# Lecture 16

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- Cost of Generation (Formulation and Solution)

  - Construct the Lagrange Function:

  $$\mathcal{L} = C_T - \lambda f$$

    * Where $\lambda$ is an unknown (Lagrange) multiplier

- ED Rule (Simplified)

  - All units should have the same incremental cost, $\lambda$
  - Sum of unit outputs should match the total cost