

# EDRP/SCR Cost Allocation

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Select Energy

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# EDRP/SCR Cost Allocation

- Principle: Specific causes of EDRP or SCR activation should be charged first for any uplift before others that may benefit.
  - This follows the idea of cost/causation
- What are “specific causes”?
  - Loss of a transmission facility
  - Loss of a generating unit
- Without a specific cause, RT load > DA Load pays for the uplift

# EDRP/SCR Cost Allocation

- Does this mean that a TO or Generator pays all the costs of an EDRP or SCR Event?
  - No, they pay for the uplift, if any, associated with the EDRP or SCR becoming out of merit; most likely in a subsequent time period (e.g. later intervals or hours)
    - Keep in mind that RT loads pay higher LBMPs and other Generators get paid higher clearing prices due to the scarcity pricing changes to be implemented
    - Uplift payment obligation remains for duration of DR event

# EDRP/SCR Cost Allocation

- How does one know that they are a “cause”?
  - ISO Operators have the ability to see loss of facilities and determine that either SCRs and/or EDRP was needed. There would be a one-to-one relationship.
- What if the situation were not clear? Suppose load was rapidly increasing when a unit was lost?
  - It is proposed to prorate any uplift to both RT load (above DA scheduled) to the amount of supply that was lost. The same would apply in an instance where a transmission facility was lost – using the change in transfer capability in the prorating.

# EDRP/SCR Cost Allocation

- What if a marketer loses an import or adds an export? Will they pay?
  - No. Decisions for Imports and Exports are made in BME not in RT when a specific cause may occur.
  - Marketers have the risk of losing money in either case as Exports are not bid guaranteed and loss of an Import (regardless of cause) will lose them more money...as prices would be rising.

# EDRP/SCR Cost Allocation

- OK, what if SCR or EDRP is activated but there is no specific causation?
  - RT load, above DA schedules would pay for any uplift
  - In a case where there is no RT load above DA but the call is made for a zone, then all load would share in any uplift payments.
  - Note, for example, in a EDRP activation, that when the EDRP is OOM, prices should be under \$500 but will likely be higher than before the causing event occurred.
    - RT Loads will be paying that higher LBMP
    - Those responsible for the lost facility should be responsible for the uplift

# EDRP/SCR Cost Allocation

- Implementation Issues
  - Recognize impact of tracking causes etc. and related settlements
  - Seek uplift payment by RT Load > DA Load to be implemented 1<sup>st</sup> (likely to be considerably easier)
  - Address specific causes after...

07/30/2002

08/14/2002

	Total RT MWh	Cost (1)	Short MWh	Cost (2)	Total RT MWh	Cost (1)	Short MWh	Cost (2)
CAPITL	9814	\$ 110,262	0	\$ -	10058	\$ 109,728	0	\$ -
CENTRL	12730	\$ 143,024	455	\$ 172,198	14159	\$ 154,467	1185	\$ 599,133
DUNWOD	6539	\$ 73,467	728	\$ 275,517	6471	\$ 70,595	658	\$ 332,683
GENESE	8316	\$ 93,432	0	\$ -	9390	\$ 102,440	225	\$ 113,759
HUD VL	9772	\$ 109,790	16	\$ 6,055	10362	\$ 113,044	585	\$ 295,774
MHK VL	6013	\$ 67,557	266	\$ 100,670	6531	\$ 71,250	593	\$ 299,819
MILLWD	2283	\$ 25,650	0	\$ -	2328	\$ 25,397	0	\$ -
N.Y.C._LONGIL	75397	\$ 847,101	2675	\$1,012,373	75167	\$ 820,034	0	\$ -
NORTH	3770	\$ 42,357	196	\$ 74,178	3710	\$ 40,474	0	\$ -
WEST	11424	\$ 128,351	0	\$ -	12259	\$ 133,739	0	\$ -
totals	146058	\$1,640,991	4336	\$1,640,991	150435	\$1,641,169	3246	\$ 1,641,169

Socialized	\$ 11	Targeted	\$ 378	Socialized	\$ 11	Targeted	\$ 506
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5 Hour Call

5 Hour Call

Avg Short

867

649



# EDRP/SCR Cost Allocation

- Is this proposal incompatible with LIPA's?
  - It could compliment LIPA's if we choose to go the route suggested by them; only those causing an event to start would still pay a prorated share.
  - We view LIPA's proposal as an approximation of having RT loads >DA loads pay for the programs.
    - In any case, LIPA is likely to have full exposure to any SCR/EDRP calls due to the constrained transmission onto the Island