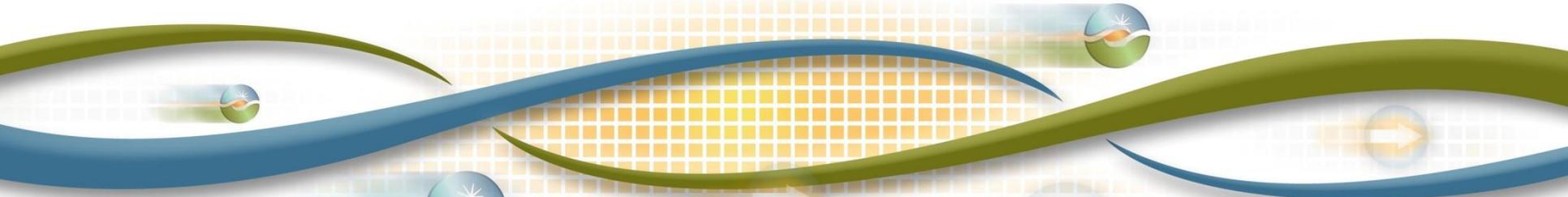




Contingency Reserve Cost Allocation – FERC Order 789

Fall Release 2014



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What is it?

- Contingency reserve obligations specify the quantity and types of spinning and non-spinning reserves required to ensure reliability under normal and abnormal conditions.
 - FERC Order 789 updates the current reserve requirements
 - Change will be effective October 1, 2014
- Due to changing requirements cost allocation will also change.

The minimum contingency reserve calculation is based on the greater of:

The amount of Contingency Reserve equal to the loss of the most severe single contingency;

The amount of Contingency Reserve equal to the sum of three percent of hourly integrated Load plus three percent of hourly integrated generation.

AS operating reserve obligation

$$\begin{aligned} \text{SPN / NSPN Obligation} = & 7\% (\text{ML} + \text{FE} - \text{FI}) + \\ (\text{CC } 6194 / 6294) & 100\% (\text{NFI}) + \\ & 0\% (\text{NFE}) + \\ & -2\% (\text{Hydro}) \end{aligned}$$

Legend

ML = Metered Load
FE = Firm Export
FI = Firm Import
NFI = Non-Firm Import
NFE = Non-Firm Export

AS operating reserve obligation

SPN / NSPN Obligation =
(CC 6194 / 6294)

6% Load + 3% Exports – 3% Imports

New - October 1

Impacted Charge Codes

Charge Code	Title
Pre-calc	Ancillary Service
6194	Spinning Reserve Obligation Settlement
6294	Non-Spinning Reserve Obligation Settlement
6090	Ancillary Service Upward Neutrality Allocation

Example

1. Requirement Calculation - Determine the BA system requirement

	MW*	A/S
Load	-1000	30
Exports	-200	0
Imports	300	0
Generation	900	27
Total	0	57

2. Determine each Scheduling Coordinator's Initial Obligation

MW	SC 1	SC 2	SC 3
Load (Sign is Negative)	-1000	0	0
Exports (Sign is Negative)	0	-200	0
Imports (Sign is Positive)	200	0	100
Generation (Sign is Positive)	900	0	0

Initial Obligation** 6% L + 3% E - 3% I 54 6 -3 **57**

3. AS Self Provision (Sign is Positive) 10 0 0

4. Inter SC Trade 0 0 0 0

5. Obligation Billing Determinant MIN (Initial - Inter SC, MAX (0, Initial - InterSC - Self Provision)) 44 6 -3 47

Spinning Neutrality Determinant MAX (0, Initial) 54 6 0 60
(for CC 6194)

Upward A/S Neutrality Determinant MAX (0, Initial) 54 6 0 60
(for CC 6090)

* The sum of load, exports, imports and generation must equal 0

** The initial obligation can be less than zero which can result in a payment to the SC

Requirement

Notes

- Scheduling Coordinator's hourly initial obligation can be less than zero
- Dynamics are excluded if ISO is procuring AS for them
- Requires responsible entities to restore contingency reserves within 60 minutes following a Disturbance Recovery Period (as opposed to 90 minutes under the NERC Reliability Standard)

Questions?