Energy LOC Proposal

LOC Session
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Agenda

- **Issues**
- **Proposal Impact**
- **Credits by Schedule**

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Issue: Unit Schedule

- **Unit Schedule Used: Current rules require the use of the higher of a unit's price-based and cost-based schedules to calculate the lost opportunity cost in the energy market.**

- **The MMU recommends that the lost opportunity cost in the energy and ancillary services markets be calculated using the schedule on which the unit was scheduled to run in the energy market.**

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Issue: No Load and Start Up

- **Current rules for the calculation of lost opportunity cost credits do not properly account for all the costs *not* incurred by a scheduled unit not running in real-time.**

- **Generating units do not incur no load or start up costs if they are not dispatched in real time.**

- **No load and startup costs should be subtracted in the same way that the energy offer is subtracted in order to calculate the actual value of the opportunity lost by the unit.**

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Proposal Impact

PJM/MMU Joint Proposal

	LOC when output reduced in RT	LOC when scheduled DA not called RT	Total
Current Credits	$4,976,942	$62,594,811	$67,571,753
Impact 1: Committed Schedule	$378,708	$17,682,358	$18,061,066
Impact 2: Including No Load Cost	NA	($37,122,696)	($37,122,696)
Impact 3: Including Startup Cost	NA	($673,074)	($673,074)
Net Impact	$378,708	($20,113,412)	($19,734,705)
Credits After Changes	$5,355,650	$42,481,398	$47,837,048

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Credits by Schedule

LOC credits paid by:

- **Type of schedule in day-ahead.**
- **Relationship between the units' cost and price schedules**

Scheduled Type	Price vs. Cost Schedule	LOC Credit	LOC Credit Share
Cost	NA	$131,725	0.2%
Price	Price schedule lower than or equal to cost schedule	$29,317,575	46.8%
	Price schedule greater than cost schedule	$32,510,051	51.9%
Price - Parameter Limited	Price schedule lower than or equal to cost schedule	$636,784	1.0%
Total		$62,596,135	100.0%

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