

# Reliability Services Initiative and Commitment Costs Enhancements Phase 2 policy changes

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# Commitment cost enhancements phase 2 changes

- In response to stakeholder feedback and to allow more time for discussion, development of opportunity costs will be moved to new initiative, *Commitment Cost Enhancements Phase 3*
  - CCE3 will target Board in Q4 2015
- ISO will continue to work with stakeholders on opportunity cost prototype and hold technical workshops as necessary
- Remainder of CCE2 proposal will continue to March 2015 Board

# Availability incentive mechanism in Reliability Services initiative

- New mechanism to incent flexible availability, “Availability Incentive Mechanism” and retire the SCP incentive mechanism
- Assess availability based on bids into the ISO market
  - Were you supposed to bid? Did you bid?
- Use-limited resources are fully assessed under the mechanism
  - If a use-limited resource does not bid during an assessment hour, it will be exposed to the mechanism
  - Opportunity cost methodology developed so that monthly/annual limitations can be optimized


# Addendum to availability incentive mechanism proposal

- Opportunity cost methodology will be implemented after availability incentive mechanism
- In the interim use-limited resources may:
  1. remain on the registered cost option for minimum load and start-up
  2. use the non-environmental use-limit reached to manage use-limitations without penalty (rename outage to short-term use-limit reached)
- Use-limited resources must go through use-limitation registration process to be eligible for registered cost and exempt outage

# Availability incentive mechanism has resource and outage exemptions that relate to use-limitations

- Resources that are exempt to the extent not offering flexible capacity
  - Wind, solar, CHP, pumping load
- Outages that are exempt from availability assessment
  - Use-limit reached:
    - A use-limited resource must go on a use-limit reached outage once binding limitation is reached
    - This outage must remain in place until binding limit changes
  - Short-term use-limit reached:
    - Manages limitations due to exceptional or manual ISO dispatches
    - PDR uses after three consecutive days of being dispatched

# Next steps



Date	Event
Fri 2/6/15	Joint CCE2 and RSI call
Mon 2/9/15	CCE2 draft final proposal posted
Thu 2/12/15	CCE2 stakeholder call AND RSI draft final proposal posted
Fri 2/13/15	RSI addendum to draft final proposal
Mon 3/2/15	CCE2 stakeholder comments due on draft final proposal AND RSI stakeholder comments due on addendum to draft final proposal
Thu/Fri 3/26-3/27/15	Board of Governors meeting – both CCE2 and RSI will be presented

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