

National Council on Electricity Policy

Applying Valuation to Baseload: An Experts Roundtable

January 5, 2017

Thinksheet

Welcome to NCEP's *Applying Valuation to Baseload: Experts Roundtable*. The roundtable is designed to be participatory and dialogue-driven. To prepare for the meeting, this *Thinksheet* poses some thoughts and questions to help us as we address the following questions:

- Are we pricing power right? What we pay overall for electricity is based on a combination of commodity (kW) throughput and attributes (such as capacity, REC, or ancillary service products). What's the right balance between paying for kilowatt hours and paying for other attributes and characteristics?
- What are the existing and possible attributes that aren't compensated when we pay for kilowatt hours?
- What criteria can state policymakers consider to determine whether compensating any of these attributes is worth it?
- What information is unknown that would help us fill these gaps?

Space is provided for note-taking; the *Thinksheet* will not be collected!

11:00 am - Panel Presentation: Cost of Service Evaluation Methodologies

As electricity service makes its way through the marketplace, there are several points of input that determine its price. When consumers purchase electricity in kilowatt hours, they are also purchasing other attributes, such as ancillary services, which are specific to a generation resource.

- What policy, market, and technology changes are affecting the price consumers pay for electricity? How are utility regulators and others evaluating the value of baseload resources? What attributes are they applying to baseload resources? How are they evaluating these attributes? Are these attributes different from those applied to renewables and/or customer sited resources?
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- What data and information gaps exist that, if filled, would enable improved policymaking and more accurate pricing for electricity?

- What tools or other resources might help fill these gaps? What data, models, and analyses need to be developed or applied to electricity generated by baseload resources? Who should develop these materials, e.g., research firms, energy laboratories, utilities and trade associations?

1:30 pm - Panel Presentation: What Do We Actually Pay For?

When comparing generation resource attributes and contributions to the grid, each generation resource has its own attribute assortment.

- Does the traditional cost of service methodology properly account for these differences? Do we value baseload resources beyond pure kilowatt hours?

- How are regulators and other decision makers addressing these attributes in an electricity landscape that includes a wide variety of generation options, not only baseload, but resources used for peaking and those used at a customer's site?

- How are pricing decisions changing? What valuation methods are being used to compare baseload resources with other resources? How are decision-makers setting prices that reflect new market and technology changes? How do rates set in the bulk power market value baseload resources such that they can be compared to peaking resources or customer sited resources?

- What data and information gaps exist that, if filled, would enable improved energy ratemaking and policymaking?

- What tools or other resources might help to fill these gaps?
