



A GENERATION AHEAD,  
*today*

Calpine's proposal for the RSI

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C L E A N   M O D E R N   E F F I C I E N T   F L E X I B L E   P O W E R   G E N E R A T I O N

- Issue paper describes many different potential market types
  - Month- and year-ahead
    - Voluntary and mandatory
  - Outage replacement
  - Markets for “unsystematic” backstop procurement
- Month- and year-ahead markets could be helpful not only for backstop but to rationalize normal RA procurement
- Outage replacement markets may be useful but could be complicated and should not be a near-term focus of the initiative
- Markets may not be well-suited to “unsystematic” procurement
  - Pricing for “unsystematic” procurement could be linked to month- and year-ahead prices
    - Depending on the similarity of the capacity procured

# Calpine supports the development of month- and year-ahead markets

- Month and year-ahead markets could
  - Reduce transaction costs
  - Lead to more rational and predictable RA pricing
- Market designs already exist
- Important design features of year- and month-ahead markets include
  - Demand curves
  - MOPR
    - Just gas?
  - Some level of mandatory participation
    - Ensure the effectiveness of other elements such as demand curves
    - Provide liquidity
- Status quo may be preferable to a poorly designed market

# “Unsystematic” backstop procurement

- Markets may not be feasible to fulfill needs that are fleeting or only can be met with a small number of resources
- Pricing could be linked to month- and year-ahead prices to the extent that “similar” capacity is procured
- Preserve administrative pricing?

