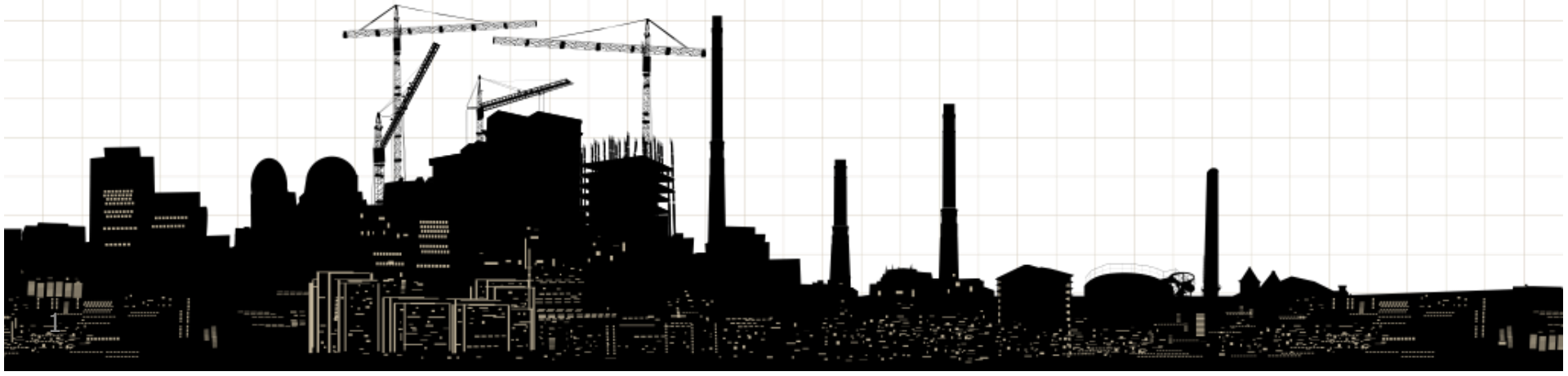




MOPR Approaches for DR and EE

DRS February 2, 2020

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Approaches for DR treatment

- DR can be subject to a number of offer floors
- In Order to maximize aggregation capability, it is recommended that increments of DR capacity that are subject to such floors be managed in the bidding process rather than identified as separate Resources.
- Business rules to manage this are required.
- General approach
 - Offers are made at the Resource level
 - Offer floors are determined at the registration level

Approach

General Comments on proposed approach:

- Allows subsidy impact assessment to be addressed within the registration process rather than prior to the auction
 - Allows subsidized registrations to switch CSPs easily after a BRA.
 - This enhances competition among CSPs to benefit of the market and consumers.
- Accommodates subsidy programs that may not be known at the time of auction
- Minimizes changes to “Planned DR” process by aligning new MWs with the Resource rather than registrations.
- Simplifies bidding and offer process
- Does not require customer contracts at the time of auction.

Business rules

1. The quantity of MW offered at prices below offer floors may not exceed total MWs of unsubsidized offers. (added detail needed for multiple offer floor levels)
 1. Example- Portfolio has 100MW of unsubsidized offers and 20MW of Subsidized offers with a floor of \$50/MWd.
 1. Allowed – 80 MW at \$30, 20MW at \$55, 20MW at \$65
 2. Not allowed – 110MW at \$55, 10MW at \$65
2. CSP may, but are not required to, designate offer or offer segments as subsidized and specify the appropriate offer floors.
3. The quantity of MW registered must align with offers
 1. Registrations will have a subsidized designation (yes/no) and offer floor (if applicable).
 2. The MW total of subsidized registrations eligible for commitment may not exceed the MW total of offers between the offer floor and the clearing price
 3. Registrations with offer floors above the clearing price will not be eligible for linkage to a committed capacity resource.

Business rules

4. Subsidized resources that do not clear may not be used to meet capacity commitments and may not be transacted bilaterally.
 - Such resources may be registered and may be dispatched in PAIs
5. [consider rule]

Example 1

Offer Floor for Subsidized Resource = \$50

Clearing Price = \$49

Segment MW	Segment Offer	Subsidized MW	Cleared MW	Commitment Eligible
75	\$30	0	75	75
10	\$45	0	10	10
10	\$51	0	0	10
10	\$52	10	0	10
10	\$60	5	0	5
Total = 115		15	85	110

Example 2

Offer Floor for Subsidized Resource = \$50

Clearing Price = \$51.50

Segment MW	Segment Offer	Subsidized MW	Cleared MW	Commitment Eligible
75	\$30	0	75	75
10	\$45	0	10	10
10	\$51	0	10	10
10	\$52	10	0	0
10	\$60	5	0	5
Total = 115		15	95	100

Example 3

Offer Floor for Subsidized Resource = \$50

Clearing Price = \$52.50

Segment MW	Segment Offer	Subsidized MW	Cleared MW	Commitment Eligible
75	\$30	0	75	75
10	\$45	0	10	10
10	\$51	0	10	10
10	\$52	10	10	10
10	\$60	5	0	5
Total = 115		15	105	110

Example 4

Offer Floor for Subsidized Resource = \$50

Clearing Price = \$61

Segment MW	Segment Offer	Subsidized MW	Cleared MW	Commitment Eligible
75	\$30	0	75	75
10	\$45	0	10	10
10	\$51	0	10	10
10	\$52	10	10	10
10	\$60	5	10	10
Total = 115		15	105	115

Are business rules needed?

- Can DR that is not eligible for commitment be registered?
 - A – Yes. To do otherwise would preclude resource availability for system support.
- Can registrations that are not eligible for commitment help meet PAI requirements? (Yes)
- Can registrations that are not eligible for commitment be sold bilaterally? (No)

EE Treatment

CPower believes that EE should be exempt due to add-back rules.

CPower nonetheless supports development of Offer floor methods and apply them to create default floors for common project types for a Compliance filing.

- Project types should include lighting, HVAC, motor upgrades.

CPower believes that for the vast majority of project types and MWs, an offer floor of \$0 will be justified by a benefit to cost ratio greater than 1.

Offer floor methods should include energy savings and capacity savings benefits for 20-year life.

Consider whether state subsidy program b/c studies can serve as justification for \$0 offer floors

- For example, PA Act 129 b/c ratios are 1.39 or higher *inclusive of utility overhead costs.*



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