

Inadvertent Discussion:

$$\underline{ACE = (NIa - Nis) - 10\beta(fa - fs)}$$

	Over-Generating – Net Schedule positive	Under-Generating - Net Schedule negative	Balanced Schedule
Eastern Interconnection Freq high	Bad condition Decrease Generation	Good Condition Generation moving to support Interconnection	Neutral
Eastern Interconnection Freq low	Good Condition Generation moving to support Interconnection	Bad Condition (Increase generation)	Neutral
Eastern Interconnection Freq within allowed band	Good Condition Settle Imbalance	Good Condition Settle Imbalance	Neutral

Frequency Evaluation:

1. If Interconnection frequency is **between A and B**, the hourly inadvertent will be settled in-kind.
2. Interconnection frequency **greater than B**
 - a. Net Schedule Negative (under delivering/below schedule)
 - i. ***Responding appropriately.*** The under generating party will pay “a settlement organization” a rate that is equal to the **lower** of 75% of the lowest under generating party’s marginal energy cost or 75% of the lowest over generating party’s marginal energy cost.
 - b. Net Schedule Positive (over delivering/above schedule)
 - i. ***Corrective Action Needed.*** The over generating party will collect from “a settlement organization” at a rate equal to the **lower** of 75% of the lowest under generating party’s marginal energy cost or 75% of the lowest over generating party’s marginal energy cost.
 - c. If balanced Schedule
 - i. No Action Necessary (but should be encouraged to decrease generation output in support of grid)
3. Interconnection frequency **less than A**
 - a. Net Schedule Negative (under delivering/below schedule)
 - i. ***Corrective Action Needed.*** The under generating party will pay “a settlement organization” at a rate equal to the **higher** of the highest market price in region, or 1.25 times the marginal energy cost of the over generating party.
 - b. Net Schedule Positive (over delivering/above schedule)

- i. *Responding appropriately.* The over generating party will be paid by “a settlement organization” at a rate equal to the **higher** of the highest market price in the region, or 1.25 times the marginal energy cost of the over generating party.
- c. If balanced Schedule
 - i. No Action Necessary but should be encouraged to increase generation in support of grid

Unresolved Issues:

1. Settlement Organization – Who/What/How
2. Discount/Premium Percentage Amount
3. Graduated Scale for settlement based on frequency valuation
4. Marginal Price Vs. Market Price
5. Compensation for re-supply of generation that is taken off for interconnection stability
6. What is an appropriate region?