

OMS Markets and Tariffs Work Group  
Feedback to MSC  
Multi-Day Financial Commitment  
January 12, 2018

The OMS Markets and Tariffs Work Group prefers Option 2. There is mixed support for potentially moving toward Option 3 at some point in the future. The majority of work group members see value in the increased information availability that will come with Option 2 and look forward to seeing what potential positive impacts this limited step could have on market bidding behavior.

There are several factors that make work group members less inclined to support Option 3. They include: potential for increased uplift, unknown costs, and the decreasing number of units who stand to benefit from this type of multi-day commitment. In the current environment, the risk is placed on an LSEs native load if a generator is self-scheduled and the unit is unable to fully recover its costs. Under Option 3, it's possible that cost recovery could come from an expanded area, leading to the shifting of risk. Given the portfolio evolution that is underway, it will be important to understand the costs of Option 3 in comparison to the number of units available that would be able to utilize the multi-day commitment *in the future*.

In supporting Option 2, most work group members thought a 7-day window was appropriate. There was also support for public posting of information, including predicted LMPs and the advisory commitment. As part of pursuing Option 2, the work group members were very interested in learning how bidding behavior would be impacted by the availability of additional information. There was also a desire to understand any potential gaming opportunities that exist with either Options 2 or 3, including any tools the IMM would have to mitigate these opportunities should they arise.

Additionally, if Option 2 is pursued as a "trial period" before implementing Option 3, careful evaluation must be given to the volatility of the forecasted load, LMPs, and associated weather. Any potential make-whole payments identified in this trial period would need to be thoroughly examined. It's likely that an entirely different process would be needed for these payments, recognizing the increased uncertainty with longer-term forecasting. Emergencies would be an exception.