



# **Regulation Market Issues Senior Task Force Meeting**

## **NextEra Energy Resources Comments**

**October 25, 2016**

## Summary

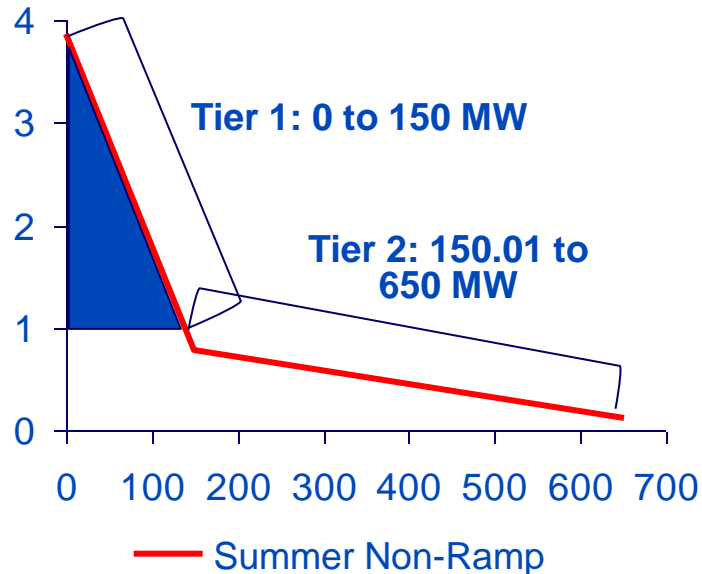
- **NextEra supports many of the proposed PJM/IMM changes**
- **NextEra strongly believes the proposed Tier 1 and Tier 2 transition approach provides benefits to all stakeholders**
- **If PJM does move forward with a change in RegD signal, NextEra believes PJM should make the proposed signal available for an extended period as part of a transition so that resources can evaluate the impacts well ahead of the implementation date**
- **NextEra looks forward to working with all stakeholders as discussions continue**

# NextEra Proposed Transition Plan

Items	Go-live +1 Year	Go-live +2 Years	Go-live +3 Years	Go-live +4 Years	Go-live +5 Years	Go-live +6 Years	Go-live ongoing
Signal	15 minute conditional neutrality	30 minute conditional neutrality					
Participation Threshold Score	0.6 Implement Go-live + 3 months	0.6	0.75				
Clear resources down to MRTS =	0.8	0.7	0.6	0.5	0.4	0.3	0.1
Settlements Calculation Tier 1	<b>MRTS &gt;= 1:</b> [(PCP x mileage ratio)+(CCP x MRTS)] x Performance Score						Tier 1 Settlements Calculation
Settlements Calculation Tier 2	<b>MRTS &lt; 1:</b> [((PCP x mileage ratio) + CCP) x MRTS] x Performance Score						

# NextEra recommends the Marginal Rate of Substitution (MRTS) process be modified to a tiered approach for clearing and settlement

## RegD Market Clearing



Poor performing/high cost RegD resources that do not clear Tier 1 will compete for market share in Tier 2 and receive reduced payments

## RegD Market Settlement

**Tier 1: RegD resources that clear the market up to MRTS  $\geq 1.0$  should be paid the following:**

$$\text{Net Price} = [(\text{PCP} \times \text{Mileage Ratio}) + (\text{CCP} \times \text{MRTS})] \times \text{Performance Score}$$

**Tier 2: RegD resources that clear the market up to MRTS  $< 1.0$  should be paid the following:**

$$\text{Net Price} = [((\text{PCP} \times \text{Mileage Ratio}) + \text{CCP}) \times \text{MRTS}] \times \text{Performance Score}$$

**This Tiered clearing and settlement approach provides RegD resources pay for performance and appropriately considers high performing assets**