

NLH 50 Does the use of incremental fuel cost for the energy portion of the industrial non-firm rate reflect short run marginal pricing?

RESPONSE:

Yes. However, these customers have no unique “right” to short-run marginal cost prices while others do not. The failure to attribute base-load generation plant capital costs to them means that others must subsidize their consumption. This is especially inequitable to the extent that base-load generation plant costs serve to reduce short run marginal costs.