

Marginal vs. Average ELCC

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ESIG

JUNE 16, 2022



Resource Accreditation Goals

**Verify Adequate Supply
in Aggregate**

**Incentivize Resource
Performance**
especially
during shortages

**Signal
Reliable Substitutions &
Efficient Investment**
where every “MW”
provides the same value

What Are Marginal and Average ELCC?

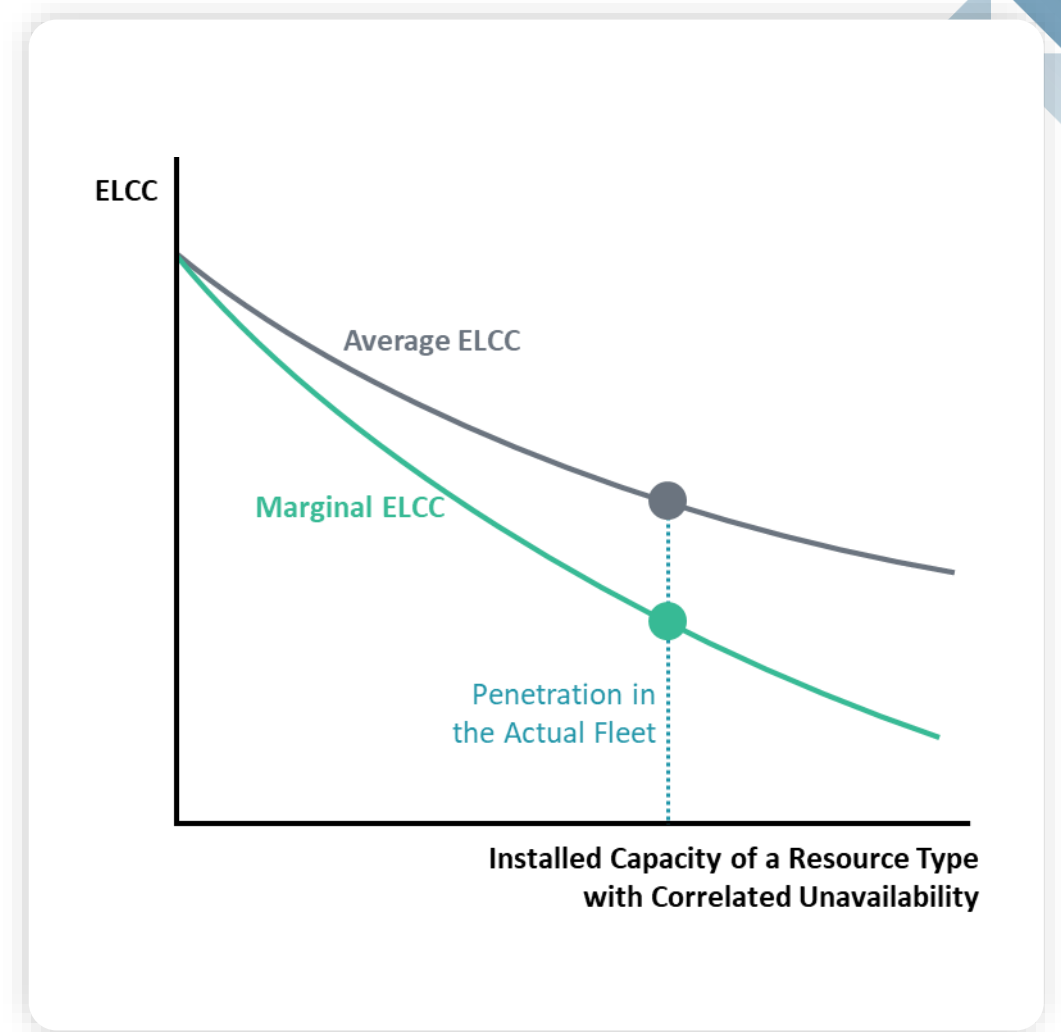
ELCC is a resource's contribution to resource adequacy (RA)

Marginal ELCC declines for resources w/correlated unavailability

Average ELCC reflects the average of marginal ELCCs

Average ELCC is higher because it declines more gradually

Either can support reliability by adjusting the RA requirement



Which is Better?

Average ELCC may seem fair

Marginal ELCC better supports reliability and economic efficiency

Allows
reliability-neutral substitutions

Signals reliable and economic
efficient investment

...and is **no less fair**
than any market

But only if the concept is applied to *all* resource types, not just renewables

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Dr. Samuel Newell leads The Brattle Group's Electricity Practice.

He has 24 years of experience helping clients with wholesale market design, generation asset valuation, resource planning, and transmission planning. Much of his work addresses the industry's transition to clean energy. He frequently provides expert reports and testimony to ISOs, the FERC, state regulatory commissions, and the American Arbitration Association.

Dr. Newell earned a Ph.D. in Technology Management & Policy from the Massachusetts Institute of Technology, an M.S. in Materials Science & Engineering from Stanford University, and a B.A. in Chemistry & Physics from Harvard College.

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