



## **ClearPath Action Commends Proposed FERC Fast-Start Reform**

### ***Rule would be key step in compensating nuclear power reliability***

WASHINGTON, Dec. 19, 2016 -- ClearPath Action commends the Federal Energy Regulatory Commission (FERC) for proposing significant reforms to address wholesale electricity market distortions that sometimes undermine critical nuclear energy generation.

Under last Thursday's [proposed rulemaking](#), FERC sets minimum pricing requirements for electricity from "fast-start" resources mainly powered by natural gas and petroleum.

"Today's market structures are not properly valuing highly reliable electricity sources like nuclear energy," said Rich Powell, ClearPath Action's Managing Director for Strategy and Policy. "Market reforms like last week's proposed rule will help ensure diverse electricity resources and our long-term energy security. We urge FERC to continue pursuing reforms to price formation practices."

Fast-start resources are generators that start up in under 10 minutes and have a minimum run time of an hour or less. Because these generators are highly flexible, they are often ordered to start up to deal with sudden fluctuations in electricity availability. However, in large part due to their flexibility and shorter run time, they are unable to set the locational marginal price (LMP) during the time periods in which they are committed.

LMPs are the compensation a power generator receives when it sells its power into the wholesale market. LMPs are set based on the last and most expensive generator that is used to meet demand in any given hour. Since fast-start resources are not always included when a LMP is calculated, these resources are paid outside of the market and sometimes at a higher price than other generators that are used. This means other generators, including nuclear, may not be paid the highest amount that is paid for that hour.

The proposed FERC rulemaking allows fast-start resources to set LMPs. This will ultimately reduce artificial market price suppression while more accurately reflecting the true marginal cost of electricity generation.

Importantly, the rule also notes that markets should incorporate the entire costs of ramping up and down these special resources, not just the cost of running them at the moment when they are needed.

*ClearPath Action is a 501(c)4 working to create and influence conservative clean energy solutions.*