Dispatchable Wind Resource LOC

Alex Ma
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Graphical Representation – Traditional Dispatchable Resource

- **Lost Opportunity Cost**
- **Reliability Reduction**

**Axes:**
- Y-axis: $/MWh
- X-axis: MWh

**Labels:**
- **Actual Operating Point**
- **Economic Operating Point** (Max, LMP Desired MWh)
- **Cost @ Actual Operating Point**

**Areas:**
- Shaded area: Lost Opportunity Cost
- Arrow: Reliability Reduction
The new methodology PJM proposes is analogous to what is done for traditional dispatchable resources. The calculation will be the same except PJM will use the lesser of the forecasted capability or economic max or desired MW to determine the maximum output of the wind resource. The forecasted capability will be determined by PJM using its own wind forecasting tool. The calculation is the difference between the actual operating cost based on the offer curve and the LMP times the reduced MWs.
Graphical Representation – Dispatchable Wind Resource

- **Lost Opportunity Cost**
- **Reliability Reduction**

- **Actual Operating Point**
- **Forecasted Max Capability**
- **Economic Operating Point (Max, LMP Desired MWh)**

- **Cost @ Actual Operating Point**

- **$/MWh**

- **LMP**

- **MWh**
Graphical Representation – Dispatchable Wind Resource

Lost Opportunity Cost

Reliability Reduction

Actual Operating Point – 30 MW

Forecasted Max Capability – 140 MW

Economic Operating Point (Max, LMP Desired MWh) – 150 MW

LMP – $78.55

Cost @ Actual Operating Point - $20

$/MWh

MWh
• LOC will use the *lesser of the forecasted capability or economic max or desired MW* to account for the intermittency of wind

• LOC (forecasted max) = (LMP – Cost @ Actual Operating Point) * (Forecasted Max – Actual Operating Point)

• LOC (forecasted max) = ($78.55 - $20) * (140 MW – 30 MW) = $6,440.50