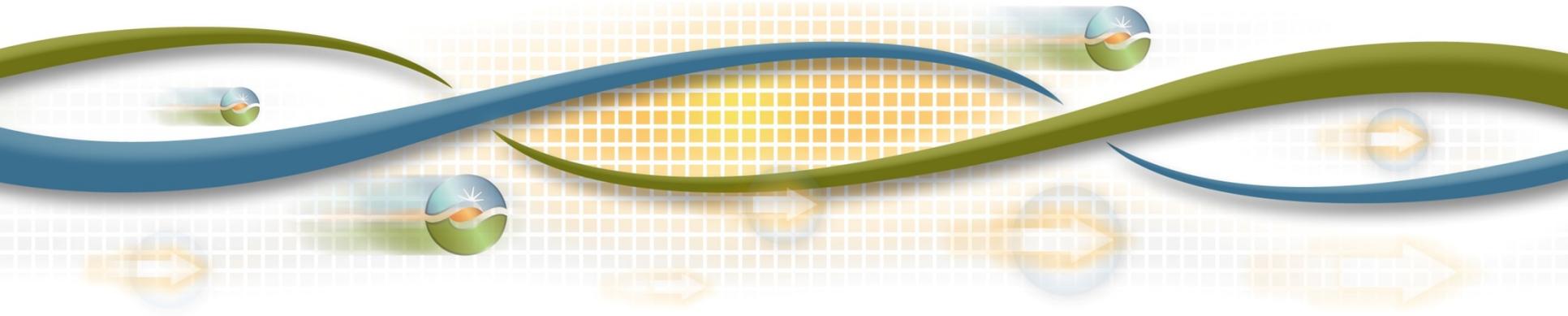


Briefing on market power mitigation in the capacity procurement mechanism

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General Session
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Uses: Two parts to capacity procurement mechanism replacement:

- Exceptional dispatch
 - Most frequent use, but still rare
- Annual and monthly backstop
 - Little used, design goal is to keep it that way

Pivotal Supplier Test

- Three pivotal supplier test
- One pivotal supplier plus some condition
 - e.g. 20% market share test
- Which is more restrictive?
 - Empirical question

Cost categories

- Total operating costs for the period =
GFFC + MMA + O&M + variable+...
- How to count periodic costs
 - e.g. every 10k run hours, once every 3 years, etc.
- Very specific details need to be worked out and agreed upon during policy development

Timeline of cost review and mitigation

- ISO proposes review of all bids that fail market power screens
- Proposal allows 5 days for review in monthly process
 - Not sufficient time for cost verification
- After-the-fact review fails to prevent economic withholding