

# Reliability Reduction Lost Opportunity Cost

MIC

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# Issue

- **Wind farms have capacity interconnection rights (CIR) equal to 13 percent of maximum output, or demonstrated capacity factor during RPM peak periods.**
- **Energy injected above the CIR should be curtailed with no opportunity cost, as the transmission system has not been built to accommodate that energy at all times.**
- **Unit does not have full interconnection rights and has not paid for needed transmission upgrades to have those rights.**



## Issue Raised at 3/28/11 IRTF

- **Conventional resources are not currently limited to CIR as a maximum for the payment of opportunity cost under this methodology.**
- **The MMU proposed change would apply the same rules to wind farms and conventional resources.**



# Proposed Solutions

- **Lost opportunity cost recovery should occur only:**
  - **For dispatchable units**
  - **For wind units, when unit is curtailed from the lower of PJM forecast value, desired MW, or the CIR MW.**
  - **For conventional unit types, when unit is curtailed from the lower of the CIR MW value or economic maximum MW.**

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