

Energy Reserve Pricing and Interchange Volatility Proposal

MIC - ERPIV
Oct 03, 2014

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ERPIV Topics

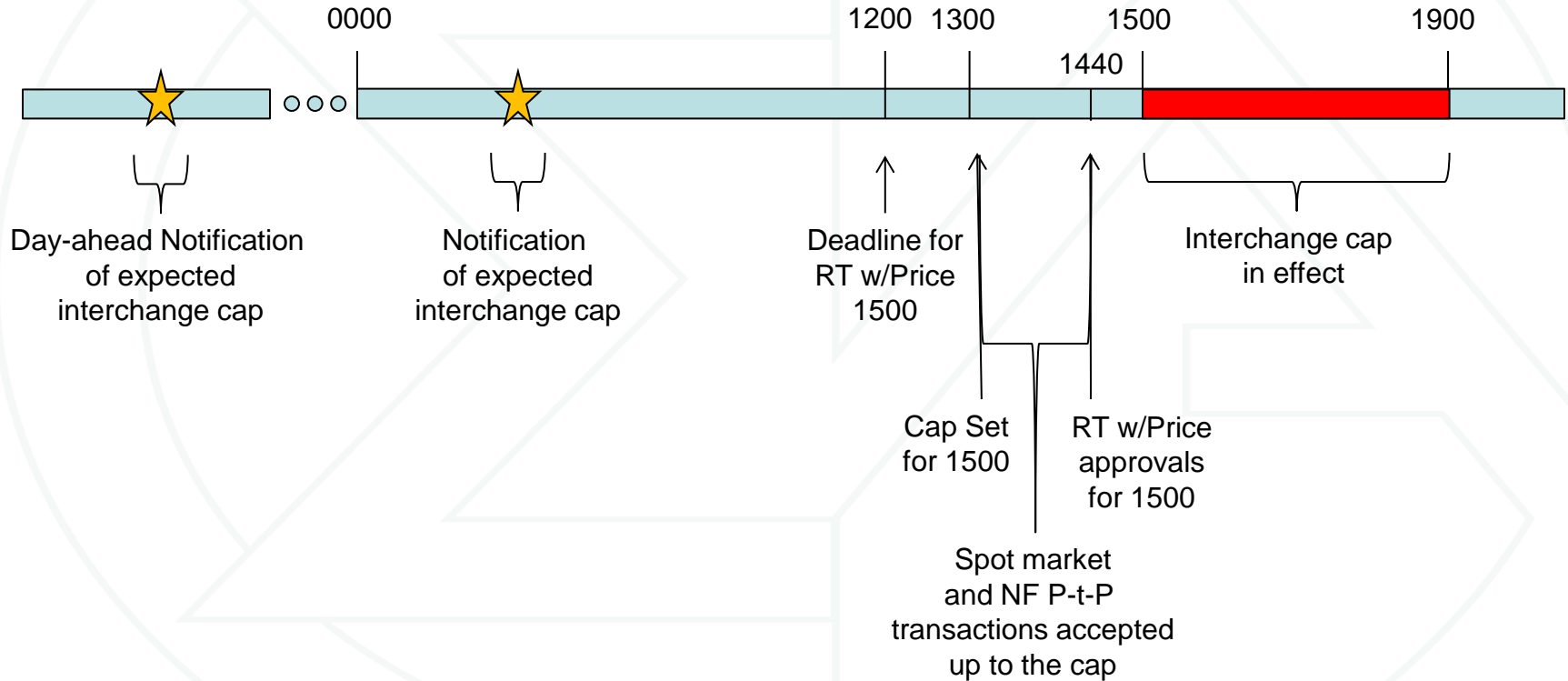
- **Interchange Volatility**
- **Day-Ahead Scheduling Reserves**
- **Day Ahead Unit Commitment**
- **Real-Time Reserves**



Interchange Volatility

- **Generally supportive of PJM's proposal with a few modifications:**
 - **Cap determined by previously scheduled transactions, real-time with price transactions and margin only.**
 - **Real time with price transactions submission timing from 12:00 day ahead to any time up to 3 hours prior to schedule start time AND change minimum run time from 1 hour to 15 minutes.**

Interchange Volatility



Interchange Volatility

Evaluation Time for 15:00	Resources Available		
		13:00	14:30
Projected Load at 15:00		150,000 MW	150,000 MW
Current Load		<u>135,000 MW</u>	<u>140,000 MW</u>
Load pick up remaining		15,000 MW	10,000 MW
Additional available capability from online generation		7,000 MW	2,000 MW
Current Interchange at 15:00		<u>5,000 MW*</u>	<u>5,000 MW</u>
Additional Supply Needed		3,000 MW	3,000 MW
Real-time with Price	2,000 MW	1,200 MW	500 MW
CT's Available	8,000 MW	1,800 MW	1,800 MW
Demand Response	2,000 MW		
Margin	700 MW *		700 MW
*At 13:00, cap for 15:00 set to 5,700 MW			

Interchange Volatility

- **Additional Market Rules:**
 - **Parallel rules should apply to the interchange cap as are applied to ramp limits with regards to hoarding and manipulation.**
 - **Price taking transactions cannot be withdrawn and replaced by real-time with price schedules of the same company or affiliate after the interchange cap is set.**
 - **The same company or affiliate cannot simultaneously have a real-time with price import and a price taking export.**



Day-Ahead Scheduling Reserves

- **Supportive of PJM's proposal.**
- **Observations:**
 - **Eligibility to provide day-ahead scheduling reserves needs to be revised. E.g. hydro units, gas only combustion turbines during critical cold days.**

Day Ahead Commitment

- **Supportive of PJM's proposal.**
- **Observations:**
 - **Long lead time units should be offer capped with PLS. Market power remains an issue that could result in potential referrals by MMU to FERC Office of Enforcement.**
 - **Long lead times should not be permitted because they make required day-ahead offer meaningless. Potential referrals by MMU to FERC Office of Enforcement.**

Real-Time Reserves

- **Generally supportive of PJM's proposal with recommendation:**
 - **Only increase Primary Reserve requirement.**



MMU Long Term Proposal

- **The MMU agrees with approving a solution for the 2014/2015 winter and continue the discussion regarding:**
 - **A new secondary reserve (30 minute) product.**
 - **Ensuring no double payment of DASR credits when DASR is paid in day ahead and real time for same MWh.**
 - **Actual primary reserve capability, performance and compensation.**



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