



Decision on Ancillary Services Procurement in Hour Ahead Scheduling Process and Dispatch Logic

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The procurement of ancillary services in HASP was:

- Originally proposed in the February 9, 2006 tariff
 - Tariff did not specify how the energy would be dispatched
- Deferred due to limitations--could not dispatch energy from operating reserves procured from non-dynamic system resources in HASP

ISO commitment-- revert back to this functionality six to nine months after the new market go-live

Solution addresses constraints of non-dynamic system resources.

- Within Hour Dispatch -- Dispatch level constant until the end of the hour
- Across Hour Dispatch -- Dispatch level constant until the end of the next hour

Applies only to the situation of contingency dispatch

Energy bids associated with un-awarded ancillary services in HASP will not be dispatched.

How HASP prices will be set:

- Optimization—only capacity bids used;
- Price—reflects cost of capacity only, energy opportunity costs not considered

Real-time energy:

- Energy may be dispatched under contingencies and used for pricing
- Energy bids limited to HASP awards

Implementation targeted for April 1, 2010.

- Coincident with scarcity pricing
- Schedule balances ISO commitment and implementation of other high priority projects