

2012 Grid Management Charge Straw Proposal

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Stakeholder Conference Call November 18, 2010

Timeline for GMC 2012 Rate Structure





Key Calendar Dates & Next Steps

Stakeholder meeting on billing determinants	Nov 18
Stakeholder comments on discussion paper due	Nov 29
Distribute Bill Impact Studies	Early Dec
Stakeholder meeting	Dec 13
Stakeholder meeting	Jan 20
Stakeholder meetings	as needed



Agenda

Overview of GMC Billing Determinant Design

- Market Services
- System Operations
- CRR Services
- Transaction Fees and Administrative Fees
- Transaction Examples of GMC
 - Energy with RTM Decrement
 - Spinning Reserve
 - Convergence Bidding
 - CRR Monthly Holding



Guiding Principles

- Cost causation properly allocate to category and charged to those who use or benefit
- Focus on use of services, not behavior design fee structure to recover ISO's costs, charges that influence behavior should be in market structure. Should not negatively impact market participation.
- Transparency costs and determinants highly visible to customers
- Predictability in advance Scheduling Coordinators (SCs) are able to determine what costs will be
- Forecastability SC's & ISO's forecasts of determinants are more accurate resulting in fewer quarterly changes
- Flexibility accommodate future market enhancements without new buckets or charges
- Simplicity reduce current level of determinants and codes



Market Services Rate

- \$/MWh = \$0.09 estimated
- Gross MWh of awarded energy and ancillary services in day-ahead and real-time market
- Applies to Generation, Load, Import and Export
 - Two parties needed (Demand and Supply Bids) to clear market
 - Convergence bidding illustrates how supply and demand have comparable market system impact
- Transaction / Administrative Fees Applied
 - Bid Segment Transaction Fee
 - Inter-SC Trade Transaction Fee
 - SCID Administrative Fee



System Operations Charge

- \$/MWh = \$0.2841 est.
- Gross MWh of Metered Energy
- Applies to Generation, Load, Import and Export
 - Manage both Generation and Load to balance the grid
 - Equivalent GMC marginal cost for generation and load in meeting operational needs
- Transaction / Administrative Fees Applied
 - None



CRR Services Charge

- \$/MWh = \$0.0126 est
- MWh of awarded CRRs
- Applies to Allocated CRRs and Auction CRRs
 - Similar to other ISOs approach to recover CRR costs
 - MWh approximates the relative benefits based upon quantity of CRR holdings
- Transaction / Administrative Fees Applied
 - CRR Bid Transaction Fee



Transaction / Administrative Fees

- Bid Segment Transaction Fee \$0.005 proposed
 - Extending fee from CB to all bids
- CRR Bid Transaction Fee \$1.00 proposed
 - Only bid monthly, for 400+ hours
- Inter-SC Trade Transaction Fee \$1.00 proposed
 - Appropriate based up existing fees for trades
- SCID Administrative Fee \$1000/Mo proposed
 - Same as existing rate, but applied to all SCIDs
- Purposes
 - Collect revenue from "unsuccessful" participants
 - Prevent excessive use by applying an appropriate cost



Example 1 – Energy with RTM Decrement

- Scenario: A generator submits a 4-segment energy bid to the dayahead market and is scheduled for 100 MWh. The generator then submits a 4-segment energy bid to the real-time market and is dec'd 10 MWh. Its real-time metered flow is measured at 90 MWh.
- GMC charges would be:
 - Market Services Charge (day-ahead schedule and real-time instructions)
 - (100 + 10) MWh * \$0.09 = \$9.90
 - System Operations Charge (real-time metered flow)
 - 90 MWh * \$0.2841 = \$25.57
 - Bid Segment Fee
 - 8 * \$0.005 = \$0.04
 - Total: \$35.51



Example 2 – Spinning Reserve

- Scenario: A generator submits a 2-segment AS bid and is awarded 50 MW operating reserves in the day-ahead market for hour ending 9. No contingency event occurs in hour ending 9.
- GMC charges would be:
 - Market Services Charge (day-ahead and real-time schedules)
 - = 50 MW * \$0.09 = \$4.50
 - Bid Segment Fee
 - 2 * \$0.005 = \$0.01
 - Total: \$4.51



Example 3 – Convergence Bidding

- Scenario: A convergence bidder submits a 10-bid segment virtual demand bid in the day-ahead market and clears 100 MWh.
- GMC charges would be:
 - Market Services Charge
 - 100 MWh * \$0.09 = \$9.00
 - System Operations Charge
 - \$0.00 (there is no real-time energy flow associated with virtual bids)
 - Bid Segment Fee
 - 10 * \$0.005 = \$0.05
 - Total: \$9.05



Example 4 – CRR Monthly Holding

- Scenario: A Scheduling Coordinator bids and is awarded 100 MW CRR on peak or a LSE nominates and is allocated 100 MW CRR on peak during the October 2010 monthly process.
- GMC charges would be:
 - CRR Bid Fee
 - 1 * \$1.00 = \$1.00
 - CRR Charge
 - (100 MW * 416 hours) * \$0.0126 = \$524.16
 - Total: \$525.16

