

ScottMadden's New Energy Industry Update Explores the Past and Future of Electricity Markets

Wholesale Markets Seek to Adapt to Changing Priorities

ATLANTA, GA – (December 3, 2020) – ScottMadden, Inc., one of North America's leading management consulting firms specializing in energy, recently released its latest edition of The ScottMadden Energy Industry Update (EIU). Themed “Running Up That Hill,” this report explores how the energy industry is attempting to do extraordinary things in extraordinary times.

Bid-based electricity markets were formed in the late 1990s and early 2000s to lower power prices through competition, technological innovation, and asset performance improvement. Capacity markets were formed to continue the same goals and ensure reliability and security of supply. Projected capacity needs could be procured years in advance, allowing for retention or development of supply in time to serve as capacity resources. The nature of the resources was straightforward: installed capacity, adjusted for performance, at the lowest price, with procurement being “fuel agnostic.”

As we entered 2020, some markets were feeling the strains of policy differences and preferences among states, federal and state governments, and stakeholders. Market structures designed for low cost and reliability are now being tasked to consider factors such as CO₂ emissions from generators. FERC, market administrators, and other stakeholders are now working through potential adaptation of current market approaches to reach solutions that all parties can live with. Many believe market adjustments are possible, but that is not to say they will be without challenges.

“Electricity markets were formed in an era where the nation’s electric resource mix and goals for utilities and states were very different than they are today. We will see further development and change in markets to accommodate new and shifting priorities. Keys to these market changes will be pricing transparency, continued power system reliability, and appropriate financial incentives. For now, stakeholders and market participants will need to remain flexible and adaptable,” says Greg Litra, partner at ScottMadden.

For more information about how electricity markets plan to adapt, you can hear from Steve Courtney in this new video or access our latest report here.

If you were not able to join our Energy Industry Update webcast, the complimentary recording and presentation is now available. Hear what our industry experts have to say about wholesale electricity markets, ambitions for hydrogen in the energy system of the future, and near-term plans to move toward net-zero CO₂ emissions.

About ScottMadden's Energy Practice

We know energy from the ground up. Since 1983, we have served as energy consultants for hundreds of utilities, large and small, including all of the top 20. We focus on Transmission & Distribution, the Grid Edge, Generation, Energy Markets, Rates & Regulation, Enterprise Sustainability, and Corporate Services. Our broad, deep utility expertise is not theoretical—it is experience based. We have helped our clients develop and implement strategies, improve critical operations, reorganize departments and entire companies, and implement myriad initiatives.

About ScottMadden, Inc.

ScottMadden is the management consulting firm that does what it takes to get it done right. We consult in two main areas—Energy and Corporate & Shared Services. We deliver a broad array of consulting services ranging from strategic planning through implementation across many industries, business units, and functions. To learn more, visit www.scottmadden.com | [Twitter](#) | [Facebook](#) | [LinkedIn](#).

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