

Reliability and Resilience within Competitive Markets

Summary of Comments - March 2023

On March 1, 2023, OurEnergyPolicy hosted a discussion on competition in energy markets and issues of cost, reliability and resiliency. Below is a summary of comments made by the speakers, and does not reflect the views of OurEnergyPolicy. Find the recording [here](#).

SPEAKERS



Todd Snitchler
President and CEO
Electric Power
Supply Association
Moderator



Robert Dillon
Executive Director
Energy Choice Coalition



Emily Sanford Fisher
Executive VP,
Clean Energy
Edison Electric Institute



Nick Loris
VP, Public Policy
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Issues Addressed

- Rapidly increasing demand for electric power in combination with frequent climate shocks exacerbate concerns around reliability, resilience, and keeping costs low for consumers across the power sector. Investor Owned Utilities (IOUs) and competitive electricity markets are grappling with these challenges through differing approaches.
- Competitive markets employ a decentralized approach, utilizing a consumer-centric framework to determine investment priorities while shifting the risks of energy asset investments away from ratepayers to private sector investors.

The Electric Landscape

- IOUs and competitive markets exist in the same ecosystem, and viewing them as separate entities can hamper efforts to ensure customers reliably have power when they need it.
- Where competitive markets are responsive to consumer preferences and allow market actors to be more adaptable in a rapidly changing energy technology landscape, IOUs employ top-down control over investment decisions and follow policies set at the federal and state levels.
- Existing energy market structures are optimized for cost-efficiency and secure transmission. Redesigning these valuation methods is necessary to account for the growing importance of deploying clean generation sources and ensuring reliability for consumers.

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Promoting Reliability and Resilience

- Building a reliable and resilient electric grid requires creating a system that matches reality. As climate shocks become more frequent, weatherizing energy assets will play a significant role in fostering resilience.
- Competitive markets create opportunities for individual customers to decide where their power comes from and influence the market via demand for clean energy sources. However, there is a need for more consumer education about what options are available in the market.
 - A system of safety nets would greatly benefit individuals who are unwilling or unable to fully participate in this system.
 - Efficiency improvements and consumer education around efficiency are also important in addressing environmental objectives and helping customers manage their energy bills.
- Greater transparency from power providers regarding the financial and reliability risks associated with energy asset investments would benefit ratepayers and providers.
 - Coordination across market types at the regional and national levels could help increase transparency.
- Funding from the Inflation Reduction Act and the Bipartisan Infrastructure Law has enabled increased construction of generation resources and investments into promoting grid resiliency.
 - These laws contain significant funding for research and development of various clean energy technologies, but policy reform regarding permitting and transmission is required to ensure these resources can be efficiently incorporated into the grid.
- Distributed Energy Resources (DERs) and microgrids offer opportunities to provide flexibility across the grid, but their use value varies by location and there are no frameworks in place to ensure these resources enter the market where they would be most beneficial.
 - To maximize the utility of these localized resources, investment in technology to make a bidirectional power market work in real-time for consumers and distributors is needed.

Considerations for the Future

- Powering all of the resources that are set to be electrified in the coming decades will require a huge expansion in the scale and variety of available clean generation sources.
 - Deploying renewable energy resources at the most efficient price requires significant investment in transmission infrastructure.
- There is extensive need for more transmission lines, pipelines, and energy supplies in general. However, national policy reform is required to address the fundamental problem that building energy infrastructure in the U.S. is a difficult and slow process.
- The systems and infrastructure established now will shape the electricity market for the next 30-50 years, so it is essential to make informed decisions amidst a rapidly changing technological landscape.