



A GENERATION AHEAD,  
*today*

## Integrating Markets And Public Policy

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# Near-term Future Absent Change



- Current market rules include MOPR protection along with limited exemption for new renewables.
- Existing and upcoming state RFPs are likely to procure several thousand MWs of new zero carbon resources
- Many will fail MOPR, while some may be eligible for the RTR Exemption
- These initiatives will undeniably have an adverse impact on wholesale electricity markets; market participants will have no choice but to challenge them through litigation at FERC and in the courts.

# Creating a Structure That Allows Markets and State Intervention To Peacefully Coexist Requires Capacity Market Protection For Existing Resources



- Capacity Market Protection:
  - NRG has proposed an “alternative price rule” approach
  - PJM has proposed a similar idea to their stakeholders
  - While details need to be worked out, these proposals are thoughtful, viable ideas that could provide some level of “price formation” protection in the face of state intervention

In exchange for Capacity Market Protection, states will potentially gain the following:

- Rules that allow for implementation of state policies that could impact the wholesale competitive market, including:
  - Elimination of the MOPR
  - Elimination of the RTR exemption
- If desired, although unnecessary, can also add a carbon dispatch component



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