

# Market Monitor Report

MC Webinar  
February 24, 2014

Joseph Bowring



Monitoring Analytics

# UTC Analysis: May Study

- **PJM performed a study of market results with and without UTC bids using PJM's Day Ahead ALSTOM SPD program and its day ahead commitment practices, for five days in May (May 2, 4, 22, 23 and 27).**
- **The IMM used the data from PJM's May Study to examine the impact of UTCs on PJM markets.**
- **The IMM examined the impacts of UTCs on unit dispatch, unit commitment, day ahead and real time LMP convergence, day ahead congestion, balancing congestion and FTR funding.**

# UTC Analysis: December Study

- **PJM performed a study of market results with and without UTC bids and with and without INCs and DECs using PJM's Day Ahead RSC and PROBE program for four days (December 10, 14, 18 and 23).**
- **Both PJM and the IMM used the data from PJM's December Study to examine the impact of UTCs and INCs and DECs on unit dispatch and unit commitment.**

# UTC Analysis: Impact on unit commitment

- **PJM and the IMM agree that the data from the May and December studies indicated that UTCs affect unit commitment and dispatch in the day ahead market.**
- **PJM and the IMM agree that the data from the December study indicated that INCs and DECAs affect unit commitment and dispatch in the day ahead market.**
- **PJM and the IMM agree that the magnitude of the impact on unit commitment status and unit output varies by day.**

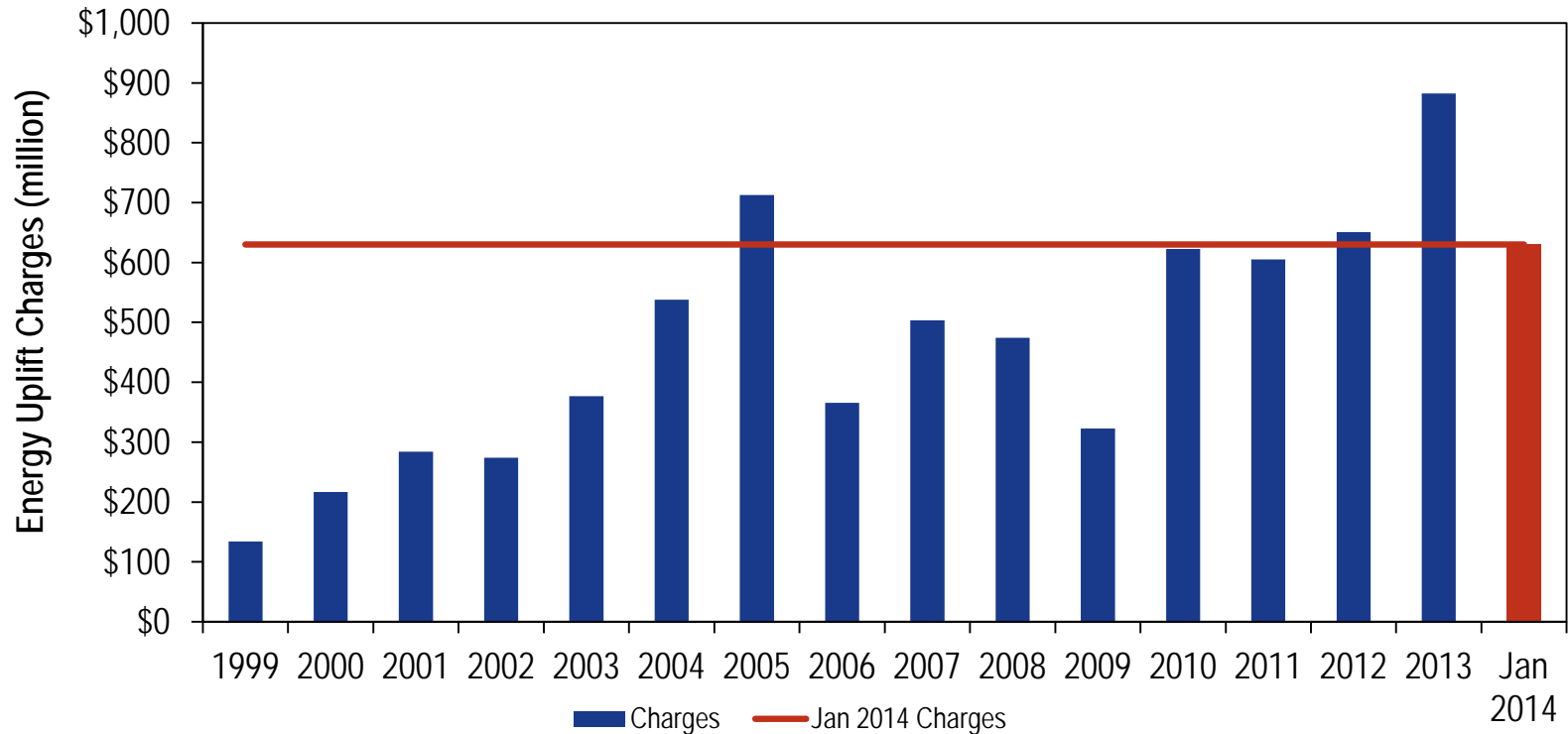
# UTC Analysis: Uplift Charges

- **PJM and the IMM agree that due to their effect on unit commitment and dispatch, UTCs should pay operating reserve charges**
- **The IMM position is that UTCs should pay operating reserve charges consistent with charges paid by INCs and DEC.**
- **PJM and the IMM recommend that the EMU process continue to review the appropriate level and allocation of operating reserve charges.**

# UTC Analysis: Uplift Charges

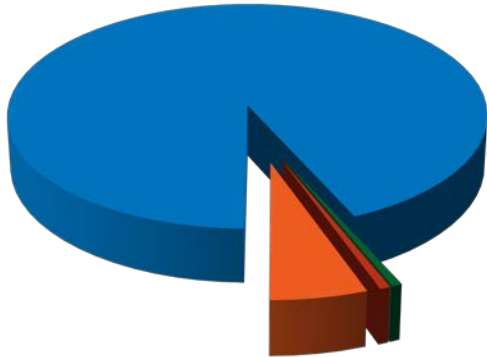
- **The IMM recommends that UTCs be allocated uplift charges immediately, consistent with the treatment of INCs and DECAs, pending further changes approved in the stakeholder process.**
  - **UTCs, like INCs and DECAs, affect unit commitment, unit dispatch, uplift charges, LMP, congestion and FTR revenue adequacy.**
  - **UTC are currently provided preferential treatment relative to INCs and DECAs.**

# Energy Uplift Charges: 1999 – Jan 2014



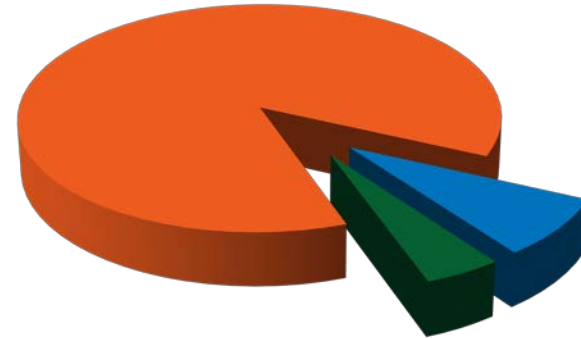
# Jan 2014 Breakdown

## Total Energy Uplift



- Day-Ahead --- \$36 M --- 5.7%
- Balancing --- \$587 M --- 93.1%
- Reactive --- \$4 M --- 0.6%
- Synchronous Condensing --- \$0 M --- 0.0%
- Black Start --- \$4 M --- 0.6%

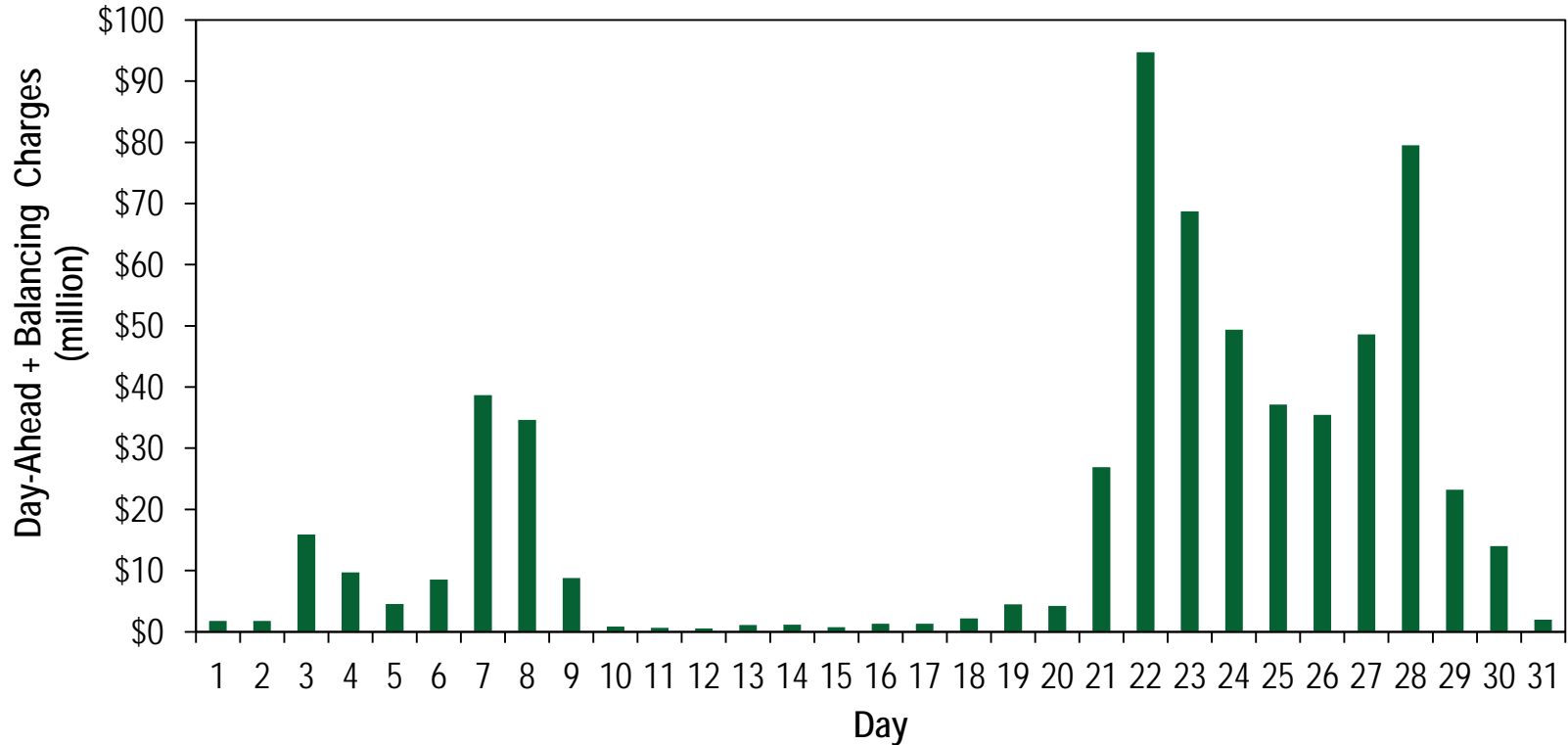
## Balancing



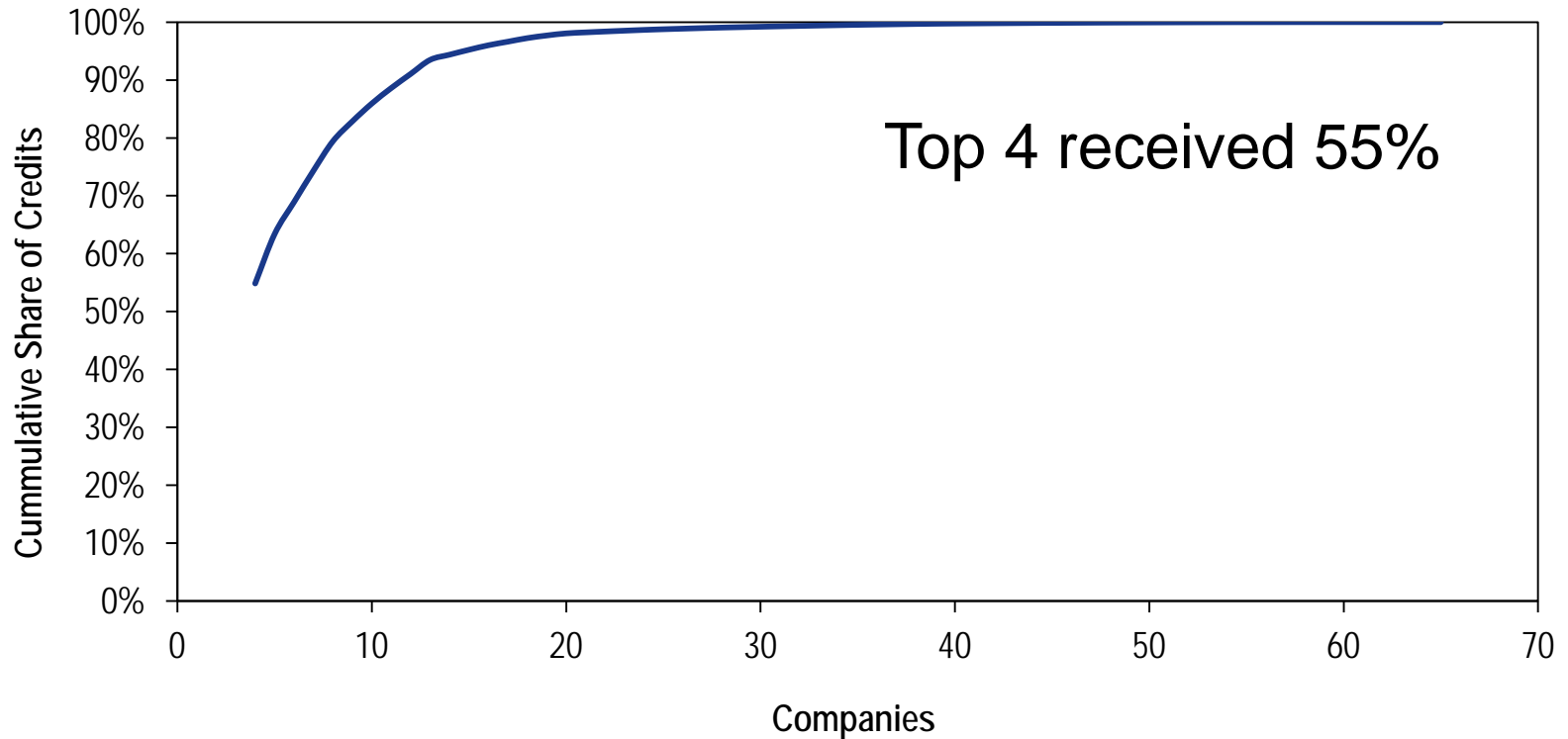
- BOR --- \$512 M --- 87.4%
- DA/CT LOC --- \$47 M --- 8.0%
- RT LOC --- \$27 M --- 4.6%



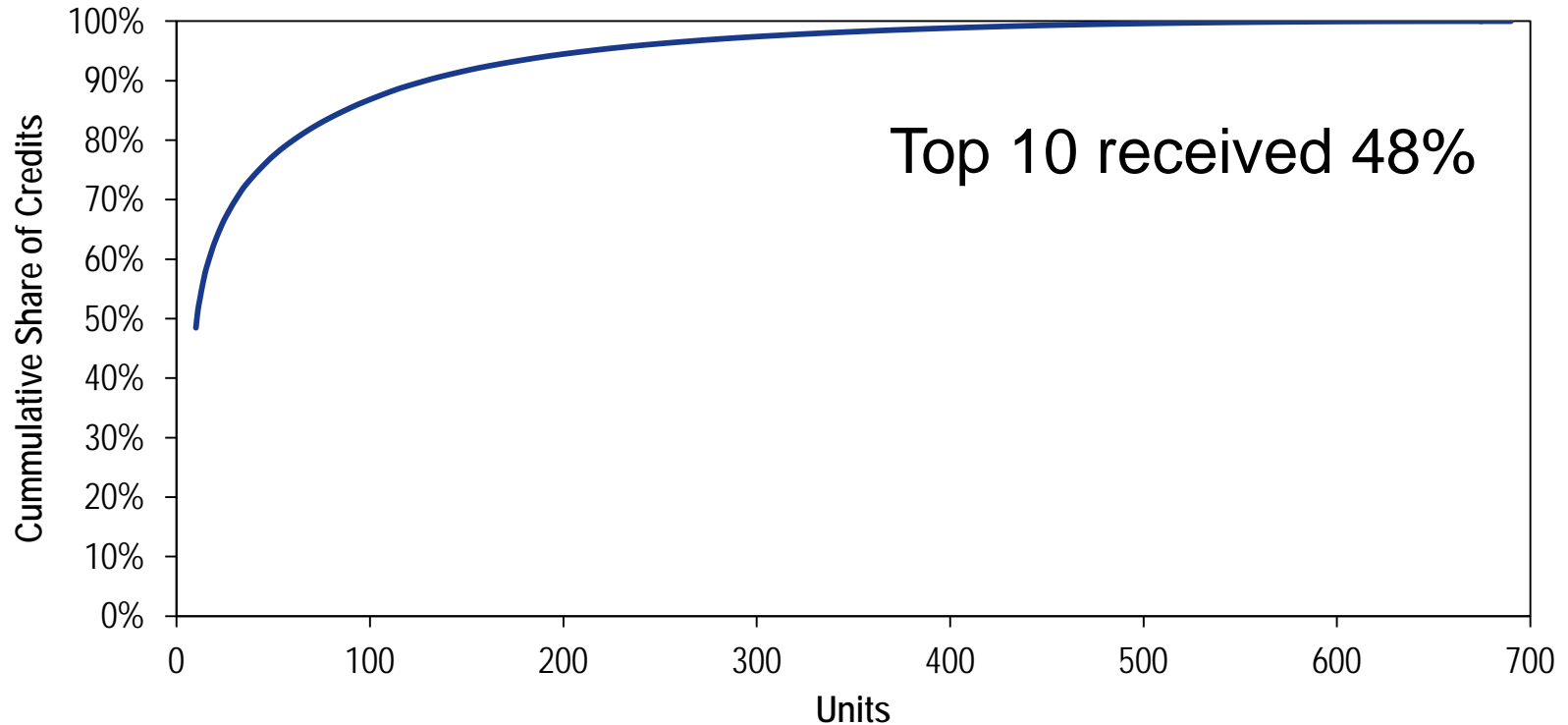
# Jan 2014 Daily Energy Uplift Charges



# Concentration by Company



# Concentration by Unit



# Reasons

- **High natural gas prices**
- **Conservative operations**
- **Winter load profile**
  - **Double peak**

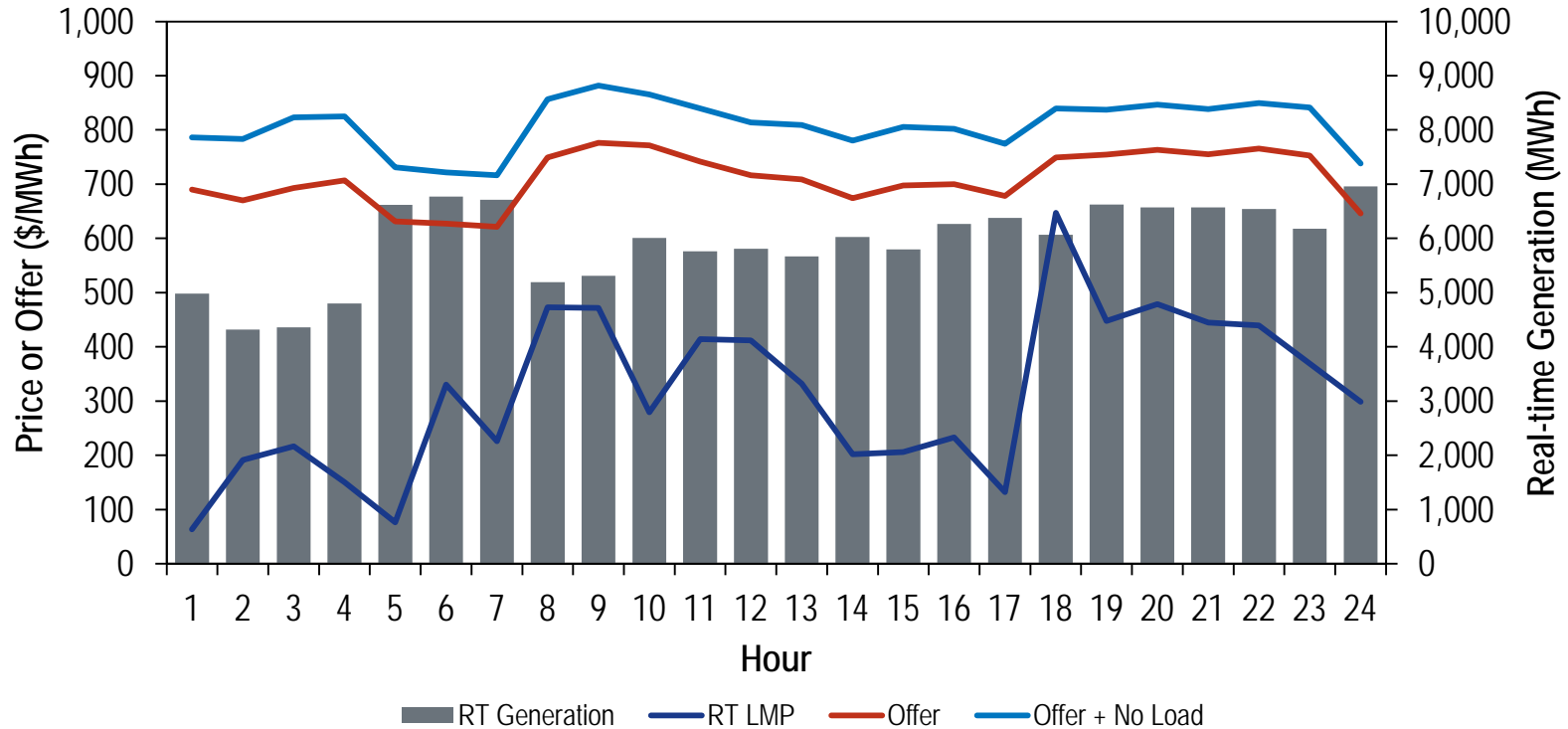


# BOR by Reason

Priority	Reason Category	BOR Credits (million)	Share
1	Conservative Operations	\$392	77%
2	Reliability Commitment	\$20	4%
3	Manual Dispatch	\$2	0%
4	Economic	\$64	13%
5	Ancillary Services	\$5	1%
6	Other	\$4	1%
	Unknown	\$23	5%
	Total	\$512	100%

- Priorities were given to each log reason due to multiple log entries.

# Jan 22 Conservative Ops Commitment



# Issues to be addressed

- **Improve incorporation of conservative operations into pricing.**
- **Gas/electric scheduling/commitment.**

**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**MA@monitoringanalytics.com**

**www.MonitoringAnalytics.com**

