

IMM Position on Operating Reserve Demand Curves

RCSTF

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IMM

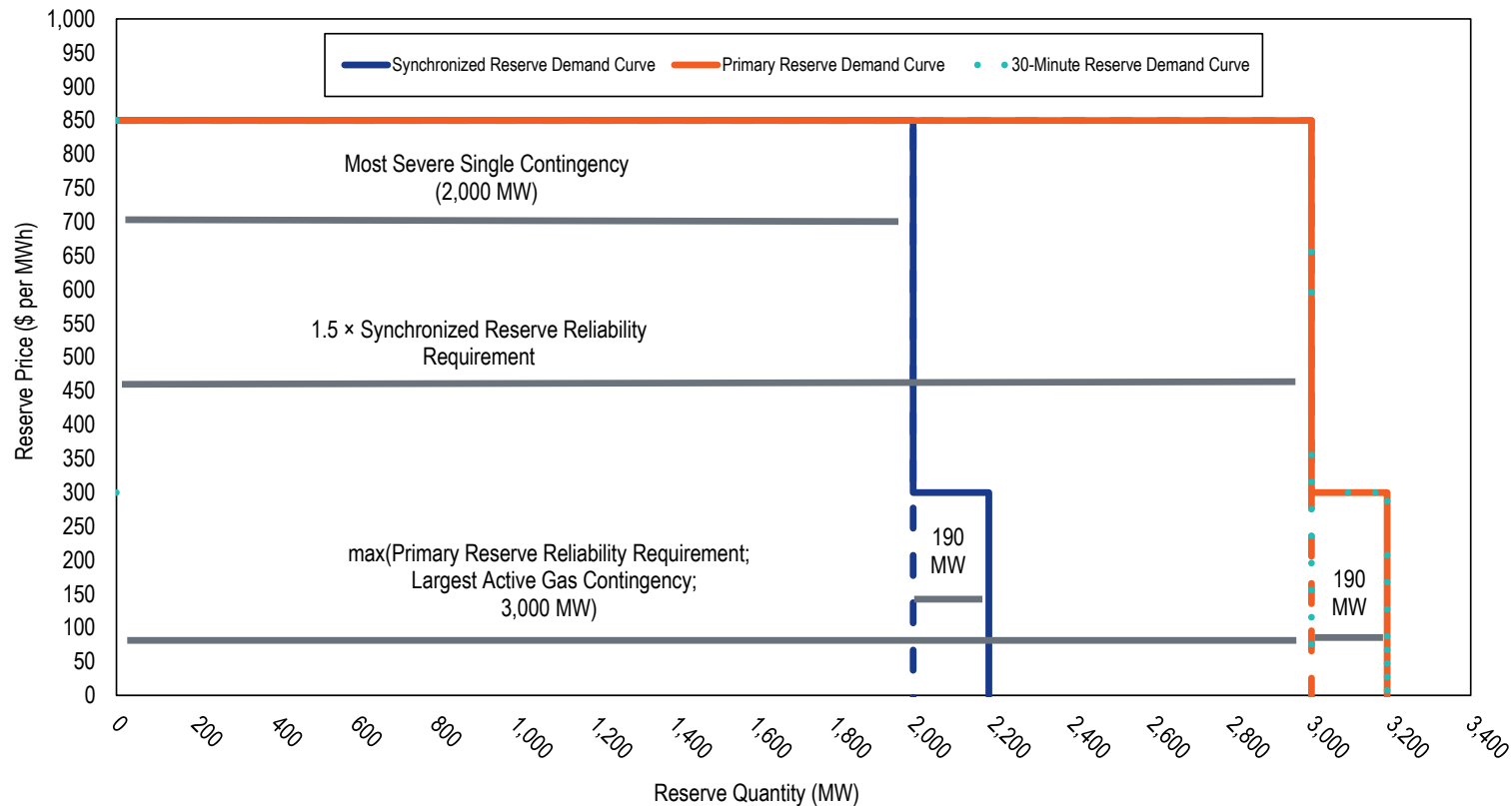


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Operating Reserve Demand Curves

- The purpose of ORDCs is to ensure that the market dispatch economically allocates MW to meet the reserve requirements.
- The prices on the ORDC, also called penalty factors, are necessary administrative parameters to clear the market with reserve constraints.
 - The penalty factors should be as high as necessary to maintain reserve requirements and no higher.
 - The current penalty factors have been sufficiently high to maintain reserve requirements.
 - There are no valid counterexamples.

Status Quo ORDCs



IMM Proposal

- **The IMM proposes to maintain**
 - **the current shape of the ORDCs**
 - **the current penalty factors for the ORDCs**
 - **the current nesting structure for the reserve products**
 - **the current caps on energy and reserve prices**



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