

Capacity Construct Public Policy Senior Task Force

Proposal Breakout Sessions – August 17, 2017

Proposal Grouping: MOPR

Pros/Benefits:

- Straightforward and easily understood
- Does not add time to the BRA timeline
- Avoids double clearing
- Limits use of a reference price to set the clearing price
- The MOPR proposal drives a competitive outcome but requires administrative intervention

Cons:

- Does not harmonize /accommodate state actions
- Increases the chance that states/customers pay twice for capacity
- Requires judgement for the determination of the MOPR offer
- Exempts some resources that have the same economic impact on clearing results as mitigated resources (unduly discriminatory)
- Reprices/mitigates at a unit-specific level is subjective

Open Items/Unanswered questions:

- Derivation of Net CONE – Is it based on technology type?
- Is a subsidized unit with an unmitigated offer an exercise of market power?
- Could a participant request a lower mitigated offer level based on CP hour expectations?
- What is the long-run signal that is sent to resources for entry/exit decisions?
- Will ACR be part of a unit-specific exemption calculation?
- What if the subsidy does not exist at the time of the delivery year or at the time of the auction? (happens in between time)

Potential Poll Questions:

- Whether participants feel there is need for change (retain status quo?)
- Poll on each of the packages (yes, no, maybe or forced ranking?)
- Likes or dislikes on each proposal
- If change, immediate, future years?
- What type of change do you prefer conceptually? (i.e. Capacity Choice, repricing, MOPR or systemic change)
- Features or components that are show stoppers?
- Does it make sense to address capacity market only or be more holistic (i.e. Energy market impacts)