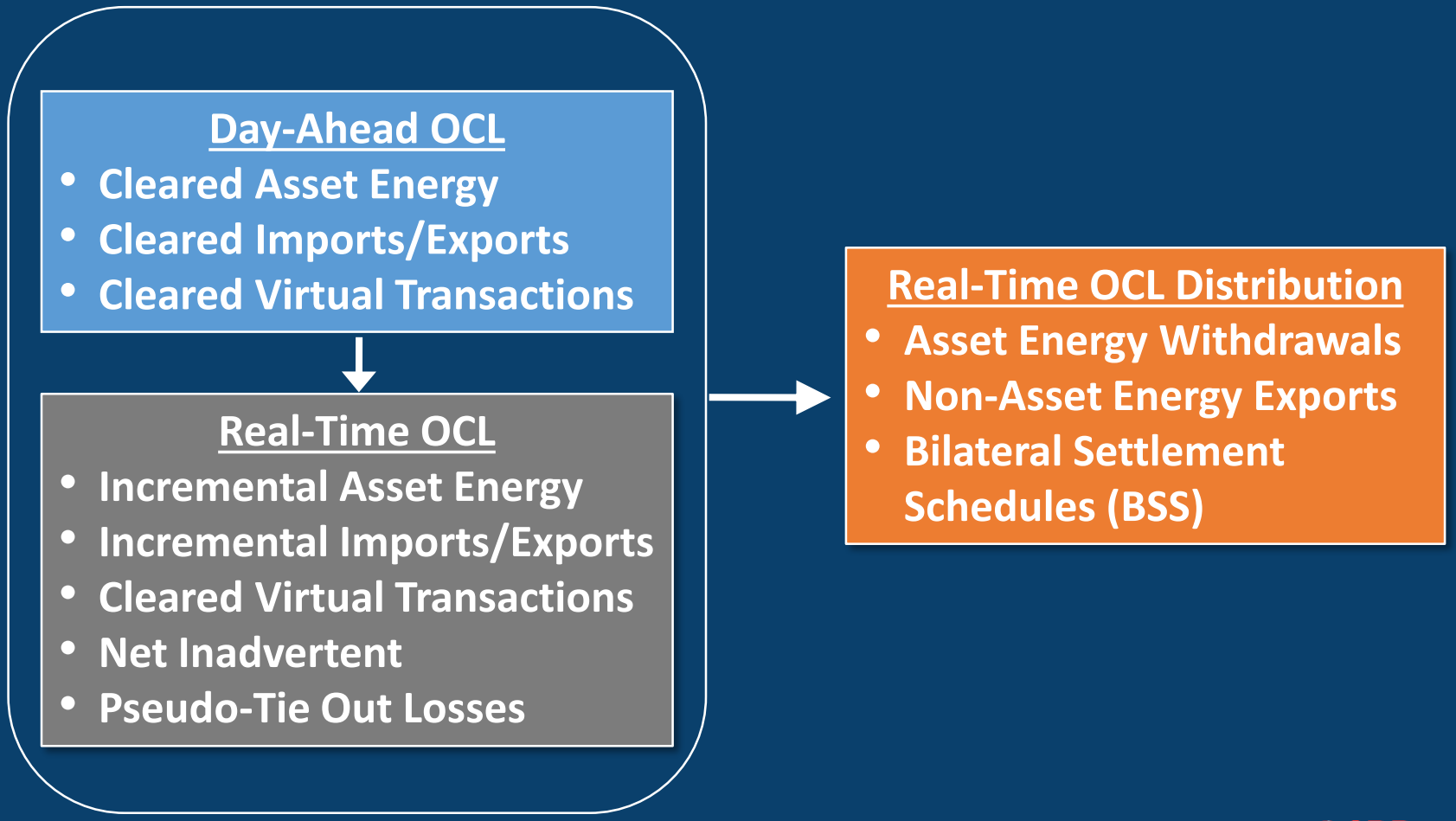
MPRR 212

Over-Collected Losses Design Change

SPP Southwest Power Pool

Helping our members work together to keep the lights on... today and in the future

Over-Collected Losses (OCL) Charge Types



OCL Charge Types Background

Day-Ahead (DA) and Real-Time (RT) OCL:

Marginal Losses Component (MLC) of the DA and RT LMP paid for Energy results from the economic market solution which considers the cost of:

- Marginal losses,
- Congestion costs, and
- Incremental Energy costs.

Creates an over-collection related to payment for losses that must be refunded via the OCL Distribution Charge Type.

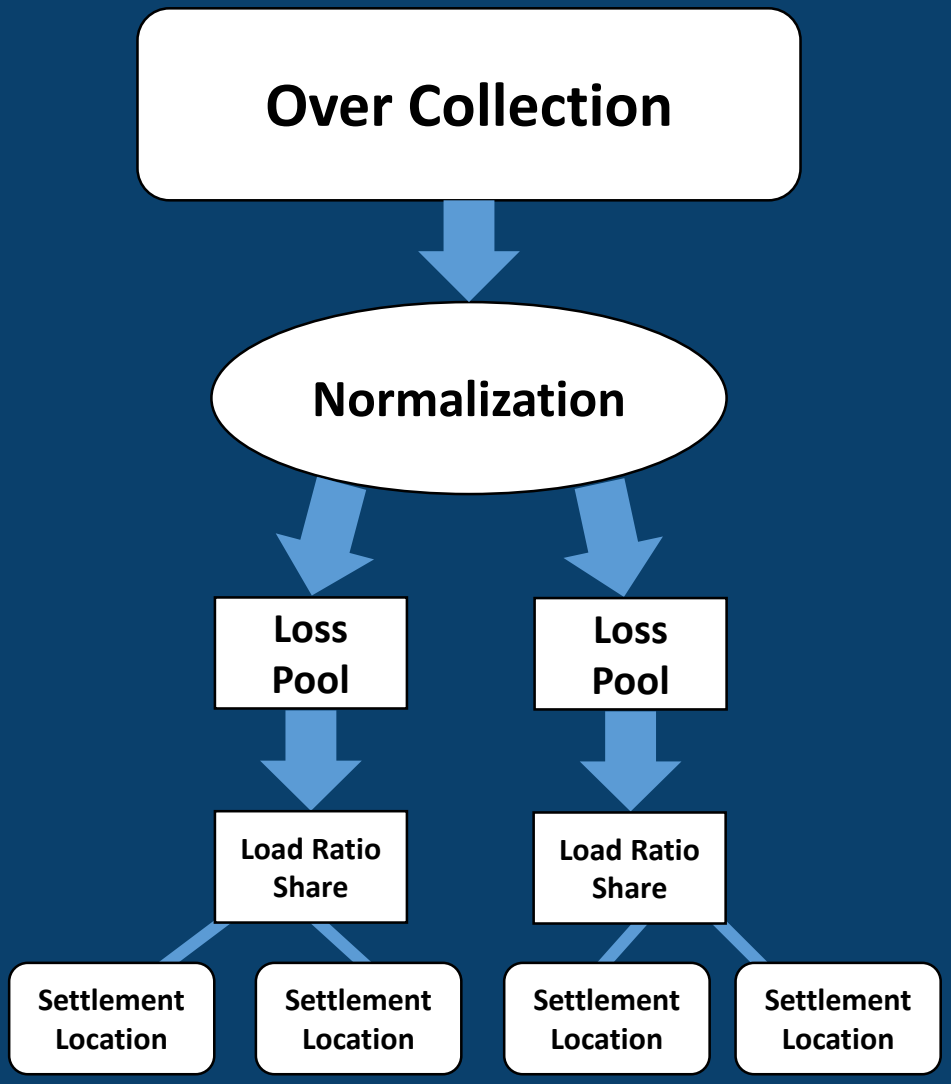
OCL Distribution Update

Current Market Design for RT OCL puts larger percentage of allocated charges/credits to the SPP Loss Pool, which includes Hubs and Interchange Settlement Locations.

Since the RT OCL is based on deviation (or incremental MWs) between RT Actual minus DA Cleared, RT exports without a DA position receive a larger than normal share of RT OCL Distribution.

New Market Design proposes that credits/charges in the DA OCL will be netted with RT OCL and distributed based on RT Actual Withdrawals.

OCL Distribution



OCL Distribution

OCL Distribution

Credit *(or charge)* at SLs where an AO has a DA Market Energy or Net RTBM Energy withdrawal in a Loss Pool that contributed positively to the over collection.

DA OCL Distribution: $DaOclDistHrlyAmt_{a,s,lp,h}$

DA OCL Amount × DA Normalized Loss Rebate Factor per Loss Pool × DA Loss Pool Load Ratio Share × -1

RT OCL Distribution: $RtOclDistHrlyAmt_{a,s,lp,h}$

RT Incr. OCL Amount × RT Normalized Loss Rebate Factor per Loss Pool × RT Loss Pool Load Ratio Share × -1

OCL Distribution

OCL Distribution

Credit *(or charge)* at SLs where an AO has a DA Market Energy or Net RTBM Energy withdrawal in a Loss Pool that contributed positively to the over collection.

DA OCL Distribution: $DaOclDistHrlyAmt_{a,s,lp,h}$

DA OCL Amount × DA Normalized Loss Rebate Factor per Loss Pool × DA Loss Pool Load Ratio Share × -1

RT OCL Distribution: $RtOclDistHrlyAmt_{a,s,lp,h}$

RT Inc. OCL Amount × RT Normalized Loss Rebate Factor per Loss Pool × RT Loss Pool Load Ratio Share × -1

NEW Process

OCL Distribution

OCL Distribution

Credit *(or charge)* at SLs where an AO has a RT Energy withdrawal in a Loss Pool that contributed positively to the over collection.

OCL Distribution: $RtOclDistHrlyAmt_{a,s,lp,h}$

Sum of RT Incremental and DA OCL Amounts × RT Normalized Loss Rebate Factor per Loss Pool × RT Loss Pool Load Ratio Share × -1

OCL Charge Type – Example

DA OCL Amount + RT Incremental OCL Amount:
Sum of all OCL for all Settlement Locations
$5,000

RT Normalized Loss Rebate Factor:
Loss Pool Contribution / OCL
$400 / $4,000 = **0.1**

RT Loss Pool Load Ratio Share:
AO's SL Withdrawals / Total LP Withdrawals
5,000/25,000 = **0.2**

OCL Distribution:
RT Loss Pool Load Ratio Share x RT Normalized Loss Rebate Factor x (DA + RT OCL Amounts) x -1
0.2 x 0.1 x $5,000 x -1 = **-$100**