologies.**
  - **The MA ORDC approach would provide incentives to invest in demand response technologies.**
  - **Hour ahead Tier 2 market should be maintained for additional incentives for DR investment and market participation (MA position)**



# The RTO or ISO must describe how its proposal would (Order 719, @247):

- **“Ensure that the principle of comparability in treatment of and compensation to all resources is not discarded during periods of operating reserve shortage; and...”**
  - **Current markets (RPM, energy and ancillary service markets) provide for comparable treatment and compensation of various resources (generation, DR) during periods of operating reserve shortage.**





## **The RTO or ISO must describe how its proposal would (Order 719, @247):**

- **“Ensure market power is mitigated and gaming behavior is deterred during periods of operating reserve shortages including, but not limited to, showing how demand resources discipline bidding behavior to competitive levels.”**
- **MA proposal would maintain current market power mitigation rules**

