



Chairman Richard Glick
Commissioner Neil Chatterjee
Commissioner James Danly
Commissioner Allison Clements
Commissioner Mark Christie
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

August 5, 2021

Dear Chairman Glick and Commissioners:

The Energy Trading Institute (ETI), Electric Power Supply Association (EPSA) and Western Power Trading Forum (WPTF) write to express our support of the June 2, 2021, letter sent by a list of distinguished past Commissioners and Chairs urging the Commission to explore expansion of organized regional wholesale power markets, known as Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs). The power industry is at a critical turning point for a variety of reasons, including addressing climate challenge and social justice issues, resource adequacy concerns in various parts of the country, balancing state interests, and maintaining reliability in a cost-effective manner. It is critical that we have a solid underlying framework as we address these challenges and that the Federal Energy Regulatory Commission provide a platform for the civil discourse necessary to further establish that framework.

Over the past decades, wholesale market competition and organized markets have proven to provide the necessary investment signals to transition towards a cleaner grid in a manner that is cost effective for customers. As the June 2 letter noted, 80 percent of renewable generation has been deployed in the organized markets. Put simply, organized markets are necessary for competition, open access, and signals for proper exit and entry of resources as the grid evolves. As Dr. Bill Hogan noted in a recent FERC proceeding:

Now all organized wholesale markets in the United States are built around the essential elements of bid-based, security-constrained, economic dispatch with locational prices and financial transmission rights. The success and wide adoption of this market design reflects the basics of the underlying electricity system and the requirements of open markets. In short, this successful market design is the only way to organize a short-term electricity market that adheres to the principles of open

access and nondiscrimination. [For the Commission,] the most important thing to remember is the critical role of this fundamental market design. There is no other way to organize system operations and adhere to the Commission's mandate. Furthermore, the broad policy objectives of the green energy agenda only serve to reinforce this conclusion. The penetration of intermittent resources, such as solar and wind, often located far from load, increases the need for real-time coordination of dispatch across larger regions.¹

Due to their coordination efforts, RTOs and ISOs are better equipped to more efficiently and cost effectively utilize the existing transmission network. RTOs and ISOs have been proven to lower cost of power production, cost effectively integrate renewable assets, and improve the efficiency of investment decisions and reliability.²

As we work to address some of the challenges before us in the power sector, investment in new technology and additional infrastructure is going to be necessary. Organized markets provide the appropriate framework to allow that investment to occur in a manner that benefits consumers while protecting them from risk. Investors seek robust forward price signals, liquidity, transparency, market certainty, and a level playing field for market participants. These are all characteristics of organized markets. The RTOs have documented tremendous costs savings over the years, but their greatest benefit going forward may be in the area of reliability as we transition the generation resource mix. Movement of power and the ease of sharing resources over a broad area are key to reliable integration of resources for a net-zero carbon future.³

Over the past several decades and through both Republican and Democratic administrations, the Commission has been a consistent champion of wholesale market competition and organized markets, and the result has been billions of dollars in savings and other benefits to customers, including enhanced reliability, innovation, and reduced emissions. It is critical that the Commission provide the necessary platform to discuss expansion of the organized markets, the proper attributes for such markets to drive value to consumers and send appropriate price signals to prepare industry for the rapid evolution of the grid. In closing, we respectfully request the Commission initiate a proceeding to discuss the expansion of wholesale markets, including the necessary

¹ Comments of William W. Hogan, Docket No. AD17-11, *State Policies and Wholesale Markets Operated by ISO New England, Inc., New York Independent System Operator, Inc., and PJM Interconnection, L.L.C.* (May 2, 2017).

² Potential Benefits of a Regional Power Market to North Carolina's Electricity Customers, The Brattle Group, https://brattlefiles.blob.core.windows.net/files/16092_nc_wholesale_power_market_whitepaper_april_2019_final.pdf.

³ The recent CAISO tariff submission to alter the allocation of "wheel through" transactions to other parts of the West to preserve capacity for California load would not have been necessary if there were an RTO in the areas around California.

fundamental principles and mechanisms to provide appropriate investment signals and regulatory certainty to allow for that evolution to occur in a manner that is beneficial, cost effective, and timely for customers.

Sincerely,

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