

FCMWG Meeting, September 9, 2009
Request for Issues
September 2, 2009

PER

While the list of issues identified contains many very critical points in need of improvement in the Forward Capacity Market design, the PER deduction can be easily modified to make more sense than the rules as they exist now. If Market Rule 1, subsection III.13.7.2.7.1., **Adjustments to Monthly Capacity Payments of Generating Capacity Resources**, is modified to replace ‘Real-Time’ with ‘Day-Ahead’ an improvement would be made in the consistency of payments with associated charges.

The intent of the deduction was, if I remember correctly, to provide load a hedge to peak energy payments, in exchange for capacity payments. However, since generating resources that participate in the capacity market are required to bid their full claimed capability into the Day-Ahead market, such resources rarely are paid in the Real-Time market. This requirement deducts payments from generating resources that those resources never got.

The second part of this issue relates to comparability with Demand Response resources (DR) requirements and remuneration. This issue is more complex in that the roles and responsibilities of DR are different than generation resources. Whatever design is advanced should be truly comparable.

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