

Fast Start, Dispatch and Pricing

MIC

February 5, 2020

IMM



Monitoring Analytics

Key Points Raised by FERC

- **Resources are currently compensated with prices that do not correspond to their dispatch instructions. (P30)**
- **PJM generally dispatches 10 minutes in the future, but assigns prices to the current interval. (P30)**
- **A dispatch run should be followed by a pricing run.(P31)**
- **Dispatch must be cost minimizing. (P31)**
- **Prices should reflect marginal cost of serving load. (P31)**
- **Lost opportunity cost payments should provide correct incentives to follow dispatch. (P31)**

FERC's Objectives

- **PJM needs to ensure the dispatch is cost minimizing.**
- **All dispatch instructions and prices need to be linked.**
- **Settlements need to rely on the dispatch instructions and prices corresponding to the dispatch interval.**
- **Correct lost opportunity cost payments require using a single dispatch instruction to calculate prices and dispatch MW.**

To Meet FERC's Objectives

- **Dispatch resources, calculate prices, and settle energy on an integrated schedule and at the same frequency.**
- **The target load time, resource dispatch interval, pricing period, and energy settlement interval should all match.**
- **The calculation parameters and data used in SCED should be the most accurate available to PJM to ensure cost minimizing dispatch.**

Specific Changes Required for Dispatch

Status Quo Dispatch

- **Instructions sent irregularly**
- **Intervals with stale dispatch instructions**
- **Load look ahead does not equal resource look ahead**
- **Overlapping, independent dispatch instructions**

Requirement

- **Instructions scheduled**
- **Use the solution for current upcoming interval**
- **Achieve a match by using a scheduled process**
- **No dispatch interval overlap; link to prior dispatch***

* This is a software change. Otherwise the changes focus on process.

Specific Changes Required for Settlements

Status Quo Settlements

- For a single market solution, prices and dispatch apply to different settlement intervals.
- Some dispatch instructions and cleared reserves are never settled.

Requirement

- Price and dispatch an interval from the same market solution, solved for the interval being dispatched.
- Settle all dispatch instructions and cleared reserves.

Specific Changes Required for Settlements

This is the only change PJM proposes for fast start.

Status Quo Settlements

- For a single market solution, prices and dispatch apply to different settlement intervals.
- Some dispatch instructions and cleared reserves are never settled.

Requirement

- Price and dispatch an interval from the same market solution, solved for the interval being dispatched.
- Settle all dispatch instructions and cleared reserves.

Stakeholder Process

- **FERC is holding fast start in abeyance until July 31 “to allow PJM and its stakeholders the opportunity to fully consider necessary changes...” (P32)**
- **Selecting design components to implement ASAP without fully considering the issues is not consistent with FERC’s order.**
- **The fact that ISO New England follows similar dispatch practices does not justify failure to fully consider the issues.**

Stakeholder Process

- **The design elements in the matrix should not be separated for voting.**
- **The MIC special sessions should proceed to complete packages and voting.**
- **Defined implementation timelines should be included with each package proposal.**

References

- [Fast Start Abeyance Order](#)
- [IMM presentation referenced in order](#)
- [IMM Fast Start compliance filing comments](#)
- [Five minute dispatch and pricing problem statement](#)



Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

