AS Buy Back Initiative

Clean Sheets

July 16, 2012
8.3 Procurement; Certification And Testing; Contracting Period

8.3.1 Procurement Of Ancillary Services

The CAISO shall operate a competitive Day-Ahead Market, HASP, and Real-Time Markets to procure Ancillary Services. The Security Constrained Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED) applications used in the Integrated Forward Market (IFM), HASP, and the Real-Time Market (RTM) shall calculate optimal resource commitment, Energy, and Ancillary Services Awards and Schedules at least cost to End-Use Customers consistent with maintaining System Reliability. Any Scheduling Coordinator representing resources, System Units, Participating Loads, Proxy Demand Resources or imports of System Resources may submit Bids into the CAISO’s Ancillary Services markets provided that it is in possession of a current certificate for the resources concerned. Regulation Up, Regulation Down, and Operating Reserves necessary to meet CAISO requirements not met by self-provision will be procured by the CAISO as described in this CAISO Tariff. The amount of Ancillary Services procured in the IFM is based on the CAISO Forecast of CAISO Demand and the forecasted intertie schedules in HASP for the Operating Hour net of (i) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services and (ii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of additional Ancillary Services procured in the HASP is based on the CAISO Forecast of CAISO Demand, the Day-Ahead Schedules established net interchange, and the forecast of the Intertie Schedules for the Operating Hour in the HASP net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System
Resources certified to provide Ancillary Services, and (iii) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The amount of Ancillary Services procured in the Real-Time Market is based upon the CAISO Forecast of CAISO Demand and the HASP Intertie Schedule established net interchange for the Operating Hour net of (i) available awarded Day-Ahead Ancillary Services, (ii) Self-Provided Ancillary Services from resources internal to the CAISO Balancing Authority Area (which includes Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area) and Dynamic System Resources certified to provide Ancillary Services, (iii) additional Operating Reserves procured in HASP, and (iv) Ancillary Services self-provided pursuant to an ETC, TOR or Converted Right. The CAISO may procure incremental Ancillary Services in the Real-Time Market based in part on a determination during the Hour-Ahead Scheduling Process or Real-Time Unit Commitment that any Ancillary Services capacity awarded or self-provided in the Day-Ahead Market is not available as a result of a resource constraint or Transmission Constraints. Incremental procurement in the Real-Time Market will exclude Ancillary Services Capacity the CAISO has determined is not available.

The CAISO will manage the Energy from both CAISO procured and Self-Provided Ancillary Services as part of the Real-Time Dispatch. In the Day-Ahead Market, the CAISO procures one-hundred (100) percent of its Ancillary Service requirements based on the Day-Ahead Demand Forecast net of Self-Provided Ancillary Services. After the Day-Ahead Market, the CAISO procures additional Ancillary Services needed to meet system requirements from all resources in the Real-Time Market. The amount of Ancillary Services procured in the HASP and Real-Time Market is based on the CAISO Forecast of CAISO Demand for the Operating Hour net of Self-Provided Ancillary Services.

The CAISO procurement of Ancillary Services from Non-Dynamic System Resources in the HASP is for the entire next Operating Hour. The CAISO procurement of Ancillary Services from all other resources in the Real-Time Market is for a fifteen (15) minute time period to which the relevant RTUC applies. The CAISO’s procurement of Ancillary Services from Non-Dynamic System Resources in HASP and from Dynamic System Resources and internal Generation (which includes Generation from Generating Units that are Pseudo-Ties to the CAISO Balancing Authority Area) in the Real-Time Market is based on the Ancillary Service Bids submitted or generated in the HASP consistent with the requirements in Section
30. The CAISO may also procure Ancillary Services pursuant to the requirements in Section 42.1 and as permitted under the terms and conditions of a Reliability Must-Run Contract.

The CAISO will contract for long-term Voltage Support service with owners of Reliability Must-Run Units under Reliability Must-Run Contracts. The CAISO will procure Black Start capability through individual contracts with Scheduling Coordinators for Reliability Must-Run Units and other Generating Units which have Black Start capability. These requirements and standards apply to all Ancillary Services whether self-provided or procured by the CAISO.

8.10.8.7 [NOT USED] Rescission of Payments for Resource and Transmission Constraints

If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity is not available during the Hour-Ahead Scheduling Process or Real-Time Unit Commitment as a result of a resource constraint, then payments for that capacity will be rescinded in accordance with Section 11.10.9. If the CAISO determines that any Day-Ahead Market award for Ancillary Services capacity is not available during the Hour-Ahead Scheduling Process or Real-Time Unit Commitment as a result of a Transmission Constraints, then payments for that capacity will not be rescinded, except as provided in section 11.10.9.1 for System Resources. If the CAISO determines that any Self-Provided Ancillary Services capacity is not available during the Hour-Ahead Scheduling Process or Real-Time Unit Commitment as a result of a resource constraint or Transmission Constraint, then that capacity will not be compensated at the user rate for the self-provided Ancillary Service as described in Sections 11.10.2, 11.10.3 and 11.10.4.

11.10.9 Settlements Of Rescission Of Payments For AS Capacity

The rescission of payments for Ancillary Services for Undispatchable, Unavailable, and Undelivered Capacity applies to Ancillary Services that are awarded in the Day-Ahead Market, HASP, or Real-Time Market and the rescission will be the weighted average of the Ancillary Service Marginal Prices (ASMPs) and Ancillary Services Award amounts for a resource across the Day-Ahead Market, HASP, and Real-Time Market. For Self-Provided Ancillary Service capacity that becomes Undispatchable Capacity, Unavailable Capacity, or Undelivered Capacity, the rescission of Ancillary Services self-provision in the
Day-Ahead Market, HASP, and Real-Time Market reduces the relevant Scheduling Coordinator’s effective Ancillary Services self-provision in the Ancillary Services cost allocation, effectively resulting in a charge back at the relevant Ancillary Services rate. The rescission of payments in this Section 11.10.9 shall not apply to a capacity payment for any particular Ancillary Service if the weighted average Ancillary Service Marginal Price (ASMP) is less than or equal to zero (0).