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CAISO's VP gives update on CA Electricity Markets and Linkages to Energy Policy

Vice President of Market and Infrastructure Development for the California ISO (CAISO), Laura Manz, gave an update on California's Market Redesign and Technology Upgrade (MRTU) at my recent seminar in San Diego.

Laura has the unique combination of duties of being responsible for both market design and power system planning. The thrust of her presentation was that transparent prices that reflect the physics of the power grid are needed to inform the planning process. In other words, locational marginal prices and congestion revenue rights provide important information that planners and policymakers can use to determine where transmission should be built.

Laura also discussed the interrelationship between many of California's broader energy issues and the CAISO. California is pursuing a 20% renewable portfolio standard (RPS) by 2010 and 33% by 2020, a \$1 billion per year investment in energy efficiency, a \$5 billion investment in smart meters, carbon dioxide emission reductions to 1990 levels by 2020, one million solar rooftops, and a ban on once through cooling technology of all coastal power plants.

So how does the CAISO keep the lights on? Laura's answer is to put nodal pricing (aka locational marginal pricing) to work. With nodal prices, developers and power plant owners respond to the needs of the system operator and policymakers have solid data upon which to make their decisions. Nodal prices, however, have to be combined with other public policies, such as incentives to build transmission in key areas and better usage of transmission facilities owned by two or more parties.

On another topic, over the years, I have been asked many times if I offer a follow up to my In-depth Introduction to Electricity Markets course. I know the end of the year is a busy time for everyone, but I would like to ask you to complete a brief survey of five short questions. The purpose of this survey is to help me tailor a new course to people's interests and needs. To participate in the survey please click on the following link:



I wish you and your family the best over the holiday season.

Sincerely,

Frank Felder
