

# 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**

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