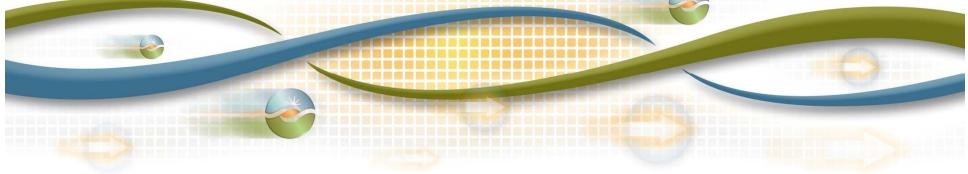


Summary of Renewable Integration Market & Product Review - Phase 1 Proposal

Market Surveillance Committee Meeting September 30, 2011

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Elements of the 5th Revised Straw Proposal

- Update Participating Intermittent Resource Program (PIRP)
 - Confirmation of contracting LSE information
 - Allocate costs to LSEs contracted with PIRP resources
- Lower energy bid floor from -\$30/MWh to:
 - -\$150/MWh for the first year
 - -\$300/MWh after the first year
- Bid cost recovery (BCR) netting
 - Modify netting to ensure that DA costs and revenues are not offset by RUC/RT costs and revenues



The ISO proposes staged approach to lowering the energy bid floor.

Timing	Energy Bid Floor
Upon Implementation of RI-MPR Phase 1	-\$150/MWh
After one year	-\$300/MWh

Advantages of this approach

- •Gradual reduction of the floor
- •Initially covers the opportunity cost for an average wind resource
- •In the following year, the floor is reduced and will capture the average opportunity costs associated with solar resources



Elements of the PIRP proposal

- No change to PIRP eligibility requirements except:
 - New and existing PIRs must provide confirmation of LSE/SC so that new cost allocation methodology can be implemented.
 - Dynamic Intermittent resources may participate.
- No change to PIRP settlement and netting rules.
- Change in the allocation of PIRP uplift costs so that it is allocated to SCs of LSEs that contract with PIRP resources.



Bid Cost Recovery Overview

- Eliminate the netting of day-ahead and real-time costs and revenues
- Eliminate the application of the day-ahead and real-time metered energy adjustment factor (MEAF)
- Apply a performance metric based on response to ISO dispatch to day-ahead and real-time minimum load and energy bid costs, or revenues as appropriate
- Start-up and transition costs not included in BCR unless physically delivered
- No performance metric applied to SU or TC because they are event-based, not scalable by extent to which dispatch is followed

