

Assessing Competition In Electricity Markets

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Historical Context:

- Vertically Integrated IOUs
 - ◆ Trading Predominantly Amongst Themselves
 - ◆ Encourage IOUs to File OATT

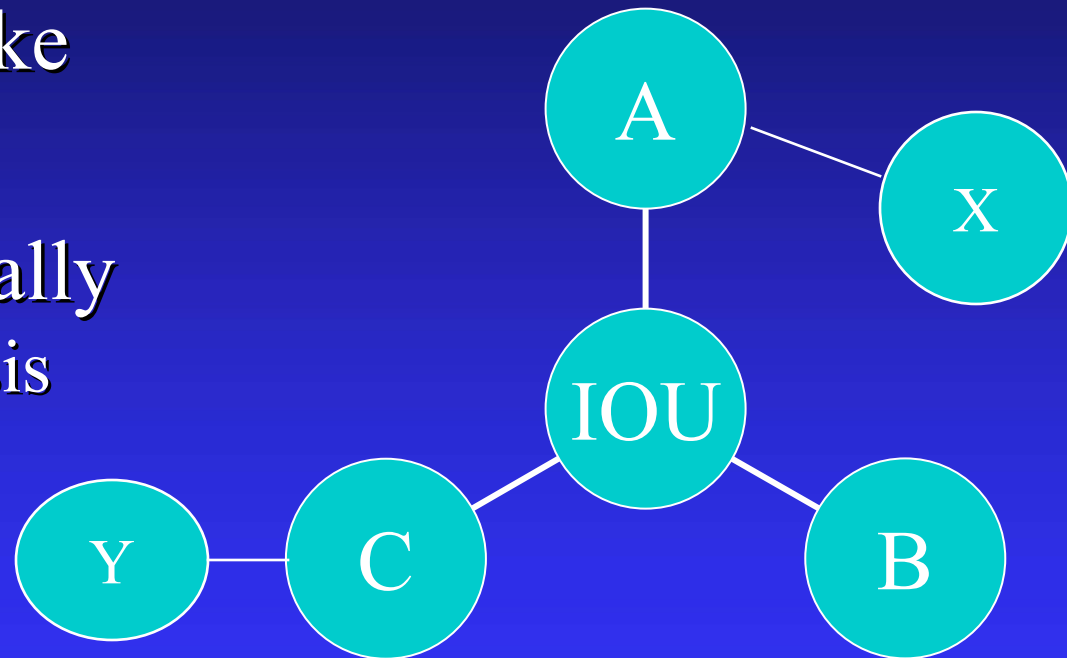
Historical Context:

- Generation Market Power
- Transmission Market Power
- Barriers To Entry
- Affiliate Abuse

Traditional Approach:

- Hub-And-Spoke

- ◆ Geographically Based Analysis



Traditional Approach:

- Hub-And-Spoke

- ◆ Installed Capacity – Total Resources

- ◆ Uncommitted Capacity – Installed Less Peak Load and Reserves

Hub-And-Spoke:

- Ratio of Market Shares
- 20% or Less + Sec. 35.27
- “On Balance”

Hub-And-Spoke:

- Transmission Issues

- ◆ Hearing

- ◆ Limit MBR Authority

Hub-And-Spoke:

- Commenters' Concerns
 - ◆ Industry Increasingly Dissatisfied
 - ◆ Transmission Limitations Not Considered

Staff Options Paper:

- Limited Competing Supplier Test
- Supply Margin Assessment (SMA)
- Delivered Price Test
- Residual Supply Index
- Type Of Market Design

Supply Margin Assessment:

- Interim Market Power Screen
- Transmission Capability Limits Supply
- Peak Load Incorporated

Supply Margin Assessment:

- Application

- ◆ Non RTO/ISO Markets

- ◆ RTO/ISO Markets