

Package 3 “Mosaic Proposal”

July 17, 2023
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Package Goals

Conservative changes to address established pressing issues

- Improve identified operational issues to improve the value of regulation service provided
- Improve market efficiency and price formation by simplifying market structures to a single service. Improve transparency and reduce the incentive to bid non-zero price
- Do so with minimum necessary changes

Package based on IMM Proposal

Changes to IMM package to further reduce complexity

- Conditional Neutrality – Economic dispatch should be biased to support regulation signal energy neutrality with a 30 minute lookback
 - Improves their value to PJM by maximizing available dispatch range
 - Pushes into economic dispatch responsibly for energy balance.
 - Reduce impact of energy price on Reg-Only resources
- Precision Score – Calculation of precision-only score with average assigned reg (AREG) as the denominator
 - Eliminating look-back enables running average score as an operational KPI, with no identified tradeoff in value
- Hourly Clearing – Minimize market changes
 - Conditional neutrality significantly reduces the need for more smaller intervals to maintain charge state.