

U.S. Department of Energy
Office of Electric Transmission and Distribution

Electric Markets Technical Assistance Program

Plugging America Into the Future of Power



Overview

The Electric Markets Technical Assistance Program provides quick-response analysis and technical assistance on an as-requested basis to state public utility commissions, regional bodies, state legislatures, and governors' offices, as well as analyses of national trends in energy efficiency, renewable energy, and transmission in electricity markets. The Program does not advocate, but instead serves as a clearinghouse for policymakers on what makes effective electricity policy at the regional or state level.

Technical outreach and assistance is provided in partnership with national, regional, and occasionally state-based government/electric market groups. OETD's Electric Markets Technical Assistance Program is working today with public utility commissioners regional bodies, state legislators and governors to assist in the development of policies and markets that improve the performance and reliability of the grid and facilitate competitive, reliable, environmentally sensitive, customer-friendly electric markets.

Mission

To work with states and regions to provide technical assistance and analysis support for policies, market mechanisms, and programs that facilitate competitive, reliable, environmentally sensitive, customer-friendly electric markets.

Program Areas

We are part of OETD's Electric Power Systems Operation and Analysis Program, which also includes policy modeling; electricity imports/exports and the Power Marketing Administration Liaisons.

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Program Activities

Providing Technical Assistance to States and Regions

The Program responds to both immediate and long-term needs of states, regions and other organizations to implement policy and market solutions that bring about improved demand response, energy efficiency, renewable energy, and transmission utilization. Examples include:

- Assisting the 14 states in the Clean Energy Funds Network on design, administration, and implementation of state-based clean energy ("system benefit") funds;
- Assisting states such as NJ, MD, RI, CA, TX on design and or implementation of state-based Renewable Portfolio Standards;
- Helping the Western Governors Association facilitate regional efforts to create an appropriate Multi-State Entity to address regional electric power issues in the West;
- Supporting state regulators and legislators in an effort through the National Council on Electricity Policy to develop better means of siting transmission lines; and,
- Providing expertise on demand response "best practices" to states and regions.



Electric power lines in the Denver metro area

Success Stories

New England Demand Response Initiative (NEDRI)

The Department of Energy (DOE), with cooperation from the U.S. Environmental Protection Agency (EPA), and the Federal Energy Regulatory Commission (FERC) supported efforts to develop a comprehensive, coordinated set of demand response programs and policies for power markets throughout the New England region in a partnership known as the New England (<http://nedri.raabassociates.org/>). Using a regional consensus approach, NEDRI developed recommendations for workable market rules, reliability standards, and regulatory criteria in order to incorporate a demand response capability into the electricity wholesale and retail markets in New England.

NEDRI was a broad-based, facilitated process that involves the region's independent system operator (ISO-New England), state utility and environmental regulators, power generators and marketers, utilities, consumer and environmental advocates, and other stakeholder groups.

NEDRI's work promotes best practices and coordinates policy initiatives in the demand response area; it does not replace the functions that the regional electric bodies (RTOs and ISO-New England), states and other organizations must perform to design and implement demand-side programs at the wholesale and retail level.

ISO-New England has incorporated many of NEDRI's recommendations into its demand response programs at the New England wholesale market level. New England's state utility commissioners and state legislators are currently considering NEDRI's recommendations for inclusion into retail markets. More information can be found on NEDRI's website (<http://nedri.raabassociates.org/>), including the group's final report, *Dimensions of Demand Response: Capturing Customer Based Resources in New England's Power Systems and Markets* (<http://nedri.raabassociates.org/Articles/FinalNEDRIREPORTAug%2027.doc>), issued in July 2003. The report includes 38 major recommendations for incorporating demand response in retail and wholesale markets.

Western Interconnection Multi-State Entity Development Project

The Electric Markets Technical Assistance Program is working with the Western Governors Association and its subsidiary, the Western Interstate Energy Board, to help establish a Multi-State Entity (MSE) to address regional electric power issues in the Western Interconnection of the U.S. electric grid.

With the growth of wholesale electric markets, cooperation across state boundaries on electricity issues is becoming increasingly important.

The Federal Energy Regulatory Commission (FERC) has advocated the formation of regional advisory bodies known as "regional state committees" and views them as essential to functioning regional wholesale electric markets. In response to FERC's position, the concept of the "Multi-State Entity" was developed by the National Governors' Association in 2001, working under a DOE grant partially funded by the Electric Markets Technical Assistance Program. An MSE is a voluntary association of states within an electricity-appropriate geographic region that fosters regional coordination on issues such as resource adequacy, transmission planning and expansion, transmission rate design and revenue requirements, market power monitoring, and demand response. The nation's first MSE, the Organization of Midwest States, Inc., was formed in 2003 to work in the states covered by the Midwest Independent System Operator (MISO).

The creation of an MSE in the Western Interconnection could contribute to the development of Western regional electricity markets by expanding existing interstate cooperative efforts on transmission planning and permitting and fostering cooperation between the three nascent Western Regional Transmission Organizations. An MSE would also facilitate more productive collaboration on other regional electric power issues such as market monitoring, reliability and resource adequacy.

From 2003 through 2005, OETD's Electric Markets Technical Assistance Program is funding the Western Governors Association (WGA) through a grant to evaluate the potential to establish such an MSE in the area managed as the Western Interconnection. The WGA is examining and analyzing the key issues that states believe need to be addressed in order to determine whether an MSE would be appropriate for the Western Interconnection and, if so, what type of MSE should be established. The WGA is working with a variety of stakeholders on this project, including governors, state regulatory and energy agency staff, legislators, the Western Electricity Coordinating Council, and the proposed Western Regional Transmission Organizations.

In addition, the Program is providing WGA with in-kind technical assistance through the Lawrence Berkeley National Laboratory (LBNL) and the Regulatory Assistance Project (RAP) to provide technical support on this effort. LBNL's work focuses on reviewing models for market monitoring and assessing reserve concepts and resource adequacy in the Western Interconnect; it released a draft *Review of Market Monitoring Activities at U.S. Independent System Operators* in October 2003. RAP is working with the WGA to address the critical components of MSEs and the relationship of these components to state regulatory functions within the Western Interconnect; RAP's *Electric System Decision Making in Other Regions: A Preliminary Analysis* was released in October 2003.