Economic DR energy settlement and marginal cost for On-Site Generators

DRS

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- Please see [Economic DR training material](#), On-Site Generation section for details
  - Only one clarification was made to the training material based on a recent member question.

- Generator without injection rights: marginal cost > retail cost, only reason generator operates is because of Economic DR wholesale market revenue, otherwise cheaper to buy power at retail

- Generator with injection rights (WMPA, ISA): Typically, only eligible for Economic DR energy revenue in hours when generator does not inject power unless:

  – PJM and CSP finalize below before PJM will consider Economic DR settlements in same hour as injection,

  – Cost (Total Gen output * marginal cost) > Benefit {gen export revenue (Gen export output * LMP) + implied retail savings (Gen load reduction MWs * retail rate}

    - If Generator is also a Capacity Resource ("front of the meter") for injection and is dispatched by PJM then Economic DR is not eligible for same interval

No changes

- Generator Marginal Cost = Fuel Cost + Variable Operation and Maintenance Cost (VOM)
  - Fuel Cost (include the estimated $/MWh cost for fuel)
    - May include gas demand charges where the demand charge is based on the monthly demand charges cost divided by the estimate run hours in the month.
    - May include emission allowances when applicable

  - VOM Cost ($/MWh)
    - Variable Repair and Maintenance costs
      - Should *not* include employee salaries and benefits (these are not marginal)
    - Start Up cost rolled into VOM
      - Must be converted to $/Mwh by dividing cost ($) by total Mwh dispatched/cleared over settlement hours and adding result to VOM each hour (See Manual 15 for more details on what can be included in Start Up cost).

Make wording more consistent – cost should only include marginal cost (consistent with M-15 logic)

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[Proposal to Consolidate DRS and DIRS into one Subcommittee]

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