



Phase 2 Allocation Poll Results

October 16, 2014



Survey Summary

- Total Unique Responders: 37
- Total Companies Represented: 133



Signals and Incentives

Q38. Signals & Incentives	Agreement	%	Neutral	%	Disagreement	%
Allocation of uplift should provide a direct incentive for certain types of market behaviors	115	87.79%	15	11.45%	1	0.76%
Allocation of uplift should preserve incentives for a load to bid day-ahead accurately	111	84.73%	19	14.50%	1	0.76%
It is important to preserve incentives for generation to follow dispatch	129	97.73%	2	1.52%	1	0.76%
Other uplift allocations/ transactions should be considered to encourage certain behaviors	68	51.91%	59	45.04%	4	3.05%
Allocation of uplift costs should provide incentives to decrease uplift costs	104	79.39%	23	17.56%	4	3.05%

Volatility: Rate each Option or Concept	Agreement	%	Neutral	%	Disagreement	%
It is important to reduce uplift volatility	49	41.88%	37	31.62%	31	26.50%
I support the concept of a two-pass allocation with one pass based on a specified criterion and a second pass of the allocation (to a larger subset of market participants)	12	10.34%	41	35.34%	63	54.31%

Please rate this concept, and if in support, select preferred method below.	Agreement	%	Neutral	%	Disagreement	%
I support a fixed rate with true-up (for uplift cost allocation) - for all transactions	16	13.68%	33	28.21%	68	58.12%
I support a fixed rate with true-up (for uplift cost allocation) - for designated transactions	16	13.68%	21	17.95%	80	68.38%

(Assuming a fixed rate) Under extreme conditions (which are known sufficiently prior to the day-ahead market), should the fixed rate structure be preserved, or are there exceptions that can be built into the market rules?	#	%
Fixed Rate	51	43.59%
Exceptions	66	56.41%

Uplift	Agreement	%	Neutral	%	Disagreement	%
Q.43 Simplifying uplift allocation is a key goal of the EMUSTF.	50	42.74%	20	17.09%	47	40.17%
Q.44 The current level of transparency in the uplift allocation methodology is sufficient.	2	1.71%	29	24.79%	86	73.50%



Allocation of BOR Reserve Charges - Deviations

Considering the following methods, how should Balancing Operating Reserve Charges - Deviations be allocated?	Agreement	%	Neutral	%	Disagreement	%
Socialized broadly	12	10.26%	35	29.91%	70	59.83%
Beneficiary-pay type mechanism	68	58.62%	8	6.90%	40	34.48%
Cost causation	105	89.74%	11	9.40%	1	0.85%
Fee-based	6	5.13%	29	24.79%	82	70.09%
Other (provide details)	41	35.65%	34	29.57%	40	34.78%



Allocation of BOR Charges – Reliability

On what basis should BOR Charges - reliability be allocated?	Agreement	%	Neutral	%	Disagreement	%
Socialized broadly	60	50.85%	14	11.86%	44	37.29%
Beneficiary-pay type mechanism	70	60.34%	22	18.97%	24	20.69%
Cost causation	60	51.28%	11	9.40%	46	39.32%
Fee-based	20	17.24%	17	14.66%	79	68.10%
Other (provide details)	22	19.13%	53	46.09%	40	34.78%



Allocation of DA Operating Reserves

On what basis should DA-OR Charges be allocated?	Agreement	%	Neutral	%	Disagreement	%
Socialized broadly	38	32.20%	9	7.63%	71	60.17%
Beneficiary-pay type mechanism	54	46.55%	38	32.76%	24	20.69%
Cost causation	83	70.34%	19	16.10%	16	13.56%
Fee-based	21	17.95%	15	12.82%	81	69.23%
Other (provide details)	38	32.76%	36	31.03%	42	36.21%



Allocation of Reactive Services

On what basis should Reactive Services Uplift be allocated?	Agreement	%	Neutral	%	Disagreement	%
Socialized broadly	46	38.98%	11	9.32%	61	51.69%
Beneficiary-pay type mechanism	72	62.07%	26	22.41%	18	15.52%
Cost causation	73	61.86%	28	23.73%	17	14.41%
Fee-based	17	14.53%	21	17.95%	79	67.52%
Other (provide details)	26	22.61%	32	27.83%	57	49.57%



Further Division of Allocation Costs

The previous Allocation Philosophy questions lay out the categories for how uplift costs are currently divided and allocated. Should EMUSTF stakeholders consider further division of any of these categories?

Yes	%	No	%
36	31.03%	80	68.97%



Virtual Transactions

Virtual Transactions	Agreement	%	Neutral	%	Disagreement	%
Virtual transactions should be treated the same way as physical transactions (i.e. should they receive an uplift cost allocation)	89	76.07%	11	9.40%	17	14.53%
Assuming virtual transactions are treated the same as physical transactions: they should receive an uplift cost allocation	92	78.63%	17	14.53%	8	6.84%

UTC transactions should be treated the same way as inc/dec transactions (i.e. they should receive an uplift cost allocation)	Yes	%	No	%
		92	78.63%	25



Fixed Rate or Allocation

Should these transactions receive a fixed rate or an allocation of Operating Reserves?	Fixed Rate	%	Allocation	%
UTC	27	23.08%	90	76.92%
INC / DEC	22	18.80%	95	81.20%



Exemptions from Uplift Cost Allocations

Should we continue to have a mechanism that provides for specific exemptions (netting) from uplift cost allocations (i.e. intra-zone offsetting deviations, IBTs, hub netting)?	Yes	%	No	%
		88	75.21%	29

Netting - Select "yes" or "no" for each question below.	Yes	%	No	%
Should netting be allowed?	92	78.63%	25	21.37%
Should cross-market participant netting at specific location be permitted?	61	52.14%	56	47.86%
Should operating reserves net against marginal losses?	35	30.70%	79	69.30%
Should injections net against withdraws to determine overall uplift obligations?	61	52.59%	55	47.41%
Should deviation calculations continue to be performed after IBT activity has been accounted for?	56	52.83%	50	47.17%
Should virtual transactions be netted?	71	60.68%	46	39.32%



Answer the following implementation questions for each solution:	Market-wide	%	By participant	%	By location	%	N/A	%
How should injections net against withdrawals to determine overall uplift obligation?	8	6.84%	22	18.80%	55	47.01%	32	27.35%
How should deviation calculations continue to be performed after IBT activity has been accounted for?	0	0.00%	7	5.98%	43	36.75%	67	57.26%
How should virtual transactions be netted?	6	5.13%	21	17.95%	58	49.57%	32	27.35%

- No fixed fees or broad socialization
- No true-ups
- More transparency
- Strong preference towards cost causation
- Volatility is not a driver. Uplift is understood to be a volatile cost