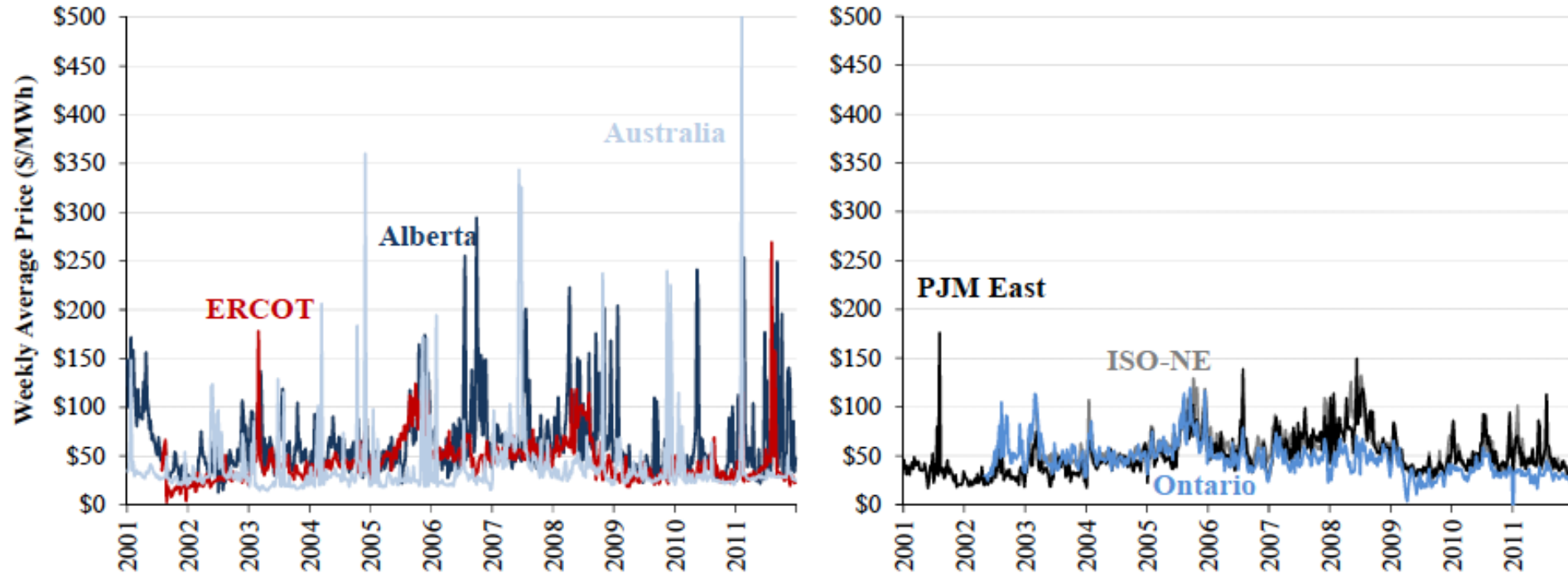


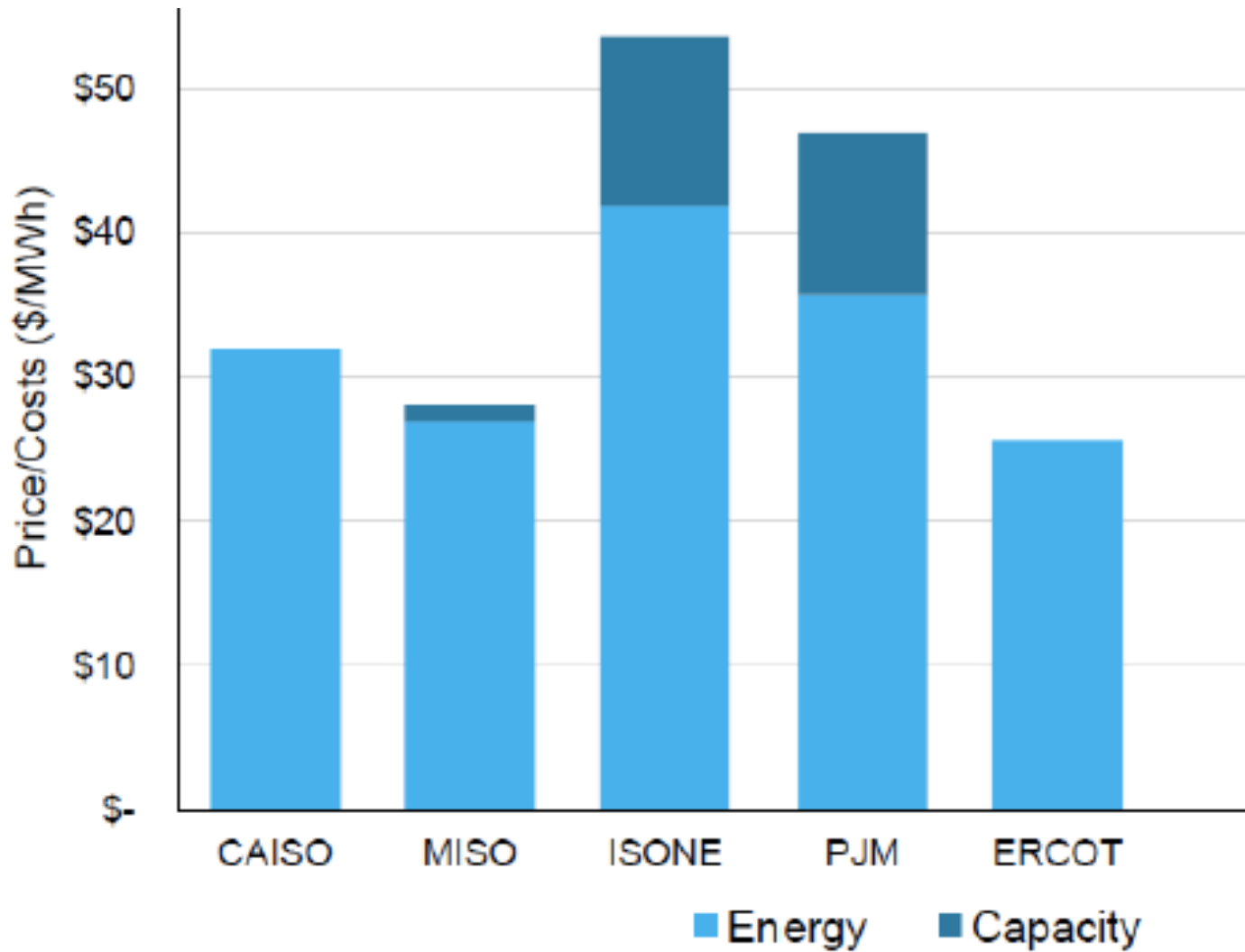
Prices in Energy Only Markets (Left) and Markets with a Reliability Requirement (Right)



Sources and Notes:

Weekly average prices from Ventyx (2012); Weekly average prices for Australia from AEMO (2012).
Historical prices shown for ERCOT are at the North Hub; Australia prices are at New South Wales; PJM prices are at the Eastern Hub; and ISO-NE prices are at the System Hub.

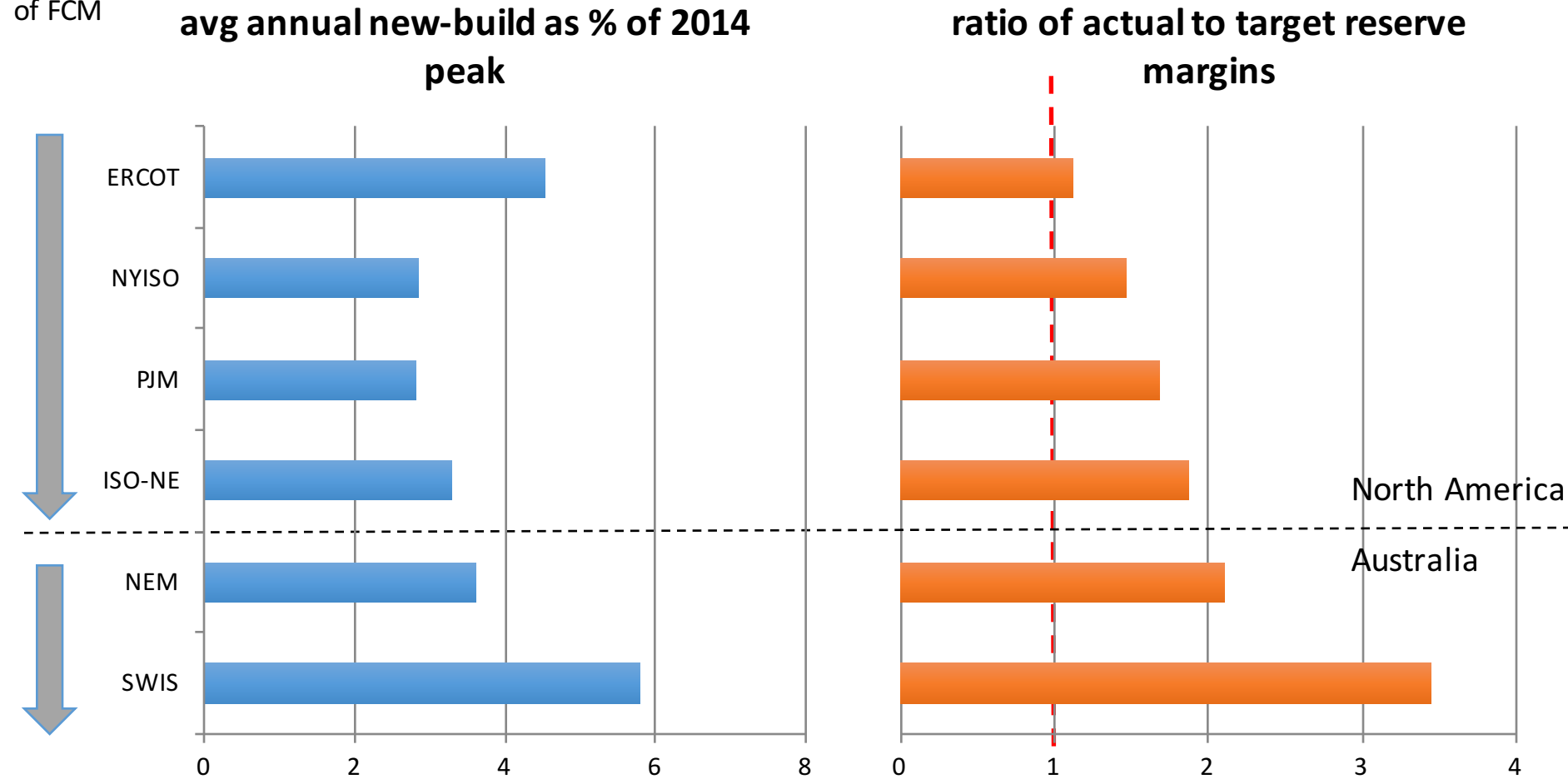
Source: Brattle Group, “ERCOT Investment Incentives and Resource Adequacy”



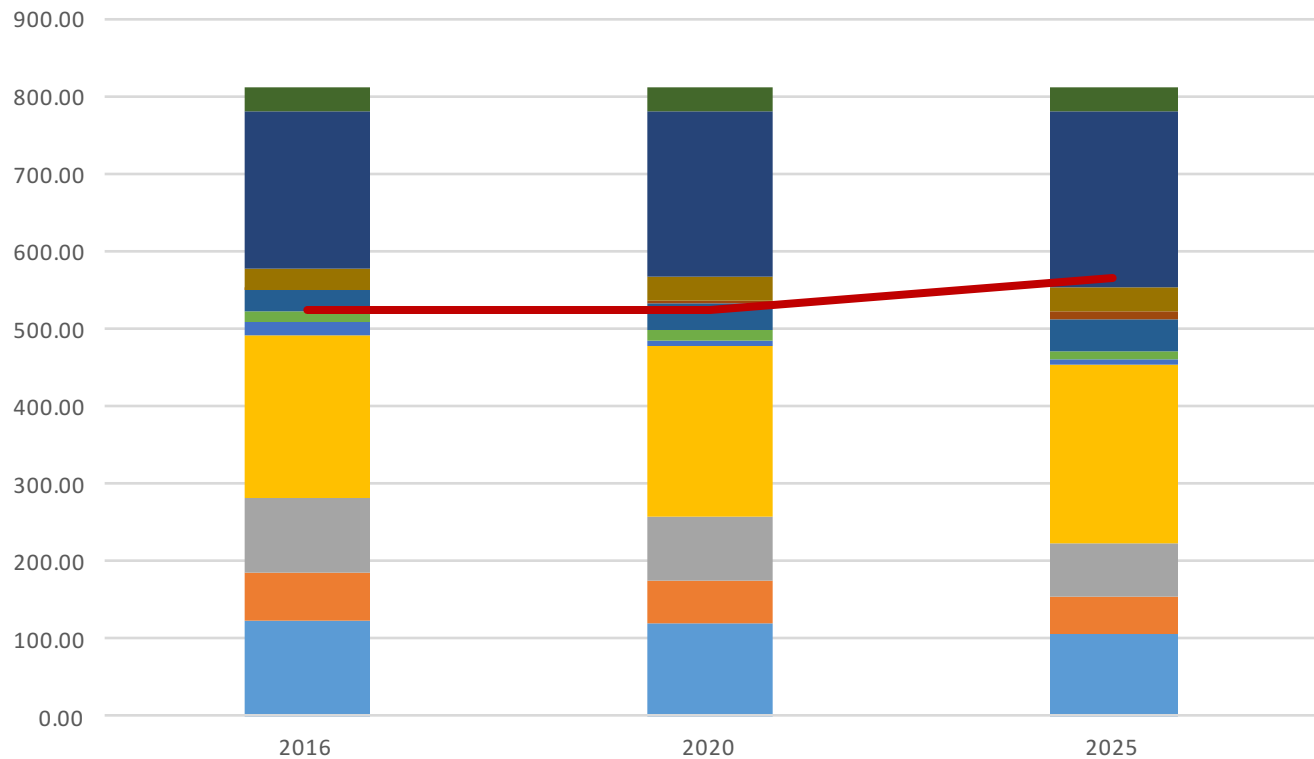
Note: NorthBridge analysis of market prices, NEI nuclear operating cost data.

Patterns of investment (& over-investment)

Strength
of FCM

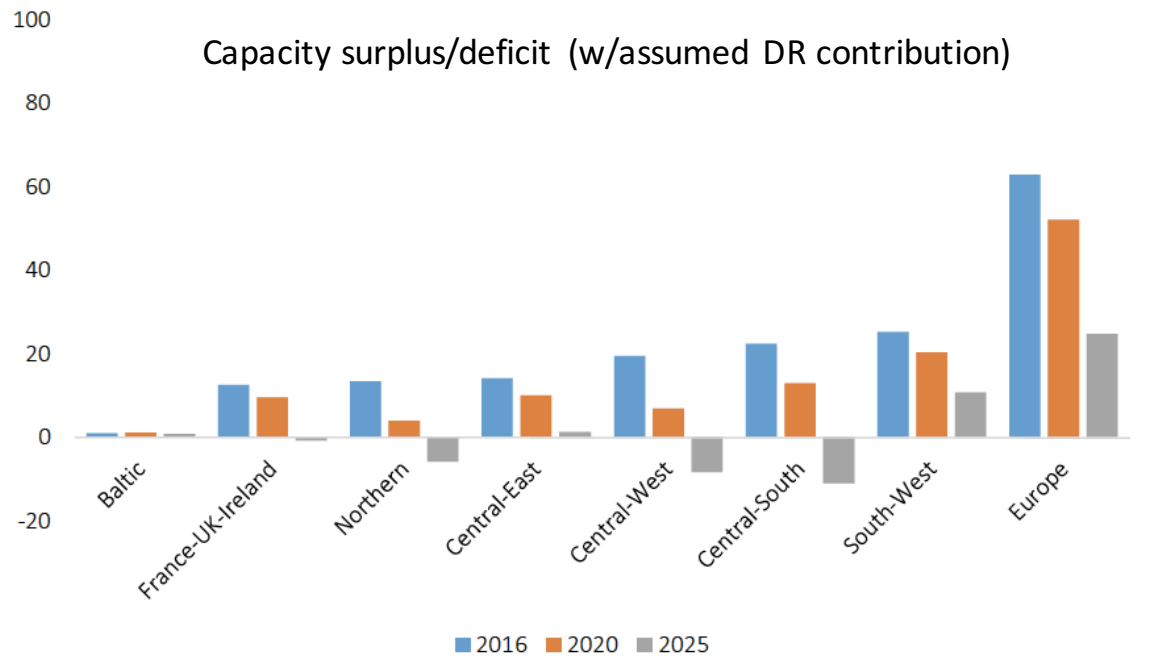


Net generating capacity V peak demand (GW)
Assuming 20% wind capacity and zero PV



ENTSO-e SOAF (2016) (PV @ 0, wind @ 20%)

Capacity surplus/deficit (w/assumed DR contribution)



Capacity surplus/deficit (w/realistic DR potential)

