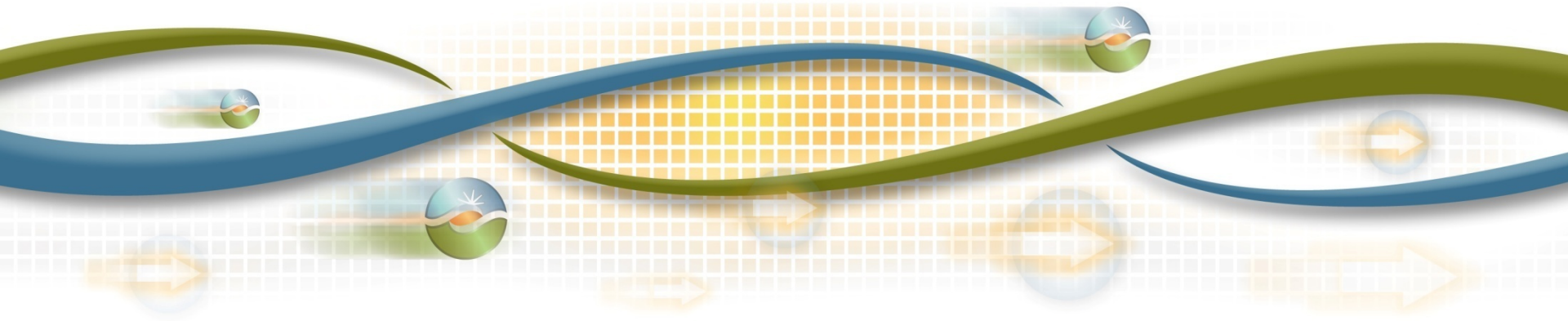# Decision on contingency reserve cost allocation

Greg Cook

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General Session

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# WECC has modified the standard for determining balancing authority contingency reserve requirements

- Under current standard, contingency reserve requirement based on greater of:

  a) The loss of on-line generation due to the most severe single contingency; or

  b) Five percent of load served by hydro generation plus seven percent of load served by thermal generation.

- New contingency reserve requirement based on the greater of:

  a. The loss of on-line generation due to the most severe single contingency; or

  b. The sum of 3% of hourly load plus 3% of hourly generation.

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# Cost allocation based on scheduling coordinator's portfolio impact on ISO's reserve requirement

- **Basic portfolio assessment**
  - 6% Measured Demand + 3% Exports – 3% Imports

- **Consideration of dynamic transfers**
  - Dynamic imports, the ISO will carry reserves
  - Dynamic exports, the ISO will not carry reserves

- **EIM transfers**
  - EIM transfers into the ISO credited 3% of hourly schedule
  - EIM transfers out of the ISO charged 3% of hourly schedule

# Additional modifications included in the proposal

- A scheduling coordinator cannot receive a credit if their self-provision exceeds their obligation

- ISO will not accept imports with recallable energy

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# Stakeholders generally support the proposed changes to the cost allocation

- Alignment of cost allocation with the new requirement is appropriate

- Tangential issues will be included in the annual market initiatives catalog process to prioritize
  - Treatment of energy types for intertie transactions
  - Market optimization enhancements to evaluate EIM transfers based upon the potential cost of contingency reserves

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# Management recommends Board approve the changes to contingency reserve cost allocation

- Aligns cost allocation with new requirement

- Implementation on October 1 when the new reserve requirement becomes effective

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