

Impact of Non-Incentivized DADRP on LSEs



F = Day-ahead fixed and PCLB bids

D_r = Day-ahead DRP bids known by the LSE that actually reduce in real time

D_b = Day-ahead DRP bids known by the LSE that don't reduce (i.e., buy through)

R_r = Day-ahead DRP bids unknown to the LSE that actually reduce in real time

R_b = Day-ahead DRP bids unknown to the LSE that don't reduce

RT = real time load balancing (not including D_b and R_b)

Day-Ahead Market

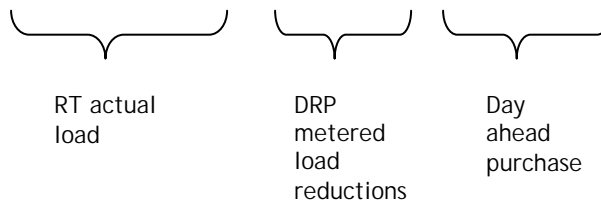
The LSE buys enough load day ahead to cover its fixed load portion as well as whatever DRP load it knows about:

$$\text{Day-ahead purchase} = F + D_r + D_b$$

Real Time Market

The LSE balances on the difference between its actual load and day-ahead bid:

$$\text{Real time purchase} = F + D_b + R_b + RT + (D_r + R_r) - (F + D_r + D_b)$$



$$= RT + R_r + R_b$$

It is apparent that if LSEs are aware of DRP load, they will have the option of bidding it in the day-ahead market or paying the real-time price for it; LSEs unaware of DRP load will end up paying for it in real time only. This result argues for a DADRP registration procedure that informs the LSE of the amount of load an end-use customer registers with us, but doesn't reveal the DRP to the LSE.

It's also clear that whether or not a DRP known to the LSE performs is immaterial to the settlement process under the proposed rules. The LSE has control over whether the entire amount is bid as load into the day ahead market or whether it is purchased in real time.