



Memo

To: Market Issues/ADR Committee

From: Susan Schneider, Vice President, Client Services
Kellan Fluckiger, Vice President, Operations

CC: ISO Board, ISO Executives

Date: January 26, 1999

Re: Ancillary Services Redesign Supplemental Material

Attached to this memo are several items responding to your information requests from the January 21 Market Issues Committee meeting. These items are the following:

- **Software efforts:** numerical depiction of the relative level of effort required to complete recently approved high-priority items, along with the proposed "Priority 1a" Ancillary Services Redesign items;
- **Replacement Reserve procurement changes:** description of the proposed procurement and allocation methodologies;
- **Rational Buyer proposal:** description of the proposed algorithm, including allocation of any savings;
- **Benefit/cost calculations:** the ISO's best estimate of the relative benefits and costs of each of the redesign actions under consideration by the Committee;
- **Ancillary Services issues:** a brief summary of Ancillary Services problems encountered since startup, and the actions taken to address them;

We will be going over much of this material at the Committee meeting on January 28, and we will gladly respond there to any questions you may have about any of the items. In addition, we intend to distribute at the meeting a very brief description of the proposed Participating Load Agreement, in response to a request received today from Governor Woychik. (Unfortunately, this last item could not be completed in time to include in today's package.)

ISO Management was also asked whether its recommendations would change if raising price caps was not a consideration. We will address that issue at the Committee meeting.