



Market Monitoring Proposal – Associated Units

MIC

September 26, 2006

Joseph E. Bowring

Market Monitor

- Goal of definition of Associated Units
 - Ensure that Frequently Mitigated Units are not “cycled” and actually receive FMU adder
 - Ensure that only actual AUs are designated
- Elements of AU definition
 - Units are electrically identical
 - Units are in same design class
 - Units use same primary fuel
 - Units have cost-based offers in relevant range

- FMU (Unit A)/AU (Unit B) example
 - Units A and B are located at a single electrical location with identical electrical impacts on the transmission system
 - Unit A qualifies as an FMU but Unit B does not and Unit A receives an adder.
 - Unit B is now lower cost and is dispatched more frequently, leading to its designation as an FMU in year 2 and receives an adder.
 - Based on year 1 results, Unit A is now lower cost and the cycle would repeat
 - Goal of designating AU status is to prevent this cycle.