Cost-Based Offers and Renewable Energy Credits

CDS

IMM

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Monitoring Analytics

Background

- Units are required to have an approved fuel cost policy (FCP) in order to make non-zero cost based offers.
- Typically, units with zero marginal cost (e.g. wind/solar) offer zero or negative.
- These units' offers are negative after including renewable energy credits or production tax credits (RECs/PTC).
- The source and method for the RECs must be documented in their FCPs.

Background

- **Other unit types may be eligible for RECs:**
  - **Biomass**
  - **Landfill Gas**
  - **Municipal Waste**
  - **Waste Coal**
  - **Hydro**

Tariff References

- **OA Schedule 2, Section 1.3 (d)**

  (d) All fuel costs shall employ the marginal fuel price experienced by the Member.

- **OA Schedule 2, Section 2.5 (a) (ii)**

  1. Fuel costs for solar and run-of-river hydro resources shall be zero.

  4. For wind resources, the Market Seller shall identify how it accounts for renewable energy credits and production tax credits.

  5. For solid waste, bio-mass and landfill gas resources, the Market Seller shall include the costs of such fuels even when the cost is negative.

IMM's Position

- The IMM's position is that all units should include RECs/PTCs when offered above zero under the current rules.
- The cost-based offer should be the net of the total fuel costs, emissions, VOM and RECs/PTCs.
- The IMM supports adding such requirement to the OA/Manual 15.

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