

## **MMU's Position on the DADRP "Free-Rider" Issue**

After considering the product design and structure and intent of the DADRP and the opinions of the members of the DADRP Working Group, the MMU has concluded that the issue of the "Free Rider" is a serious one, and one that needs to be addressed.

MMU considers a "Free Rider" to be any load that bids a pre-planned outage into the DADRP. This is an outage that would occur regardless of whether the bid was accepted or not. A pre-planned outage includes, but is not limited to scheduled maintenance.

In order to prevent this sort of abuse of the program during periods when load reduction is not needed, MMU supports the use of a bid floor. This solution would need to ensure that bids are not likely to be accepted during competitive conditions. MMU conducted a study of 2001 DAM LBMP's during all non-congested hours in zones where the DADRP program has been utilized. This analysis revealed that a bid floor of \$50 would likely prevent bids from being accepted during periods of reasonable competition.

The MMU recommends that the PRL-WG adopt a bid floor of \$50.