PJM MRC

Energy and Ancillary Service Offset Identify benefits and costs of changing from real-time to day-ahead LMP.

Updated August 5, 2011

ID	Design Component	Importance		Component Solution Options							
1D			Status Quo		A		В		С		
1	Prices used for calculation of EAS Offset used for MOPR Screen of combined cycle gas turbines	High	Real-time LMPs		Develop model to utilize combination of historic day- ahead and real-time dispatch		Use day-ahead LMP		Utilize a combination of DA and RT with forward looking gas/electric		
									prices for calculation		
			Pros	Cons	Pros	Cons	Pros	Cons	Pros	Cons	
					 replicates actual dispatch 	 would result in 	 more typical 	 does not reflect actual dispatch 	 attempts to model future 	 concern regarding liquidity impacting 	
					 reflects actual revenues 	inconsistency if applied	reflection of the nature	 would result in inconsistency if 	DA versus RT commitment	practicality of implementation	
					the unit would have	only for MOPR	by which CCGTs are	applied only for MOPR	 attempts to reflect 	 would result in inconsistency if applied 	
					received	 only reflects historical 	committed compared	 does not reflect actual historic 	expected revenues	only for MOPR	
						conditions	to real-time only	revenues that would have been		 potential forecast error 	
							 simplistic approach 	received		 might be overly complex compared to 	
							as compared to			benefits	
							calculating actual			 does not reflect actual historic revenues 	
										that would have been received	
2	Prices used for calculation of EAS Offset used for MOPR Screen of combustion turbines	High	Real-time LMPs		Develop model to utilize combination of historic day-		Lise day-abead LMP		Utilize a combination of DA and RT with forward looking gas/electric		
					ahead and real-time dispatch		Use day-anead Elvin		prices for calculation		
			Pros	Cons	Pros	Cons	Pros	Cons	Pros	Cons	
					 replicates actual dispatch 	 would result in 	 more typical 	- does not reflect actual dispatch	 attempts to model future 	 concern regarding liquidity impacting 	
					 reflects actual revenues 	inconsistency if applied	reflection of the nature	 would result in inconsistency if 	DA versus RT commitment	practicality of implementation	
					the unit would have	only for MOPR	by which CTs are	applied only for MOPR	 attempts to reflect 	 would result in inconsistency if applied 	
					received	 only reflects historical 	committed compared	 does not reflect actual historic 	expected revenues	only for MOPR	
						conditions	to real-time only	revenues that would have been		 potential forecast error 	
							 simplistic approach 	received		 might be overly complex compared to 	
							as compared to			benefits	
							calculating actual			- does not reflect actual historic revenues	
										that would have been received	
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