

Transmission is not the question



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The Eternal Triangle

- Generation, transmission and demand are part of the same equation
- The market and regulatory structures are inconsistent
- Vertical integration remains a problem
- Can policy find a “Theory Of Everything?”



Why LMP is Good

- Identifies the cost of not acting
- Provides a benchmark against which to measure “solutions”



Why Excess Socialization of Transmission Costs is Bad

- The uneven treatment problem
- The gold plating problem
- The equities problem



Does the Blackout Change the Equation?

- It wasn't the hardware that broke
- Suggests need for balancing import and production



ISO (RTO) Planning Role

- Favor single buyer capacity purchase model
 - Treats generation, transmission, and demand equally
 - Accommodates zonal differences
 - Allows for specific designation of type of resource where appropriate
- Role of RSC



Long Term Contract Issue

- Single buyer model provides comparable financial support
- Definition of “long term” is unresolved
 - Provide lead time and secure financing
 - Minimize estimation error



Granularity

- As much political as economic question
- Intra-state subsidies are less troubling than inter-state (intra-regional) transfers