

U.S. Department of Energy
Office of Electricity Delivery & Energy Reliability



Electric Markets Technical Assistance Program

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 and 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. Office of Electricity Delivery & Energy Reliability's (OE) 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 investments in competitive, reliable, environmentally sensitive, customer-friendly electric markets.

Program Activities

Providing Technical Assistance to States

The Program responds to both immediate and long-term needs of the 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:

- Helping the Western Governors Association facilitate regional efforts to create an appropriate 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;
- 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 New Jersey, Maryland, PA, Rhode Island, California, Texas on design and/or implementation of state-based Renewable Portfolio Standards; and,
- Providing expertise on demand response "best practices" to states and regions.

Mission

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

Program Areas

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

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*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 Demand Response Initiative (<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 involved 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 body (ISO-New England), states and others 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 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. A similar effort is now underway in the mid-Atlantic states, the MidAtlantic Distributed Resources Initiative (MADRI).

Western Interconnection Regional Electric Planning 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), or similar collection of states, 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." 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 better reliability and more infrastructure investment by expanding existing interstate cooperative efforts on transmission planning and permitting. 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 2006, OE'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). Their combined work includes a review of models for market monitoring; assessing reserve concepts and resource adequacy in the Western Interconnection; review of existing utility resource plans and transmission planning; demand response trends; and how other regions handle electric system decision making.

All of the work is targeted towards making recommendations for action on a regional body to the governors who comprise the Western Governors Association.