Market Renewal FACT SHEET

Price Setting Eligibility

#12

The single schedule market (SSM) is one initiative in the Market Renewal's Energy work stream. In a SSM, it is important to determine whether units with certain operational restrictions units can set the market price.

What is it?

Certain generation resources have restrictions on how they can be operated. For example, some are required to operate at or above a certain level of output while others may only be able to operate at certain set points rather than being able to change their dispatch to any level.

These restrictions can impact the level at which other units are dispatched to accommodate the operating restrictions. An example is a 30 MW unit brought online to fulfill a required 10 MW of load. If the 30 MW unit can only operate at full capacity, then another unit on the system would need to have its generation decreased by 20 MW to keep the total addition to the system at only 10 MW.

In the current two schedule market, this operating restriction would be ignored in the pricing and the 30 MW unit would be able to set the Marginal Clearing Price. The operating restriction would be enforced in the constrained dispatch. In a SSM, a design decision must be made as to whether the 30 MW unit would be eligible to set price.

Why is it important?

It is important to have pricing rules that determine which units will set the price, as these rules impact the settlement price for all market participants.

Currently there is no clear consensus among ISOs regarding price setting eligibility rules. However, FERC, the US federal regulator, has proposed that all ISOs implement rules that allow resources to set prices if they can be started within 10 minutes and can run for at least an hour. Future changes to the supply mix and advancements in optimization capabilities may require pricing rules to be re-evaluated.

Connecting Today.
Powering Tomorrow.