

# Matrix of Outcomes for 5 Different Ways of Settling the Energy Component of Inadvertent

Settling energy component of transaction at "Own Market's Price" has fewest (has no) perverse outcomes.

Chart Prepared by Robert Blohm, May 8, 2003; revised Jan. 20, 2004

Legend:   are perverse outcomes

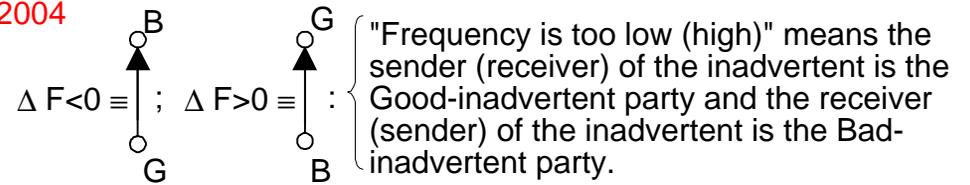
↑ : o is receiver of the inadvertent    ↓ : o is sender of the inadvertent

H : o is the High-price party

L : o is the Low-price party

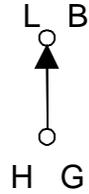
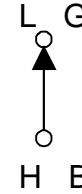
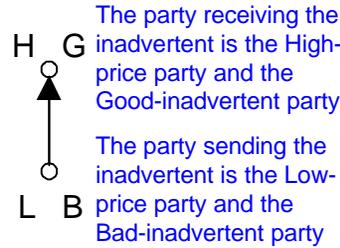
G : o is the Good-inadvertent party

B : o is the Bad-inadvertent party



"rewarded" ("penalized") : pays less (more) than own-market's price; receives more (less) than own-market's price

## 4 Types of Inadvertent:



## Settlement Price of Transaction is:

Receiver's-Market's Price

G not rewarded  
B rewarded

G rewarded  
B not rewarded

G not penalized  
B penalized

G penalized  
B not penalized

Sender's-Market's Price

G rewarded  
B not rewarded  
Congestion not charged

G not rewarded  
B rewarded  
Congestion not charged

G penalized  
B not penalized  
Decongestion not paid

G not penalized  
B penalized  
Decongestion not paid

Group's original choice

Howard's examples 1-5,1-8

1-2,1-3

1-6,1-7

1-1,1-4

Good's Best Market-Price  
(the better price for Good, of either Good's- or Bad's-market's price)

G rewarded  
B not rewarded  
Congestion not charged

G rewarded  
B not rewarded

G not penalized  
B penalized

G not penalized  
B penalized  
Decongestion not paid

Howard's original alternative  
Good's-Market's Price  
In Howard's alternative, each Bad's Good counterparty is the Interconnection at average price of the Goods

Howard's example 2-4A  
G not rewarded  
B rewarded

2-1B,2-2  
G not rewarded  
B rewarded  
Congestion not charged

2-3  
G not penalized  
B penalized

2-1A,2-4B  
G not penalized  
B penalized  
Decongestion not paid

Own-Market's Price

G not rewarded  
B not rewarded

G not rewarded  
B not rewarded

G not penalized  
B not penalized

G not penalized  
B not penalized

Over- or under-collection to be kept in a redispatch fund managed by the Interconnection and periodically distributed to or assessed on all Balancing Agents on the basis of share of load or of generation .

Al DiCaprio's proposal

Howard's examples 1-5,1-8

1-2,1-3

1-6,1-7

1-1,1-4

Good's Best Market-Price  
(the better price for Good, of either Good's- or Bad's-market's price) when frequency low;  
Negative of Bad's Best Market-Price, when frequency high

G over-rewarded  
B over-penalized  
Congestion paid, not charged

G rewarded  
B not rewarded

G over-rewarded  
B over-penalized  
Decongestion over-paid

G not penalized  
B penalized  
Decongestion not paid