



# CRA Insights: Energy

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Charles River Associates publishes *CRA Insights*, a newsletter highlighting recent thinking and announcements from members of our Energy Practice.

## Recent Insights

### **Why utilities need to rethink their capital programs – What went wrong in Indiana**

Several investor-owned utilities in Indiana have tried to take advantage of a recently passed law that provides special rate treatment for eligible investments in transmission, distribution, and storage systems. All have failed to gain approval for their plans. In this article, we discuss what other utilities can learn from the experiences in Indiana. To read more, click [here](#).

### **Approaches to utility default service procurement – time to take a second look?**

Regulators in several Northeast states are reviewing how their utilities procure power in the wake of high electricity prices over the winters of 2013/14 and 2014/15. Could a different procurement process insulate default service customers from market price volatility or mitigate the impact of commodity fuel prices on default service customer rates? We highlight some issues Northeast regulators may want to consider to determine if their RFP default procurement process is accomplishing its objective. To read more, click [here](#).

### **GB's first capacity market auction: a primer for European policymakers?**

The first capacity market auction covering Great Britain's electricity sector took place in December 2014. Although hailed a success, the auction design likely will evolve as policymakers evaluate whether reliability has been delivered at the least overall cost. In this article, the authors discuss capacity market design, challenges, and the key outcomes from the auction. To read the article, click [here](#).

# Announcements

## Charles River Associates selected by the Florida Reliability Corporation Commission

In May 2015, Charles River Associates was selected by the Florida Reliability Corporation Commission (FRCC) to help implement FERC Order 1000, including the preparation of cost-benefit and other financial analysis in the evaluation of competitive transmission projects. CRA was selected from a field of 13 consulting firms. CRA demonstrated to FRCC its experience working with other planning regions on Order 1000 implementation and the first-of-its-kind financial model for evaluating competitive transmission projects. **Jim McMahon** will be leading the project with support from Hayes Winik and Ryan Fox.

## CRA economists testify in Wisconsin Energy Corporation merger

On April 7, 2015, the Federal Energy Regulatory Commission (FERC) authorized the proposed purchase of Integrys Energy Group Inc. by Wisconsin Energy Corporation. FERC found the merger would not harm competition in any wholesale energy, capacity, or ancillary services under its jurisdiction.

CRA Vice Presidents, **Bill Hieronymus** and **David Hunger**, provided testimony in support of the proposed merger and argued that the relevant geographic market, Midcontinent Independent System Operator Inc. and "Classic MISO" (MISO without MISO's southern region), was established at the end of 2013 with the addition of Entergy Corp. and Cleco Corp. Opponents argued the appropriate market should be the Wisconsin and the Upper Michigan System (WUMS) submarket within MISO. However, FERC disagreed based on the lack of persistent transmission constraints into WUMS that would prevent competing supply from reaching customers within that submarket.

Hieronymus and Hunger also provided testimony showing that the extremely high correlation between prices inside and outside of WUMS was further indication that WUMS should not be considered a submarket.

## Chris Russo speaks on Clean Power Plan and Competitive Transmission

On May 27, **Chris Russo** delivered a presentation on how proposed EPA Clean Power Plan (CPP) rules could affect generating units in the MISO region at the MISO Market Summit in Indianapolis. He also moderated a panel of transmission developers discussing the challenges and issues facing developers in competitive transmission in the US.

## About CRA's Energy Practice

CRA's Energy Practice provides strategic, financial, and consulting services to a wide range of energy industry clients. With years of industry experience and exceptional strength in analytics, our consultants offer management, regulatory, and economic expertise to all sectors of the power and gas markets—as well as hands-on experience helping clients manage market power, environmental policy, and regulatory issues. We have pioneered techniques and models that have become industry standards, including competitive market designs, efficient bidding mechanisms, creative financial transactions, and methodologies to assess market power. The Energy Practice has offices in Boston, Washington, DC, Houston, Toronto, and London. Learn more at [www.crai.com/energy](http://www.crai.com/energy).

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