

# RMISTF Compromise Proposal

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Energy  
Storage  
Association

[www.energystorage.org](http://www.energystorage.org)

# Proposal

As a potential compromise, the ESA proposes:

- Base the package on either the PJM/IMM or Dominion packages, with two changes:
- Place signal and MRTS definitions in the tariff.
  - Can be general enough for operational flexibility, but major product redefinitions should require FERC review.
- Shallower, flatter MRTS curve
  - Consistent with new RegD signal
  - Proper incentives for high performing resources
  - Avoids inconsistent treatment of RegA/RegD performance and associated arbitrage opportunity.

We are open to a broad range of options on most other design components.



# MRTS Curves Based on Signal

The signal is the obligation regulation suppliers are required to meet. The MRTS curve must be based on this obligation.

Setting the MRTS curve based on assumed performance creates multiple problems:

- Class average scoring blunts incentives
  - Energy unlimited RegD resources arbitrary downrated; paid more for providing inferior product.
  - Storage owners see little benefit from increased capacity.
- RegD resources are downrated for assumed charge limits, then downrated again in performance score.
  - RPM analogy: Assign class average eFORd, pay based on UCAP, but assess penalties on ICAP.



# New Signal Eliminates Low MRTS

The new signal design eliminates any reason for the MRTS to be less than 1.0.

- Because following ACE always takes priority over energy neutrality, there is no decreased system control with increasing RegD.
- RegA is constrained by ramp limits, but RegD is not constrained at all. Each MW of RegD can be asked to do everything the RegA it replaces can do plus more.
- The new signal would give better system control at 100% RegD than 100% RegA.



# MRTS creates discriminatory payments

The proposed MRTS results in radically different payments to resources providing similar services.

Resource	Performance	MRTS	Effective MW
1 MW RegD	93%	0.44-0.68	0.41 – 0.63
1 MW RegA	93%	1.0	0.93

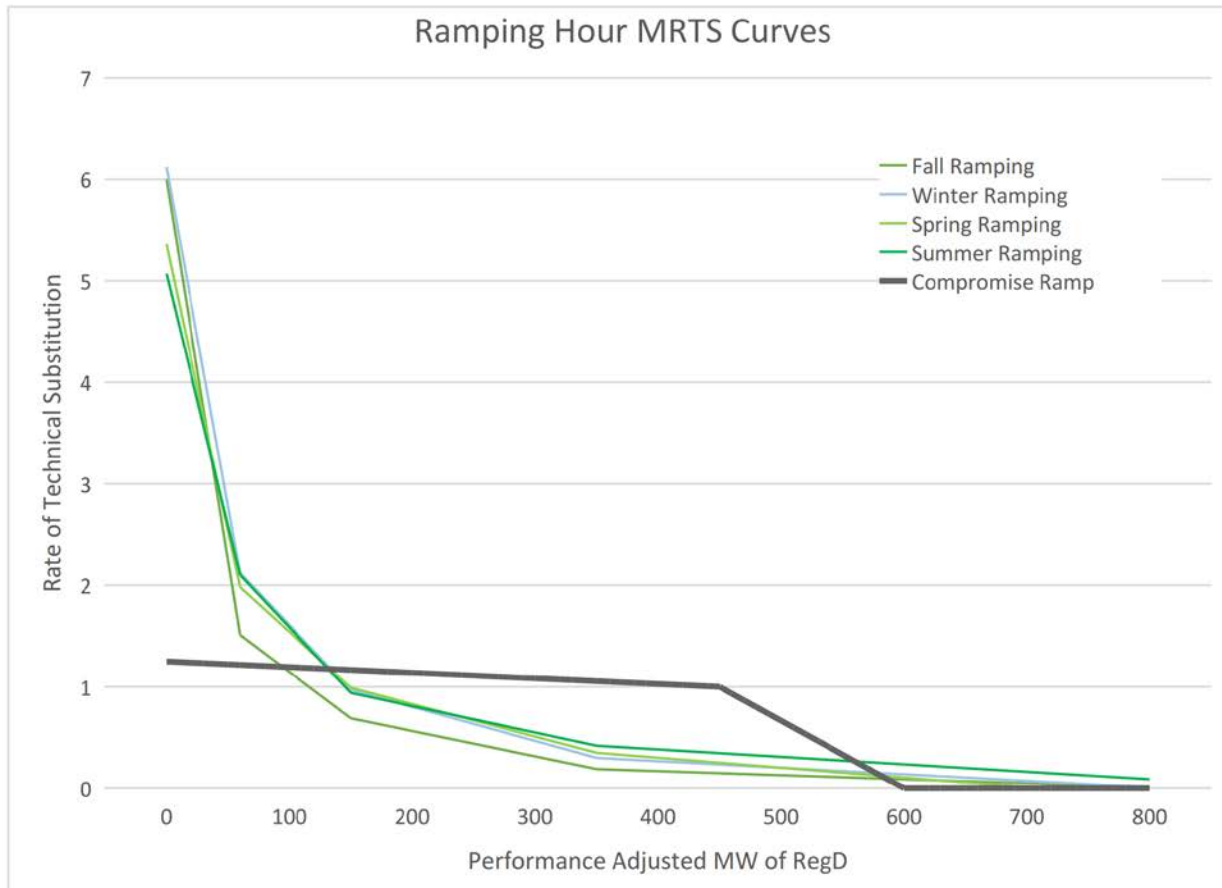
This gets worse with more RegD. We estimate that current storage resources would have a performance score of 75% when following RegA or when there is

Resource	Performance	MRTS	Effective MW
1 MW RegD	75%	0.01 -0.30	0.01 – 0.22
1 MW RegA from storage	75%	1.0	0.75

Incentive is to provide less valuable product.



# Proposed MRTS Curves



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