

Day-Ahead Scheduling Reserve Operating Reserve Demand Curve

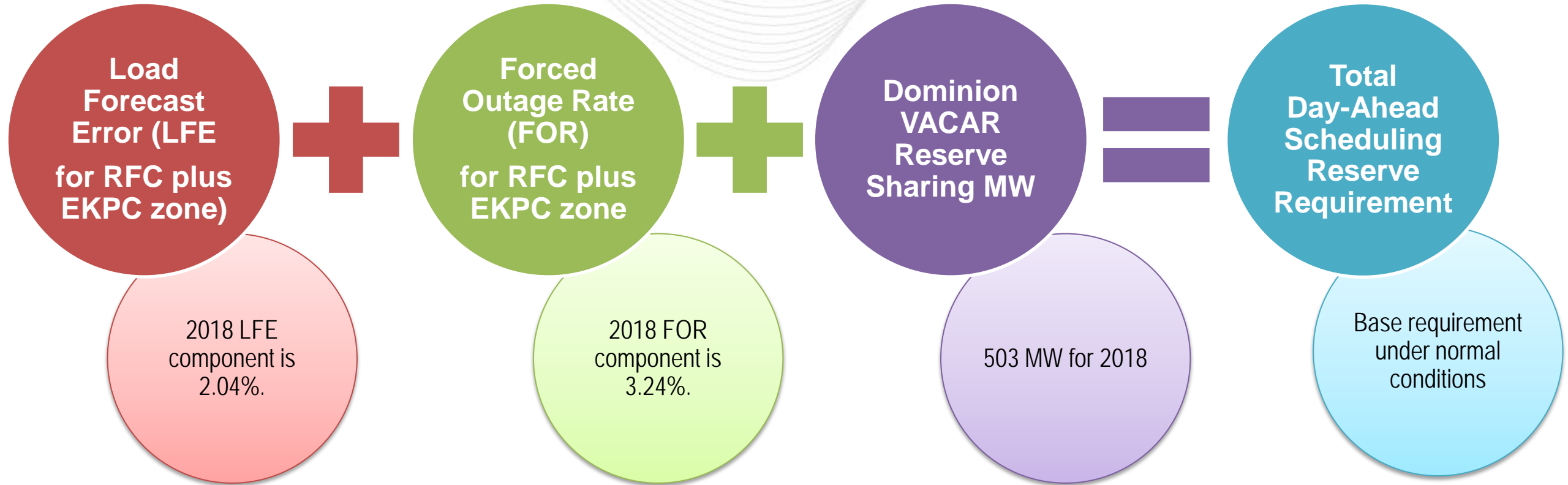
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The Day-Ahead Scheduling Reserve Market is not currently cleared using an Operating Reserve Demand Curve (ORDC).

- Implementing the downward-sloping ORDC concept in real-time only may create systematic differences between day-ahead and real-time energy and reserve prices
- Implementing a DASR ORDC would:
 - Allow the increased demand for reserves to be recognized in day-ahead market
 - Provide more consistent valuation of reserve scarcity in the day-ahead and real-time markets
 - Be consistent with the mid-term goal of implementing a real-time 30-minute reserve market with an ORDC

The methodology for defining a DASR ORDC would be similar, but not identical, to the draft methodology for the Synchronized Reserve and Primary Reserve ORDCs

- Minimum Reserve Requirement (MRR): Based on the existing DASR requirement calculation
 - Uses historical mean day-ahead Load Forecast Error (LFE) and the historical mean day-ahead Forced Outage Rate (FOR) and forecasted peak load for the next day
 - Adjusted during hot weather alerts, cold weather alerts and escalating emergency conditions
- Downward-sloping section of the curve: Based on Probability of Reserves Falling Below the Minimum Reserve Requirement (PBMRR)
 - Can be constructed by accounting for the frequency with which the historical LFE and historical FOR values have been greater than the corresponding LFE and FOR means.



- The DASR requirement for each hour of the day is increased under conservative operating conditions
 - Triggered by Hot/Cold Weather Alert or escalating emergency conditions issued in the RTO, Mid-Atlantic Dominion or Mid-Atlantic regions
- Additional hourly increment in the requirement is calculated as:
 - Forecasted RT load for each hour minus Adjusted Fixed Demand for the hour, floored at zeroPlus
 - The amount of any additional generation committed for that hour to account for operational uncertainty

- Currently, without a demand curve, the DASR clearing price is set at the highest DASR offer price (plus LOC) of available resources if the DASR requirement cannot be met
- Maximum price on the DASR ORDC should take into consideration the maximum price on the real-time ORDCs (\$850)