

Local Market Power Mitigation Enhancements Results from Study of Impacts

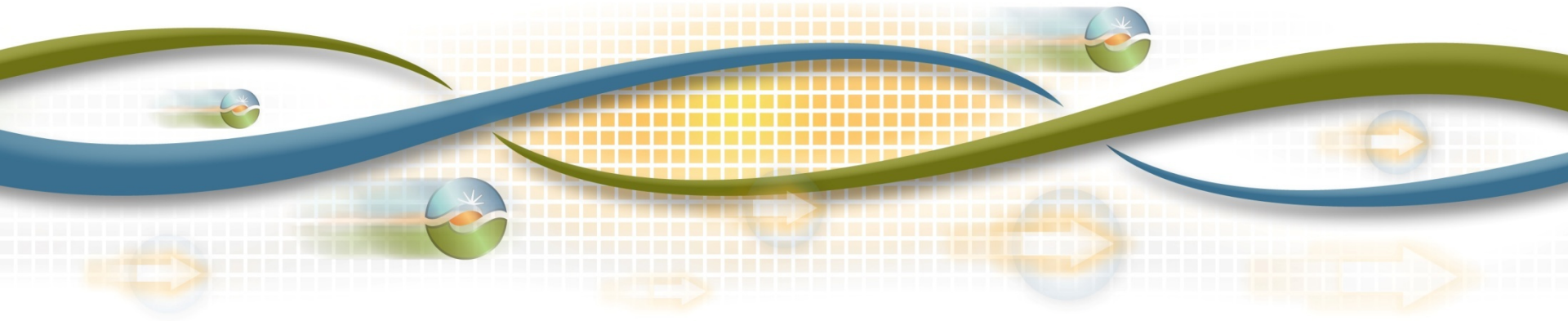
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Board of Governors Meeting

General Session

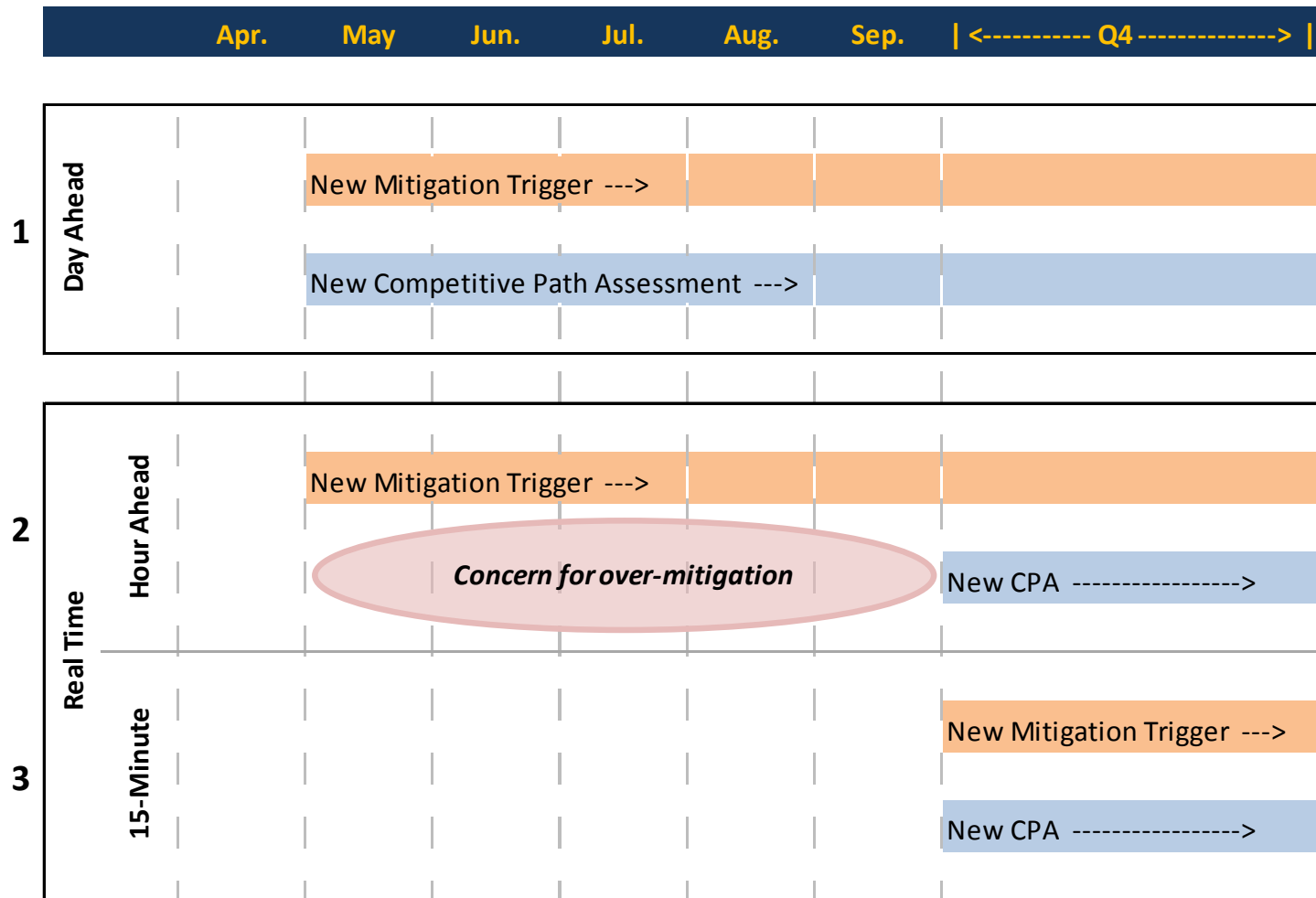
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Proposed enhancements reflect significant change to competitive path identification and mitigation.

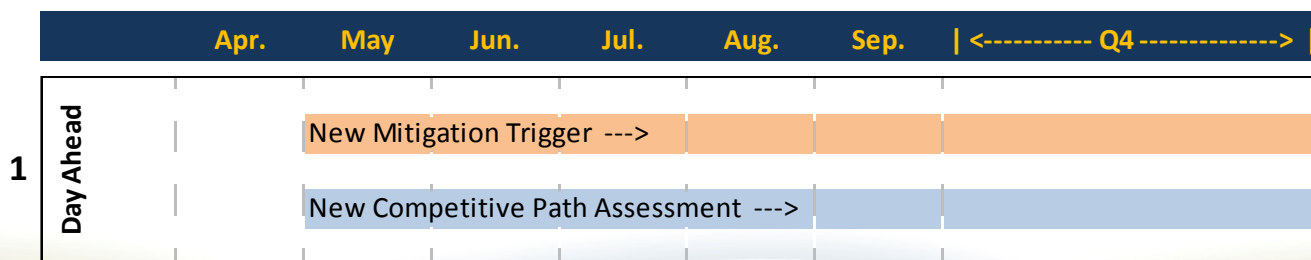
- Identification of competitive paths performed in market software.
 - Use more current market and system information, and better reflect available supply.
- Mitigation trigger will be applied only to units that have local market power ~ eliminates unintended mitigation.
 - Existing mitigation trigger results in unnecessary mitigation.

Some functionality in real time will be implemented in the fall of 2012.



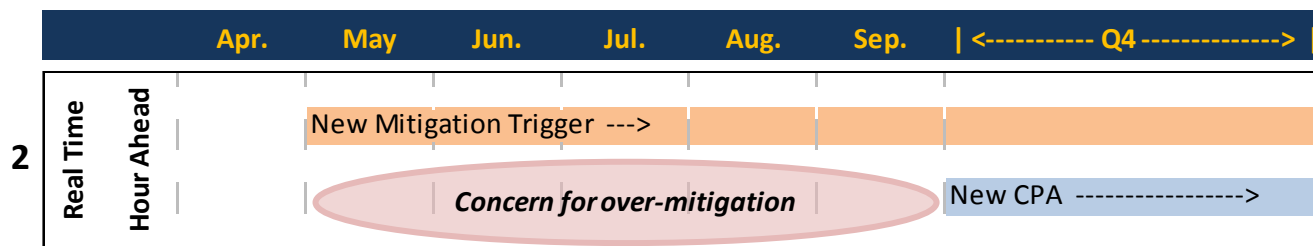
1. Full implementation in day ahead shows significant improvement of mitigation accuracy

- Dynamic competitive path assessment greatly improves the accuracy of path designations.
 - Accuracy improves up to 70%.
 - Less frequent uncompetitive designations → less mitigation.
- Proposed mitigation trigger reduces mitigation frequency by 13 percent.
 - Eliminates all unnecessary mitigation.
 - Increased mitigation where local market power identified.



2. Accuracy of real time market mitigation improves during initial phase of implementation

- Real time market will have the proposed mitigation trigger with static path assessment.
 - Stakeholder concern: Without proposed path assessment, new mitigation trigger may increase mitigation frequency.
- New mitigation trigger resulted in a 48 percent decrease in the frequency of mitigation.



3. Full implementation in the real time market greatly improves accuracy of mitigation

- Additional mitigation features in the real time market added in Phase 2.
- Adding mitigation in 15-minute process improved accuracy of competitive path identification by 40%.
- Accuracy of proposed mitigation trigger expected to continue with full implementation.

