

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Modernizing Electricity Market Design | Docket No. AD21-10-000

**COMMENTS OF
TRANSMISSION ACCESS POLICY STUDY GROUP**

The Transmission Access Policy Study Group (“TAPS”) appreciates the opportunity to comment on the Commission’s March 23, 2021 technical conference to discuss the role of the capacity market constructs in PJM Interconnection, L.L.C., ISO New England Inc., and New York Independent System Operator, Inc.

I. INTEREST OF TAPS

TAPS is an association of transmission-dependent utilities in 35 states promoting open and non-discriminatory transmission access.¹ Representing entities entirely or predominantly dependent on transmission facilities owned and controlled by others, TAPS has supported the Commission’s initiative to form truly independent regional transmission organizations (“RTOs”) to foster efficient investment in transmission and generation, and to provide non-discriminatory transmission access.

As load-serving entities (“LSEs”), TAPS members are responsible for maintaining resource adequacy at a reasonable cost to consumers. TAPS members participating in RTOs are directly affected by how organized capacity markets accommodate the obligation-to-serve business model that TAPS members share, whether they are a municipal utility, cooperative utility, investor-owned utility, or municipal joint action agency. These members have a strong

¹ David Geschwind, Southern Minnesota Municipal Power Agency, chairs the TAPS Board. Jane Cirrincione, Northern California Power Agency, is TAPS Vice Chair. Terry Huval is TAPS Executive Director.

interest in ensuring that LSEs are able to economically self-supply resource adequacy needs, consistent with their obligations to serve their wholesale distribution utility members and retail customers at the lowest reasonable cost, with access to bilateral and RTO markets to optimize their resources given the lumpiness of generation additions (e.g., to allow for sales of temporarily excess capacity or purchases in the event of a temporary capacity deficiency). Unfortunately, current eastern capacity market constructs threaten the ability of TAPS members in those RTOs to do so; and TAPS members in other RTOs are concerned about the potential for extension of those constructs to other regions, including where traditional retail cost-of-service regulation or other mechanisms to maintain resource adequacy are in place.

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II. COMMENTS

TAPS strongly supports the Commission's effort to consider alternatives to the Minimum Offer Price Rules ("MOPRs") currently applicable in eastern RTO capacity markets. TAPS has long argued for reform of those mandatory capacity markets, which place both states that have acted to support specific resource types, and LSEs whose business models enable them to make long-term resource commitments, at the risk of having to purchase capacity a second time if, as a result of MOPRs, their "subsidized" resource does not clear the capacity market. In our January 8, 2014 comments in *Centralized Capacity Markets in Regional Transmission Organizations and Independent System Operators*, Docket No. AD13-7-000, for example, TAPS

urged the Commission to work with states and other stakeholders to develop alternatives that achieve long-term commitments to support resource adequacy and move away from reliance on the mandatory capacity market constructs, while preserving and maximizing LSE self-supply and state procurement options.² TAPS continues to support such efforts to transition toward voluntary, residual capacity markets in the eastern RTOs. Developments since TAPS' 2014 comments reinforce the urgent need for the Commission to change course.

CONCLUSION

The Commission should take account of TAPS' comments in deciding on next steps with respect to eastern capacity markets.

Respectfully submitted,

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² See, e.g., Post-Technical Conference Comments of TAPS 2, *Centralized Capacity Mkts. in Regional Transmission Orgs. & Indep. Sys. Operators*, Docket No. AD13-7-000 (Jan. 8, 2014), eLibrary No. 20140108-5184.