

Decision on Modifying Rules for Rescission of Ancillary Services Capacity Payment

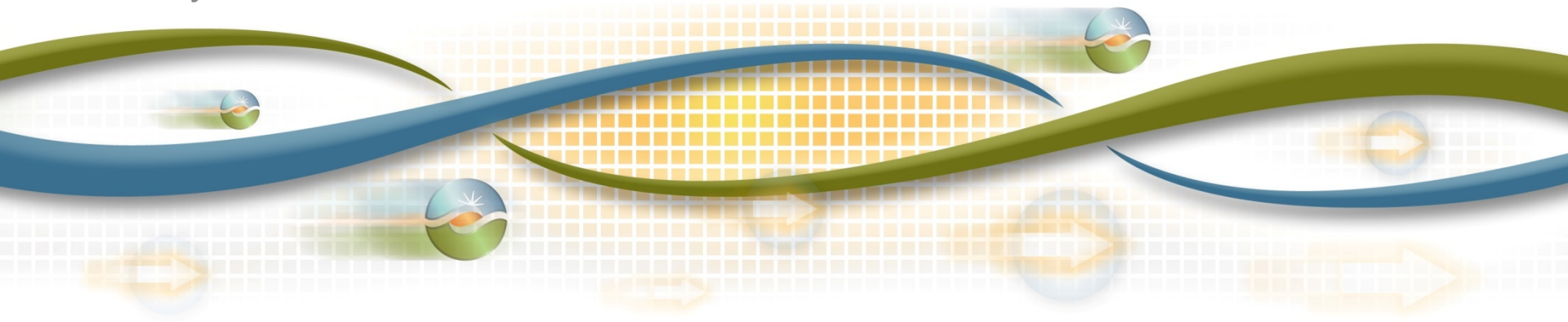
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Day-ahead capacity awards can be cancelled due to system changes after the day-ahead market closes

- Generation outage
- Transmission outage
- Initiated by operators or market optimization

Ensures additional ancillary services are procured in real-time to meet reliability standards

Proposal addresses inconsistent ancillary services rescission of payments

Resource A

Awarded
100 MW @ \$3.00

IFM

40 MW
De-rate



Forced
Buy Back

RTPD

60 MW
Available

Meter

	MW	Price	Amount
DA Payment	100	\$ 3.00	\$ 300
Rescission	0	(\$3.00)	(\$0)
Final Settlement			\$ 300

Resource B

Awarded
100 MW @ \$3.00

IFM

40 MW
De-rate



RTPD

60 MW
Available

Meter

	MW	Price	Amount
DA Payment	100	\$ 3.00	\$ 300
Rescission	40	(\$3.00)	(\$120)
Final Settlement			\$ 180

*Same availability regardless of when outage occurred.
Resources should receive same payment of \$180.*

Stakeholders generally support the proposal. Major concerns were addressed through stakeholder process.

- Suppliers concerned with the rescission of payments due to changes in system conditions out of their control
 - Proposal revised so that payments are not rescinded if capacity becomes unavailable due changes in system conditions.

Management recommends modifying rules for rescission of ancillary services capacity payments.

- Provides consistent settlement treatment for the rescission of ancillary service capacity awarded in both the day-ahead and real-time markets.
- Does not harm generators when unavailable capacity is caused by changes in system conditions that are outside of their control.