

## Buying and Selling Reliability: How and How Much

Harvard Electric Policy Group  
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Ron Binz, Office of Consumer Counsel

## What is Reliability?

- ▶ Generation and Transmission
- ▶ *NERC Assessment 1995-2004* Makes a Useful Distinction
  - Security
    - Macro
    - Micro
  - Adequacy


## Consumers and Reliability

- ▶ Denver, Colorado 9/20/95
- ▶ Value of Reliability in the 90's
- ▶ Reserve Margins and Consumer Advocates
- ▶ Getting What You Paid For

## Sharing the Costs of Reliability

- ▶ Issue: Should Price Ration Reliability?
- ▶ Theory vs. Reality of Pricing Reliability
- ▶ Cost Shifting
- ▶ Interruptibility

## The Politics of Reliability

- ▶ Reliability: Achilles Heel of Restructuring?
  - ▶ Outages Are Hard to Miss
  - ▶ Analogs in Telecommunications
  - ▶ Congress and the Network Reliability Council
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## Conclusions

- ▶ Residential consumers place a very high value on reliability.
  - ▶ Today's bundled prices pay for a level of reliability. Equity demands that this value should not be compromised.
  - ▶ Unbundling reliability should not lead to cost shifting.
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