

The ISO-NE Forward Capacity Market: Opportunities, Costs and Challenges



Presentation
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The Context

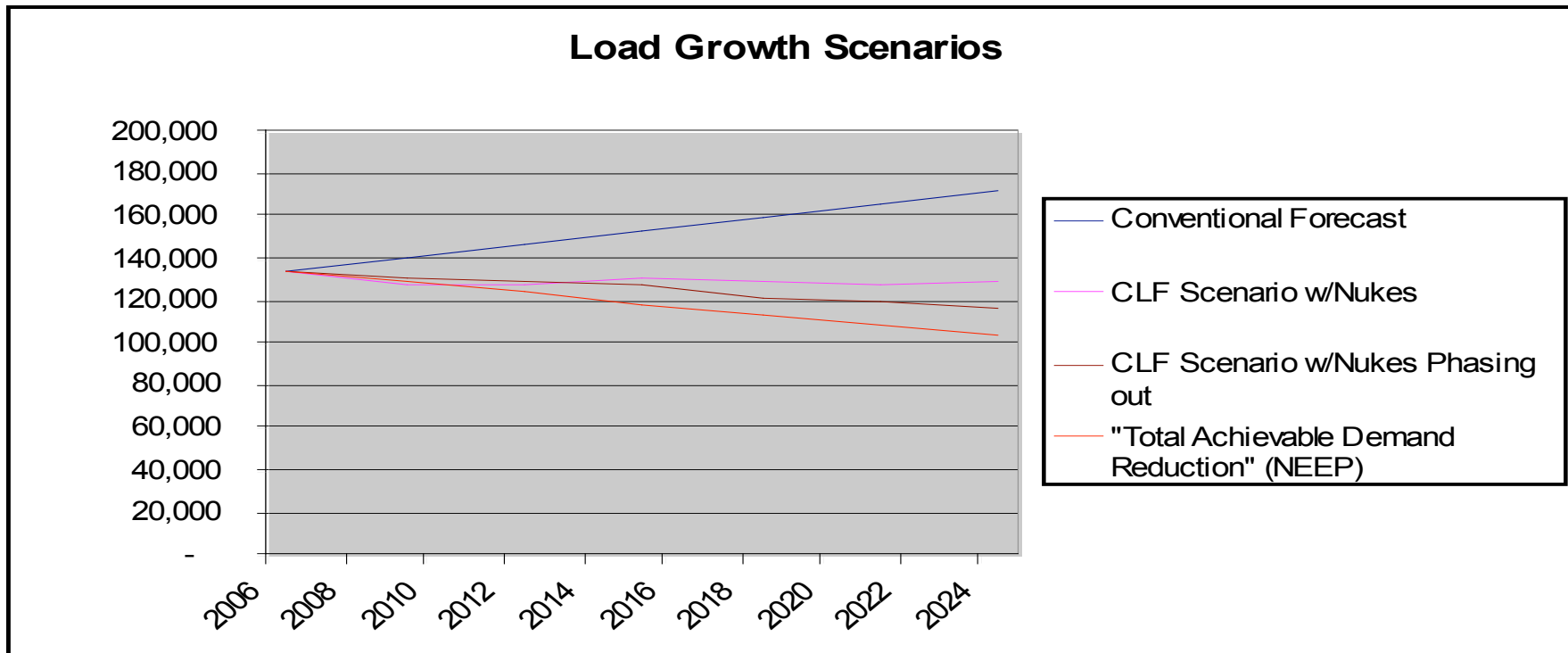
Where did this come from again?

- Proposed Retirement of plants
 - Rational economics? Greed?
- Ensuing “RMR” contracts – an unloved device
- Out of the painful litigation – a new mechanism
 - Transition payments (rightly) most controversial
 - “Demand Side” participation – the real innovation
 - Turning a cost into a benefit (\$ and enviro)



The Big Context: Climate

Even with major motion on clean generation – without big push on efficiency, we can't meet even modest CO₂ emission reduction goals





The News You Can Use

- Real World application of law firm economics
 - The “Pay yourself first” rule - assuring reliable electricity for ratepayers by paying ratepayers
- Larger operations (factories, office buildings, etc...) that want to bid in the first auction (for 2010) need to act NOW – the window of opportunity is open
- Consider aggregator (especially for smaller folk) – for both transition period and auction opportunity



Key Unresolved Issues

- Treatment of “summer only” resources
- Integration with “Real Time Demand Response” – which by the way is real opportunity regardless
- Integration with the “classic” efficiency funds overseen by State utility commissions (provided by for-profit utility companies in some states, quasi-public non-profit in other states)

BUT THESE ARE ALL SOLVABLE