

Regulation Market Strawman Proposal

RMDSTF

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IMM



Monitoring Analytics

Regulation Signal/Products

- **One signal, inverse of ACE with filters.**
 - **Resource agnostic signal aligned with system needs.**
 - **Allows a simpler implementation for dispatch to operate and track.**
 - **Eliminates A/D settlement interactions that cause issues with prices, incentives and market signals.**



Regulation Requirement

- **Requirement (total regulation) based on expected system conditions**
 - **Defined, verifiable, systematic and algorithmic calculation of requirement**
 - **Transparent rules and definitions**



LOC

- **LOC based on dispatched energy offer.**
- **LOC based on physical ramp limited MW, both within the hour and for any true up after the market hour.**



Offer Structure

- **Offers should be computed by PJM based only on LOC (\$/MW)**
- **If there is a regulatory requirement to have two offer components:**
 - **Performance and Capability (Status Quo)**
 - **Convert both component to \$/MW (Status Quo)**
- **VOM**
 - **Remove VOM from regulation offer**
- **Cost adders**
 - **Eliminate \$12 adder**

Clearing Price/Settlement

- **Clear the market every 30 minutes, with a 30 minute look ahead.**



Clearing Price/Settlement

- **Clearing price based on marginal offer total (\$/MW) in every pricing period (interval).**
 - **Total offers = LOC + components (if any required)**
 - **If two components are required:**
 - Within hour clearing price reflects within hour actual mileage and performance score of marginal offer.
 - Determined after the fact (as data is known).
 - **Resources paid based on their within hour performance adjusted MW**

Performance Score

- **The performance score is defined as the precision score (replace the current method of three components).**
- **Precision calculation based on status quo formula.**
- **Market participation requirement of a 40 percent performance score, based on rolling 100 hour average (status quo).**
- **Minimum performance score required for compensation in a market interval (5 minutes) is 25 percent.**
- **Minimum performance score required to set price in a market interval is 25 percent.**

Performance Score

- **Self deselection results in zero score in the cleared commitment period.**
- **PJM dispatcher deselection does not affect performance.**



Real Time Only Product

- **Real time only product**
 - **No must offer creates gaming opportunities between DA/RT applications**
 - **DA market would add modeling/market result differences between DA and RT market**
 - **DA market would add unneeded deviation/settlement/uplift complications**

Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

