

# Regulation Market Strawman Proposal(s)

RMDSTF

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IMM



Monitoring Analytics

# Regulation Signal/Products

- **Signals:**
  - **Proposal 1: One signal, inverse of ACE with filters.**
    - Resource agnostic signal aligned with system needs
    - Allows a simpler implementation for dispatch to operate and track.
    - Eliminates A/D settlement interactions that cause issues with prices and market signals
  - **Proposal 2: Two signals, no neutrality in RegD**
    - Reduces A/D settlement interactions that cause issues with prices and market signals

# Regulation Requirement

- **Requirement (total regulation) based on expected system conditions**
  - **Defined, verifiable, systematic and algorithmic calculation of requirement**
  - **Transparent rules and definitions**

# Benefit Factor

- **Market with two or more different products and one output, needs a marginal rate of substitution defined**
  - **MRTS**
- **Replace current MBF (defined in terms of percentages) with an actual MRTS that is defined in terms of marginal MW substitutions.**
- **Define MRTS so it is dependent on expected system conditions and signal design.**
- **If a one signal market, no need for MRTS.**

# LOC

- **LOC based on dispatched energy offer.**
- **LOC based on ramp limited MW.**

# Offer Structure

- **Components of offer**
  - **Performance and Capability (Status Quo)**
  - **Convert to \$/MW (Status Quo)**
- **VOM**
  - **Remove VOM from regulation offer**
- **Cost adders**
  - **Eliminate \$12 adder**
- **Dual Offers**
  - **Dual qualified resources can offer as either RegA or RegD (not both) in an hour.**

# Clearing Price/Settlement

- **Clearing price based on marginal offer (\$/effective MW).**
  - **Clear least cost combination of resources if two product market**
    - Requires MRTS and performance scores
  - **Clearing price reflects within hour performance scores.**
- **Eliminate artificial break out of capability and performance price.**
  - **One price (\$/effective MW) goes to settlement**
  - **Resources paid based on their effective MW**
  - **Eliminate mileage ratio**

# Other

- **Real time only product**
  - **No must offer creates gaming opportunities between DA/RT applications**
  - **DA market would add modeling/market result differences between DA and RT market**
  - **DA market would add unneeded deviation/settlement/uplift complications**



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