

ELECTRIKGRID NEWS

<http://www.electrikgrid.com>

Newsletter Volume 1 # 5 January 2003. Copyright 2003, Jack Allen



ANOTHER LOOK AT THE POOL

The Pool In The Market

The role of the power pool in today's emerging electric marketplace is worthy of discussion. The concept of a "pool arrangement" is applicable to market implementation.

In an energy market employing a mandatory pool, all market participants within the authority of the market entity's jurisdiction are required to buy and sell only through a single central pool. This was the first method used in the UK energy market.

The central market with a mandatory pool concept may not be so good as the market system that allows bilateral

transactions. The free choice and use of bilateral transactions may actually help lower and stabilize average spot market prices in a central market mechanism where there is scarcity of generation or presence of significant grid congestion.

The Pool Outside of The Market

The energy market was created with mixed success to open up transmission access, break-up the regulated monopolies of vertically integrated investor owned utilities, and theoretically provide choice and lower cost energy to the end users. But what of the public power entities?

The cost of a public power entity operating within the control area and jurisdiction of an ISO or IMO may be quite high in comparison to the cost of self-provision and operating in a separate control area. The pooling of public power resources regarding energy and ancillary services in association with separate control area(s) may become the mode of choice. This arrangement allows the benefits of equitable pool associations, least cost to the end-users, by-pass of the inherent costs of residing within an ISO or MSO, and freedom to participate as an external control area with an ISO or MSO. Should public power entities have such a choice? Yes. The market-based ISO/MSO can provide incentives for public power entities to operate within their jurisdictions by lowering costs and providing public power entities a sound economic reason to operate within the ISO or MSO.

WHAT NOW AFTER CALIFORNIA?

The California State Senate has had a committee diligently looking into the energy crisis that occurred in California. State Senator Dunn and the State and regulatory agencies have looked carefully into that occurrence. What now?

Are the lessons really learned and how should that impact the energy marketplace?

With all due respect to the economists and market proponents, it is prudent to consider the following:

- (1) The market rules and regulatory control must apply boundaries and accountability (we used to call this “fair play”);
- (2) The technical applications, auctions, and communications did in fact function;
- (3) Inadequate generation and grid congestion must be equitably addressed;
- (4) Market operators and regulatory authorities must be responsive and empowered to act quickly.

Reasonable people must seek the methods to minimize the cost of ISO/MSO operations and minimize energy cost to all end-users.

Can the energy market be restored in California to the level that was once promised? Can the investor owned utilities be restored to health? Can the State’s economy be restored? The answer is, “These things must be restored!”

A LOOK AT INNOVATIVE SOLUTIONS

There are many potentially good solutions to industry problems. This section is intended to focus on these.

The Checking of Settlements

There is a very high probability that a settlement statement from an ISO or MSO contains an error. Errors in settlement statements can be both costly and difficult to find.

ALSTOM and ABB each have packages that they offer in order to provide a market participant the ability to run a “check” process in order to identify errors in issued settlement statements.

Market participants may benefit by checking out these software products.

Contact ALSTOM and ABB for details.

Substation Asset Management

Monitoring and controlling substation transformers is a significant part of managing station assets. Barrington Consultants Inc. (BCI) offers innovative and dependable products:

- (1) TTM and OWM monitoring & cooling control devices;
- (2) TDM-System 3 transformer LTC differential monitor & alarm
- (3) Other test & monitoring devices.

BCI’s full product descriptions are at <http://www.barringtoninc.com>.
