

Notes on Losses

Goals for Loss Allocation Methodology

- Easy to understand, simple to administer and reasonably predictable by Scheduling Coordinators
- Increased complexity should be offset by increased benefits
- Compatible with market design – injection/withdrawal model
- Losses are supplied concurrent with load
- Over time, the loss methodology should not over nor under collect for losses

Areas of Agreement

- Ex ante loss factors preferred
- Settlement of under or over delivery of losses will be at real time imbalance prices
- Day ahead loss factors will be fixed through real time
- Loss allocation should not require more meters than are needed for settlement
- Any discrepancies between allocated and actual losses will be recovered as unaccounted for energy (a balancing account)

Open Issues

- Allocation of losses to load or resources
- Granularity – by location and by time
- Volatility and predictability
- Comparability between SCs
- Implication for unconverted customer and PTOs providing such transmission service
- Ex-ante v. ex-post losses
- Potential for manipulation of zonal method?
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