

## **2.5 Ancillary Services.**

### **2.5.1 Scope.**

The ISO shall be responsible for ensuring that there are sufficient Ancillary Services available to maintain the reliability of the ISO Controlled Grid consistent with WSCC and NERC criteria. The ISO's Ancillary Services requirements may be self provided by Scheduling Coordinators. Those Ancillary Services which the ISO requires to be available but which are not being self provided will be competitively procured by the ISO from Scheduling Coordinators in the Day-Ahead Market, Hour-Ahead Market and in real time or by longer term contracts. The ISO will manage both ISO procured and self provided Ancillary Services as part of the real time dispatch. The ISO will calculate payments for Ancillary Services to Scheduling Coordinators and charge the cost to Scheduling Coordinators.

For purposes of this ISO Tariff, Ancillary Services are: (i) Regulation, (ii) Spinning Reserve, (iii) Non-Spinning Reserve, (iv) Replacement Reserve, (v) Voltage Support, and (vi) Black Start capability. Bids for Non-Spinning Reserve and Replacement Reserve may be submitted by the Demand-side as well as by owners of Generation. Identification of specific services in this ISO Tariff shall not preclude development of additional interconnected operation services over time. The ISO and Market Participants will seek to develop additional categories of these unbundled services over time as the operation of the ISO Controlled Grid matures.

### **2.5.2 Ancillary Services Standards.**

All Ancillary Services shall meet the ISO's Ancillary Services standards.

**2.5.2.1 Determination of Ancillary Service Standards.** The ISO shall set the required standard for each Ancillary Service necessary to maintain the reliable operation of the ISO Controlled Grid. Ancillary Services standards shall be based on WSCC Minimum Operating Reliability Criteria (MORC) and ISO Controlled Grid reliability requirements. The ISO Grid Operations Committee, in conjunction with the relevant reliability council (WSCC), shall develop these Ancillary Services standards to determine reasonableness, cost effectiveness, and adherence to national and WSCC standards. The standards developed by the ISO shall be used as a basis for determining the quantity and type of each Ancillary Service which the ISO requires to be available.

**2.5.2.2 Time-frame For Revising Ancillary Service Standards.** The ISO Technical Advisory Committee shall periodically undertake a review of the ISO Controlled Grid operation to determine any revision to the Ancillary Services standards to be used in the ISO Control Area. At a minimum the ISO Grid Operations Committee shall conduct such reviews to accommodate revisions to WSCC and NERC standards. The ISO may adjust the Ancillary Services standards temporarily to take into account, among other things variations in system conditions, real time dispatch constraints, contingencies, and voltage and dynamic stability assessments. Where practicable, the ISO will provide notice, via the ISO Home Page, of any temporary adjustments to Ancillary Service standards by 6:00 p.m. two days ahead of the Trading Day to which the adjustment will apply.

**2.5.3 Quantities of Ancillary Services Required.**

For each of the Ancillary Services, the ISO shall determine the quantity and location of the Ancillary Service which is required and which must be under the direct Dispatch control of the ISO on an hourly basis each day. The ISO shall determine the quantities it requires as follows:

**2.5.3.1 Regulation Service.** The ISO shall maintain sufficient Generating Units immediately responsive to AGC in order to provide sufficient Regulation service to allow the system to meet WSCC and NERC criteria.

**2.5.3.2 Spinning And Non-Spinning Reserves.** The ISO shall maintain minimum contingency Operating Reserve made up of Spinning Reserve and Non-Spinning Reserve in accordance with WSCC MORC criteria equal to (a) 5% of the Demand to be met by Generation from hydroelectric resources plus 7% of the Demand to be met by Generation from other resources, or (b) the single largest Contingency, if this is greater or (c) by reference to such more stringent criteria as the ISO may determine from time to time. When the level of Operating Reserve is determined by Demand, the ISO shall not maintain Operating Reserve with respect to Demand covered by firm purchases from outside the ISO Control Area. In addition, the ISO shall maintain Operating Reserve equal to the total amount of Interruptible Imports scheduled by Scheduling Coordinators for any hour. Such additional Operating Reserve must either be self-provided or purchased from the ISO by Scheduling Coordinators. To the extent such additional Operating Reserve is self-provided by a Scheduling Coordinator, it may consist entirely of Non-Spinning Reserve. To the extent that such additional Operating Reserve is not self-provided by a Scheduling Coordinator, the ISO will procure the necessary amounts of Operating Reserve, but not necessarily entirely from Non-Spinning Reserves.

**2.5.3.3 Replacement Reserve.** The ISO shall make its determination of the required quantity of Replacement Reserve based on:

- (a) historical analysis of the deviation between actual and Day-Ahead forecast Demand,
- (b) historical patterns of unplanned Generating Unit Outages,

- (c) historical patterns of shortfalls between Final Day-Ahead Schedules and actual Generation and Demand,
- (d) historical patterns of unexpected transmission Outages, and

- (e) such other factors affecting the ability of the ISO to maintain System Reliability as the ISO may from time to time determine.

The ISO shall have discretion to determine the quantity of Replacement Reserve it requires in each Zone.

**2.5.3.4 Voltage Support.**

The ISO shall determine on an hourly basis for each day the quantity and location of Voltage Support required to maintain voltage levels and reactive margins within WSCC and NERC criteria using a power flow study based on the quantity and location of scheduled Demand. The ISO shall issue daily voltage schedules, which are required to be maintained for ISO Controlled Grid reliability. All other Generating Units shall comply with the power factor requirements set forth in contractual arrangements in effect on the ISO Operations Date, or, if no such contractual arrangements exist and the Generating Unit exists within the system of a Participating TO, the power factor requirements applicable under the Participating TO's TO Tariff or other tariff on file with the FERC.

All Participating Generators shall maintain the ISO specified voltage schedule at the transmission interconnection points to the extent possible while operating within the power factor range specified in their interconnection agreements or, for Regulatory Must-Take Generation, Regulatory Must-Run Generation and Reliability Must-Run Generation consistent with existing obligations. For Generating Units, that do not operate under one of these agreements, the minimum power factor range will be within a band of 0.90 lag (producing VARs) and 0.95 lead (absorbing VARs) power factors. Participating Generators with Generating Units existing at the ISO

Operations Date that are unable to meet this operating power factor requirement may apply to the ISO for an exemption. Prior to granting such an exemption, the ISO shall require the Participating TO or UDC to whose system the relevant Generating Units are interconnected to notify it of the existing contractual requirements for voltage support established prior to the ISO Operations Date for such Generating

Units. Such requirements may be contained in CPUC Electric Rule 21 or the Interconnection Agreement with the Participating TO or UDC. The ISO shall not grant any exemption under this Section from such existing contractual requirements. The ISO shall be entitled to instruct Participating Generators to operate their Generating Units at specified points within their power factor ranges. Generators shall receive no compensation for operating within these specified ranges.

If the ISO requires additional Voltage Support, it shall procure this either through Reliability Must-Run Contracts or, if no other more economic sources are available by instructing a Generating Unit to move its MVar output outside its mandatory range. Only if the Generating Unit must reduce its MW output in order to comply with such an instruction will it be compensated in accordance with Section 2.5.18.

All Loads directly connected to the ISO Controlled Grid shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. Loads shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth. A UDC interconnecting with the ISO Controlled Grid at any point other than a Scheduling Point shall be subject to the same power factor requirement.

The power factor for both the Generating Units and Loads shall be measured at the interconnection point with the ISO Controlled Grid. The ISO will develop and will be authorized to levy penalties against Participating Generators, UDCs or Loads whose Voltage Support does not comply with the ISO's requirements. The ISO will establish voltage control standards with UDCs and the operators of other Control

Areas and will enter into operational agreements providing for the coordination of actions in the event of a voltage problem occurring.

Wheeling Through and Wheeling Out transactions may also be subject to a reactive charge as developed by the ISO. If the ISO shall determine that a reactive charge should be payable at a future date, it shall, subject to FERC acceptance and approval, publish annually the Voltage Support obligations and applicable charges for Wheeling Through and Wheeling Out transactions at Scheduling Points. The obligations shall be predetermined by the ISO based on the estimated amount of the Wheeling Through and Wheeling Out transactions each year.

**2.5.3.5 Black Start Capability.** The ISO shall determine the amount and location of Black Start Generation it requires through contingency studies that are used as the basis of the ISO's emergency plans. The studies shall specify:

- (a) the initiating disturbance;
- (b) the magnitude of the Outage, including the extent of the Outage (local area, ISO Controlled Grid, or WSCC), the assumed status of Generation after the initiating disturbance, the status of interconnections, the system load level at the time of the disturbance, the interconnection support, and assumptions regarding the availability of support from other utilities to help restore Generation and Demand;
- (c) the Generator performance including a percentage of Black Start units (to be determined by the ISO) which are expected to fail to start, and
- (d) expected transmission system damage.

The ISO shall also specify the following load restoration performance goals:



- (i) Black Start unit startup and connection times;
- (ii) ISO Controlled Grid restoration times; and
- (iii) load restoration times.

Scheduling Coordinators shall provide the ISO with their load restoration time requirements for any Loads that provide emergency services.

**2.5.3.6** The ISO, whenever possible, will increase its purchases of an Ancillary Service that can substitute for another Ancillary Service, when doing so is expected to reduce its total cost of procuring Ancillary Services while meeting reliability requirements. The ISO will make such adjustments in accordance with the following principles:

- (a) The Regulation requirement must be satisfied by Regulation bids from Resources qualified to provide Regulation;
- (b) Additional Regulation capacity can be used to satisfy requirements for any types of reserves (Spinning Reserve, Non-Spinning Reserve or Replacement Reserve);
- (c) Regulation and Spinning Reserve requirements must be satisfied by the combination of Regulation and Spinning Reserve bids;
- (d) Additional Regulation and Spinning Reserve capacity can be used to satisfy requirements for Non-Spinning and Replacement Reserve;
- (e) Regulation, Spinning Reserve, and Non-Spinning Reserve requirements must be satisfied by the combination of Regulation, Spinning Reserve and Non-Spinning Reserve bids;
- (f) Additional Regulation, Spinning Reserve, and Non-Spinning Reserve capacity can be used to satisfy requirements for Replacement Reserve;

- (g) Total MW purchased from the Regulation, Spinning Reserve, Non-Spinning Reserve, and Replacement Reserve markets will not be changed by this Section 2.5.3.6; and
- (h) All quantities of Ancillary Services so procured must be non-negative.

**2.5.4 Locational Quantities of Ancillary Services.**

For each of the Ancillary Services, the ISO shall determine the required locational dispersion in accordance with ISO Controlled Grid reliability requirements. These standards shall be used as guidance only. The actual location of Ancillary Services on a daily and hourly basis shall depend on the locational spread of Demand within the ISO Control Area, the available transmission capacity, the locational mix of Generation, and historical patterns of transmission and Generation availability.

**2.5.4.1 Black Start Units.**

- (a) must be located in the ISO Control Area;
- (b) may be located anywhere in the ISO Controlled Area provided that the Black Start resource is capable of meeting the ISO performance requirements for starting and interconnection to the ISO Controlled Grid; but
- (c) must be dispersed throughout the ISO Control Area.

**2.5.5 Time-frame For Contracting for Ancillary Services.**

The ISO shall procure on a daily and hourly basis, each day, Regulation, Spinning, Non-Spinning and Replacement Reserves. The ISO shall procure Replacement Reserve on a longer term basis pursuant to Section 2.3.5.1.3 if necessary to meet reliability criteria.

The ISO Governing Board must approve all long term Replacement

Reserve contracts. The ISO shall contract for Voltage Support annually (or for such other period as the ISO may determine is economically advantageous) and on a daily or hourly basis as required to maintain system reliability. The ISO shall contract annually (or for such other period as the ISO may determine is economically advantageous) for Black Start Generation.

**2.5.6 Technical Requirements for Providing Ancillary Services.**

All Generating Units, System Units, Loads and System Resources providing Ancillary Services shall comply with the technical requirements set out in Sections 2.5.6.1 to 2.5.6.4 below relating to their operating capabilities, communication capabilities and metering infrastructure. No Scheduling Coordinator shall be permitted to submit a bid to the ISO for the provision of an Ancillary Service from a Generating Unit, System Unit, Load or System Resource, or to submit a schedule for self provision of an Ancillary Service from that Generating Unit, System Unit, Load or System Resource, unless the Scheduling Coordinator is in possession of a current certificate issued by the ISO confirming that the Generating Unit, System Unit, Load or System Resource complies with the ISO's technical requirements for providing the Ancillary Service concerned.

Scheduling Coordinators can apply for Ancillary Services certificates in accordance with the ISO's Protocols for considering and processing such applications. The ISO shall have the right to inspect Generating Units, Loads or the individual resources comprising System Units and other equipment for the purposes of the issue of a certificate and periodically thereafter to satisfy itself that its technical

requirements continue to be met. If at any time the ISO's technical requirements are not being met, the ISO may withdraw the certificate for the Generating Unit, System Unit, Load or System Resource concerned.

**2.5.6.1 Operating Characteristics Required to Provide Ancillary Services.** Each Generating Unit, System Unit, Load or System Resource which a Scheduling Coordinator wishes to schedule or bid to provide Ancillary Services must comply with the requirements for the specific Ancillary Service in regard to the following:

- (a) ramp rate increase and decrease (MW/minute);
- (b) power factor (leading and lagging) as required by Section 2.5.3.4;
- (c) maximum output (real and reactive), except that System Resources shall be required to comply only with the requirement for maximum real power;
- (d) minimum output (real and reactive), except that System Resources shall be required to comply only with the requirement for minimum real power;
- (e) AGC capability, control scheme, and range; and
- (f) minimum length of time the resource can be available to provide the relevant Ancillary Service.

The ISO will differentiate the operating characteristics according to the Ancillary Service being provided.

**2.5.6.2 Communication Equipment.** Unless otherwise authorized by the ISO, all Scheduling Coordinators wishing to submit an Ancillary Service schedule or bid must have the capability to submit and receive information by direct computer link. In addition, they must be capable of receiving Dispatch instructions electronically and they must provide the ISO with a telephone number, or fax number through which Dispatch instructions for each Generating Unit, System Unit, Load and System Resource may be given if necessary. The ISO will determine which method of communication is

appropriate; provided that the ISO will consult with the Scheduling Coordinator, if time permits, and will consider the method of communication then utilized by such Scheduling Coordinator; provided further, that the ISO shall make the final determination as to the additional communication methods. Participating Generators, owners or operators of Loads and operators of System Units or System Resources whose resources are scheduled, bid in or under contract, shall ensure that there is a 24 hour personal point of contact with the ISO for the Generating Unit, System Unit, Load or System Resource. Participating Generators and operators of System Units providing Regulation shall also provide communication links meeting ISO standards for direct digital control. Operators of System Resources providing Regulation shall provide communications links meeting ISO standards for external imports of Regulation. If any communication system becomes unavailable, the relevant Participating Generators, operators of System Units, Loads and System Resources and the ISO shall take immediate action to identify the cause of the interruption and to restore the communication system. A Scheduling Coordinator, which has scheduled or bid in or contracted for Ancillary Services shall ensure that the Generating Unit, System Unit, Load or System Resource concerned is able to receive and implement Dispatch instructions.

**2.5.6.3 Metering Infrastructure.** All Participating Generators, owners or operators of Loads and operators of System Units or System Resources which a Scheduling Coordinator wishes to schedule or bid to provide Ancillary Services shall have the metering infrastructure for the Generating Units, System Units, Loads or System Resources concerned which complies with requirements to be established by the ISO relating to:

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
FERC ELECTRIC TARIFF

Second Revised Sheet No. 65-A  
Replacing First Revised Sheet No. 65-A

ORIGINAL VOLUME NO. I

- (a) meter type;
- (b) meter location;
- (c) meter reading responsibility;
- (d) meter capability in regard to AGC response; and
- (e) any other aspect of metering infrastructure required by the ISO under this ISO  
Tariff.

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**2.5.6.4 Additional Requirements for Black Start Units.**

A Participating Generator who wishes to offer Black Start must ensure that the requirements set out in Appendix D to this ISO Tariff are met in relation to the Generating Units from which Black Start will be offered.

**2.5.7 Methodology For Procurement of Ancillary Services Upon Commencement of ISO Operations.**

**2.5.7.1 [NOT USED]**

**2.5.7.2 Usage Charge in Ancillary Service Bid Evaluation.**

As of the ISO Operations Date, the ISO will not incorporate forecast Usage Charges into its Ancillary Service bid evaluations as the means to evaluate Ancillary Service bids across Zones when Congestion is present.

**2.5.7.3 Market Based Prices.**

Public utilities under the FPA must submit bids for Ancillary Services capped at FERC authorized cost-based rates unless and until FERC authorizes different pricing. Public utilities under the FPA shall seek FERC Ancillary Services rate approval on bases consistent with the ISO time-frame for contracting for each Ancillary Service (hourly rate for some Ancillary Services, annual rate or otherwise for other Ancillary Services) so that cost-based bids and market based bids for each service shall be on comparable terms. All other entities may use market-based rates not subject to any restrictions. Public utilities under the FPA which have not been approved to bid at

market-based rates, will not be paid above their cost-based bid for the Ancillary Service concerned even if the relevant market clearing price is higher.

**2.5.7.4 Bidding and Self-Provision of Ancillary Services**

The ISO will procure Ancillary Services in accordance with this ISO Tariff, and the applicable ISO Protocols.

**2.5.7.4.1** Scheduling Coordinators may bid or self-provide Ancillary Services or specify Inter-Scheduling Coordinator Ancillary Service Trades from resources located within the ISO Control Area.

**2.5.7.4.2** Scheduling Coordinators may bid or self-provide external imports of Spinning Reserve, Non-Spinning Reserve or Replacement Reserve from resources located outside the ISO Control Area, where technically feasible and consistent with WSCC criteria; and provided that such Scheduling Coordinators have certified to the ISO their ability to deliver the service to the point of interchange with the ISO Control Area (including with respect to their ability to make changes, or cause such changes to be made, to interchange schedules during any interval of a Settlement Period at the discretion of the ISO).

**2.5.7.4.3** Scheduling Coordinators may bid or self-provide external imports of Regulation from System Resources located outside the ISO Control Area, where technically feasible and consistent with WSCC criteria; provided that the operator of the Control Area in which the System Resources are located has entered into an agreement with the ISO for interconnected Control Area operations; and provided that such Scheduling Coordinator and the operator of the Control Area in which the resources are located have been certified by the ISO as to their ability to dynamically adjust interchange schedules based on control signals issued by the ISO anytime during a Settlement Period at the discretion of the ISO. Such certification shall include a demonstration of their ability to support the dynamic interchange of Regulation service



based on ISO control signals received on dedicated communications links in accordance with ISO standards and procedures posted on the ISO Home Page.

**2.5.7.4.4** Scheduling Coordinators may utilize transmission service under Existing Contracts to self-provide Regulation (consistent with the applicable ISO Protocols), from resources located outside the ISO Control Area, where technically feasible, consistent with WSCC standards

**2.5.7.4.5** Scheduling Coordinators' bidding or self-provision of Ancillary Services according to this section 2.5.7.4 shall be consistent with the ISO Protocols.

**2.5.8 The Bidding Process.**

The ISO shall operate a competitive Day-Ahead and Hour-Ahead market to procure Ancillary Services. It shall purchase Ancillary Services capacity at least cost to End-Use Customers consistent with maintaining system reliability. Any Scheduling Coordinator representing Generating Units, System Units, Loads or external imports of System Resources may bid into the ISO's Ancillary Services market provided that it is in possession of a current certificate for the Generating Units, System Units, external imports of System Resources or Loads concerned.

**2.5.9 Provision of System Information to Scheduling Coordinators.**

By 6:00 p.m. two days prior to the Trading Day, the ISO shall make available to Scheduling Coordinators general system information including those items of

information set forth in Section 2.2.10. This information shall be provided at the same time as the ISO provides general system information to all Scheduling Coordinators wishing to schedule power on the ISO Controlled Grid.

**2.5.10 Time Frame for Submitting And Evaluating Bids.**

**2.5.10.1 Day-Ahead Auction.** Bids for the ISO's Day-Ahead Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve service market must be received by 10:00 am on the day prior to the Trading Day. The bids shall include information for each of the twenty-four (24) Settlement Periods of the Trading Day. Failure to provide the information within the stated time frame shall result in the bids being declared invalid by the ISO.

**2.5.10.2 Hour-Ahead Auction.** Bids for the ISO's Hour-Ahead Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve service market for each Settlement Period must be received at least two hours prior to the commencement of that Settlement Period. The bids shall include information for only the relevant Settlement Period. Failure to provide the information within the stated time frame shall result in the bids being declared invalid by the ISO. Scheduling Coordinators wishing to buy back in the Hour-Ahead Market Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity sold to the ISO in the Day-Ahead Market pursuant to section 2.5.21 must do so by submitting a revised bid in the Hour-Ahead Market for the Ancillary Service and resource concerned.

**2.5.11 Information To Be Submitted By Bidders.**

Bids shall be submitted by Scheduling Coordinators acting on behalf of Participating Generators, and owners or operators of Loads. Bids must be in the format specified

by the ISO and include the bid information for each service described in Sections 2.5.14 to 2.5.19 and such other information as the ISO may determine it requires to evaluate bids as published from time to time in ISO Protocols. The ISO will verify and respond to submitted bid data in accordance with Appendix E and the ISO Protocols. Bidders may submit new bids on a daily basis (or hourly basis for the Hour-Ahead Market).

**2.5.12 Bid Evaluation Rules.**

Bid evaluation shall be based on the following principles:

- (a) the ISO shall not differentiate between bidders other than through price and capability to provide the service, and the required locational mix of services;
- (b) to minimize the costs to users of the ISO Controlled Grid, the ISO shall select the bidders with lowest bids for capacity which meet its technical requirements, including location and operating capability;
- (c) for the Day-Ahead Market, the Day-Ahead bids shall be evaluated independently for each of the 24 Settlement Periods of the following Trading Day;
- (d) for the Hour-Ahead Market, the ISO shall evaluate bids in the two hours preceding the hour of operation;
- (e) the ISO will procure sufficient Ancillary Services in the Day Ahead Market to meet its forecasted requirements, as known at the close of the Day-Ahead Market, except that the ISO may elect to procure a portion of such requirements in the Hour-Ahead Markets if the ISO first provides notice to Scheduling Coordinators of such action, including the approximate hourly

megawatt amounts of each Ancillary Service that it intends to procure in the Hour-Ahead Markets.

**2.5.13 Evaluation of Ancillary Services Bids.**

When Scheduling Coordinators bid into the Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve markets, they may bid the same capacity into as many of these markets as desired by providing the appropriate bid information

to the ISO. The ISO shall evaluate bids in the markets for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve sequentially and separately in the following order: Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve. Any capacity accepted by the ISO in one of these markets shall not be passed on to another market, except that capacity accepted in the Regulation market that represents the downward range of movement accepted by the ISO may be passed on to another market; any losing bids in one market may be passed onto another market, if the Scheduling Coordinator so indicates to the ISO. A Scheduling Coordinator may specify capacity bid into only the markets it desires. A Scheduling Coordinator shall also have the ability to specify different capacity prices and different Energy prices for the Spinning Reserve, Non-Spinning Reserve, Replacement Reserve and Regulation markets. The bid information, bid evaluation and price determination rules set forth below shall be used in the Day-Ahead, Hour-Ahead and real time procurement of Regulation, Spinning Reserve, Non-Spinning Reserve, and Replacement Reserve.

A Scheduling Coordinator providing one or more Regulation, Spinning Reserve, Non-Spinning Reserve, and Replacement Reserve services may not change the identification of the Generating Units or Loads offered in the Day-Ahead Market, the Hour-Ahead Market or in real time for such services unless specifically approved by the ISO.

#### **2.5.14 The Regulation Auction.**

**Bid Information.** Each Scheduling Coordinator  $j$  shall submit the following information for each Generating Unit or System Unit  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) resource identification (name and Location Code);

- (c) the date for which the bid applies;
- (d) maximum operating level (MW);
- (e) minimum operating level (MW);
- (f) ramp rate (MW/Min)  $Ramp_{ij}$ ;
- (g) the upward and downward range of generating capacity over which Generating Unit or System Unit i from Scheduling Coordinator j is willing to provide Regulation for Settlement Period t ( $Cap_{ijt}max$  (MW) where  $Cap_{ijt}max \leq Period_{minutes} * Ramp_{ijt}$ .  $Period_{minutes}$  is established by the ISO, by giving Scheduling Coordinators twenty-four (24) hours advance notice, within a range from a minimum of 10 minutes to a maximum of 30 minutes. Bidders shall offer upward and downward range for Regulation service;
- (h) the bid price of the capacity reservation, stated separately for Regulation Up and Regulation Down ( $CapRes_{ijt}$  (\$/MW));
- (i) the bid price of the Energy output from the reserved capacity ( $EnBid_{ijt}$  (\$/MWh));  
If the bid is for the provision of Regulation from an external import of a System Resource, each Scheduling Coordinator j shall submit the following information for each System Resource i for each Settlement Period t of the following Trading Day:
  - (a) bidder name/Identification Code;
  - (b) type of market (Day-Ahead or Hour-Ahead) and Trading Day;
  - (c) Scheduling Point;
  - (d) interchange ID code;
  - (e) external Control Area ID;
  - (f) Schedule ID (NERC ID number) and complete WSCC tag;

- (g) preferred bid flag, a "YES" indicates a bid and a "NO" indicates a self-provided schedule;
- (h) the contract reference number, if applicable;
- (i) maximum operating level (MW);
- (j) minimum operating level (MW);
- (k) ramp rate (MW/Min)  $Ramp_{ijt}$ ;
- (l) the upward and downward range of generating capacity over which System Resource i from Scheduling Coordinator j is willing to provide Regulation for Settlement Period t ( $Cap_{ijt}max$  (MW)) where  $Cap_{ijt}max \leq Period_{minutes} * Ramp_{ijt}$ .  $Period_{minutes}$  is established by the ISO, by giving Scheduling Coordinators twenty-four (24) hours advance notice, within a range from a minimum of 10 minutes to a maximum of 30 minutes. Bidders shall offer upward and downward range for Regulation service;
- (m) the bid price of the capacity reservation, stated separately for Regulation Up and Regulation Down ( $CapRes_{ijt}$  (\$/MW));
- (n) the bid price of the Energy output from the reserved capacity ( $EnBid_{ijt}$ (\$/MWh)).

**Bid Evaluation.** Based on the quantity and location of the system requirements, the ISO shall select Generating Units, System Units, and System Resources with the bids, which minimize the sum of the total bids of the Generating Units, System Units, and System Resources selected for Regulation Up or Regulation Down, subject to two constraints:

- (a) the sum of the selected bid capacities must be greater than or equal to the required Regulation capacity; and
- (b) each Generating Unit's, System Unit's, or System Resource's bid capacity must be less than or equal to that Generating Unit's, System Unit's, or System Resource's ramp rate times  $Period_{minutes}$ .



The total bid for each Generating Unit, System Unit, or System Resource is calculated by multiplying the capacity reservation bid price by the bid capacity.

Thus, subject to any locational requirements, the ISO will accept winning Regulation bids in accordance with the following criteria:

$$\text{Min } \sum_{i,j} \text{TotalBid}_{ijt}$$

Subject to

$$\sum_{i,j} \text{Cap}_{ijt} \geq \text{Requirement}_t \text{ and } \text{Cap}_{ijt} \leq \text{Cap}_{ijt\max}$$

Where

$$\text{TotalBid}_{ijt} = \text{CapRes}_{ijt} * \text{Cap}_{ijt}$$

$\text{Requirement}_t$  = Amount of upward and downward movement capacity required

**Price Determination.** The price payable to Scheduling Coordinators for Regulation Capacity made available for upward and downward movement in accordance with the ISO's Final Day-Ahead Schedules shall, for each Generating Unit, System Unit, and System Resource concerned, be the zonal market clearing price as follows:

$$\text{PAGC}_x = \text{MCP}_{xt}$$

Where:

The zonal market clearing ( $\text{MCP}_{xt}$ ) price is the highest priced winning Regulation capacity bid in Zone X based on the capacity reservation bid price i.e.

$$\text{MCP}_{xt} = \text{Max} (\text{CapRes}_{ijt}) \text{ in zone } x \text{ for Settlement Period } t$$

The ISO's auction does not compensate the Scheduling Coordinator for the minimum Energy output of Generating Units, System Units, or System Resources bidding to provide Regulation. Therefore, disposition of any minimum Energy associated with Regulation selected in the ISO's Ancillary Services markets is the responsibility of the Scheduling Coordinator selling the Regulation.

The price payable to Scheduling Coordinators for Regulation capacity not included in the ISO's Final Day-Ahead Schedules but made available in accordance with amended Ancillary Services supplier schedules issued in accordance with Section 2.5.21 shall be the bid price of the Regulation Capacity reserved ( $CapRes_{ijt}$  (\$/MW)).

**2.5.15 The Spinning Reserve Auction.**

**Bid Information.** If the bid is for the provision of Spinning Reserve from a Generating Unit or System Unit, each Scheduling Coordinator j must submit the following information for each Generating Unit or System Unit i for each Settlement Period t of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) resource identification (name and Location Code);
- (c) the date for which the bid applies;
- (d) maximum operating level (MW);
- (e) minimum operating level (MW);
- (f) ramp rate (MW/min);
- (g) MW additional capability synchronized to the system, immediately responsive to system frequency, and available within 10 minutes ( $Cap_{ijt,max}$ ) for Generating Unit i, or System Unit I, from Scheduling Coordinator j, for Settlement Period t.
- (h) bid price of capacity reserved ( $CapRes_{ijt}$  (\$/MW));
- (i) bid price of Energy output from reserved capacity ( $EnBid_{ijt}$  (\$/MWh)).

If the bid is for the provision of Spinning Reserve from an external import of a System Resource, each Scheduling Coordinator j must submit the following information for each external import of a System Resource i for each Settlement Period t of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) the date for which the bid applies;
- (c) ramp rate if applicable (MW/Min);

- (d) MW additional capability synchronized to the system, immediately responsive to system frequency and available at the point of interchange with the ISO Control Area, within 10 minutes ( $Cap_{ijtmax}$ ) of the ISO calling for the external import of System Resource  $i$ , from Scheduling Coordinator  $j$ , for Settlement Period  $t$ ;
- (e) bid price of capacity reserved ( $CapRes_{ijt}$  (\$/MW));
- (f) bid price of Energy output from reserved capacity ( $EnBid_{ijt}$  (\$/MWh)).

**Bid Evaluation.** Based on the quantity and location of the system requirements, the ISO shall select the Generating Units, System Units and external imports of System Resources with the bids which minimize the sum of the total bids of the Generating Units, System Units and external imports of System Resources selected subject to two constraints:

- (a) the sum of the selected bid capacities must be greater than or equal to the required Spinning Reserve capacity; and
- (b) each Generating Unit's, System Unit's or external import's bid capacity must be less than or equal to that Generating Unit's, System Unit's or external import's ramp rate times 10 minutes.

The total bid for each Generating Unit, System Unit or external import of a System Resource is calculated by multiplying the capacity reservation bid price by the bid capacity.

Thus, subject to any locational requirements, the ISO will select the winning Spinning Reserve bids in accordance with the following criteria:

$$\text{Min} \sum_{i,j} \text{Totalbid}_{ijt}$$

Subject to

$$\sum_{i,j} \text{Cap}_{ijt} \geq \text{Requirement}_t$$

$$\text{Cap}_{ijt} \leq \text{Cap}_{ijt} \text{max}$$

Where

$$\text{TotalBid}_{ijt} = \text{Cap}_{ijt} * \text{CapRes}_{ijt}$$

$\text{Requirement}_t$  = the amount of Spinning Reserve capacity required

**Price Determination.** The price payable to Scheduling Coordinators for Spinning Reserve Capacity made available in accordance with the ISO's Final Day-Ahead Schedules shall, for each Generating Unit or external import of a System Resource concerned be the zonal market clearing price for Spinning Reserve calculated as follows:

$$P_{sp_{xt}} = MCP_{xt}$$

Where the zonal market clearing price ( $MCP_{xt}$ ) for Spinning Reserve is the highest priced winning Spinning Reserve capacity bid in Zone X based on the capacity reservation bid price, i.e.:

$$MCP_{xt} = \text{Max}(\text{CapRes}_{ijt}) \text{ in zone } x \text{ for Settlement Period } t$$

The ISO's auction does not compensate a Scheduling Coordinator for the minimum Energy output of Generating Units, System Units or System resources bidding to provide Spinning Reserve. Therefore, any minimum Energy output associated with Spinning Reserve selected in the ISO's auction is the responsibility of the Scheduling Coordinator selling the Spinning Reserve.

The price payable to Scheduling Coordinators for Spinning Reserve Capacity not included in the ISO's Final Day-Ahead Schedules but made available in accordance with amended Ancillary Services supplier schedules issued in accordance with Section 2.5.21 shall be the bid price of the Spinning reserve capacity reserved ( $CapRes_{ij,t}$ (\$/MW)).

**2.5.16 The Non-Spinning Reserve Auction.**

**Bid information.** If the bid is for the provision of Non-Spinning Reserve from a Generating Unit or System Unit, each Scheduling Coordinator  $j$  must submit the following information for each Generating Unit or System Unit  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) Generating Unit or System Unit identification (name and Location Code);
- (c) the date for which the bid applies;
- (d) maximum operating level (MW);
- (e) minimum operating level (MW);
- (f) ramp rate (MW/Min);
- (g) the MW capability available within 10 minutes ( $Cap_{ij,max}$ );
- (h) the bid price of the capacity reserved ( $CapRes_{ij,t}$ (\$/MW));
- (i) time to synchronization following notification (min);
- (j) the bid price of the Energy output from the reserved capacity ( $EnBid_{ij,t}$ (\$/MWh)).

If the bid is for the provision of Non-Spinning Reserve from an external import of a System Resource, each Scheduling Coordinator  $j$  must submit the following information for each external import of a System Resource  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) the date for which the bid applies;
- (c) ramp rate if applicable (MW/Min);

- (d) the MW capability available at the point of interchange with the ISO Control Area, within 10 minutes ( $Cap_{ij,max}$ ) of the ISO calling for the external import of System Resource I, from Scheduling Coordinator j, for Settlement Period t;
- (e) the bid price of the capacity reserved ( $CapRes_{ij}(\$/MW)$ ); and



(f) the bid price of Energy output from reserved capacity ( $EnBid_{ijt}(\$/MWh)$ ).

If the bid is for the provision of Non-Spinning Reserve from a Load located within the ISO Control Area, each Scheduling Coordinator  $j$  must submit the following information for each Load  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) Load identification name and Location Code;
- (c) the date for which the bid applies;
- (d) the Demand reduction available within 10 minutes ( $Cap_{ijtmax}$ );
- (e) time to interruption following notification (min);
- (f) maximum allowable curtailment duration (hr);
- (g) the bid price of the capacity reserved ( $CapRes_{ijt}(\$/MW)$ );
- (h) the bid price for Demand reduction from the reserved capacity ( $EnBid_{ijt}(\$/MWh)$ ).

**Bid Evaluation.** Based on the quantity and location of the system requirements, the ISO shall select the Generating Units, System Units, Loads or external imports of System Resources with the bids which minimize the sum of the total bids of the Generating Units, System Units, Loads or external imports of System Resources selected subject to two constraints:

- (a) the sum of the selected bid capacities must be greater than or equal to the required Non-Spinning Reserve capacity; and
- (b) each Generating Unit's, System Unit's, Load's or external import's bid capacity must be less than or equal to that Generating Unit's, System Unit's, Load's or external import's ramp rate (or time to interruption in the case of a Load offering Demand reduction) times the difference between 10 minutes and the time to synchronize in the case of a Generating Unit or System Unit or to interruption in the case of a Load.

The total bid for each Generating Unit, System Unit, Load or external import of a System Resource is calculated by multiplying the capacity reservation bid by the bid capacity.

Thus subject to any locational requirements, the ISO will accept the winning Non-Spinning Reserve bids in accordance with the following criteria:

$$\text{Min} \sum_{i,j} \text{Totalbid}_{ijt}$$

Subject to

$$\sum_{i,j} \text{Cap}_{ijt} \geq \text{Requirement}_t$$

$$\text{Cap}_{ijt} \leq \text{Cap}_{ijt,max}$$

Where

$$\text{TotalBid}_{ijt} = \text{Cap}_{ijt} * \text{CapRes}_{ijt}$$

$\text{Requirement}_t$  = the amount of Non-Spinning Reserve capacity required

**Price Determination.** The price payable to Scheduling Coordinators for Non-Spinning Reserve Capacity made available in accordance with the ISO's Final Day-Ahead Schedules shall for each Generating Unit, System Unit, Load or external import of a System Resource concerned be the zonal market clearing price for Non-Spinning Reserve calculated as follows:

$$P_{nonsp,xt} = MCP_{xt}$$

Where the zonal market clearing price ( $MCP_{xt}$ ) for Non-Spinning Reserve is the highest priced winning Non-Spinning Reserve bid in Zone X based on the capacity reservation bid price, i.e.:

$$MCP_{xt} = \text{Max}(\text{CapRes}_{ijt}) \text{ in zone } x \text{ for Settlement Period } t.$$

The price payable to Scheduling Coordinators for Non-Spinning Reserve Capacity not included in the ISO's Final Day-Ahead Schedules but made available in accordance with amended Ancillary Services supplier schedules issued in accordance with Section 2.5.21 shall be the bid price of the Non-Spinning Capacity reserved ( $CapRes_{ijt} (\$/MW)$ ).

**2.5.17 The Replacement Reserve Auction.**

**Bid Information.** If the bid is for the provision of Replacement Reserve from a Generating Unit or System Unit each Scheduling Coordinator  $j$  must submit the following information for each Generating Unit or System Unit  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) Generating Unit or System Unit identification (name and Location Code);
- (c) the date for which the bid applies;
- (d) maximum operating level (MW);
- (e) minimum operating level (MW);
- (f) ramp rate (MW/Min);
- (g) the MW capacity available within 60 minutes ( $Cap_{ijt}max$ );
- (h) the bid price of the capacity reserved ( $CapRes_{ijt} (\$/MW)$ );
- (i) time to synchronize following notification (min);
- (j) the bid price of the Energy output from the reserved capacity ( $EnBid_{ijt} (\$/MWh)$ ).

If the bid is for the provision of Replacement Reserve from an external import of a System Resource, each Scheduling Coordinator  $j$  must submit the following information for each external import of a System Resource  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) the date for which the bid applies;
- (c) ramp rate applicable (MW/Min);

- (d) the MW capability available at the point of interchange with the ISO Control Area, within 60 minutes ( $Cap_{ijt,max}$ ) of the ISO calling for the external import of System Resource  $i$ , from Scheduling Coordinator  $j$ , for Settlement Period  $t$ ;
- (e) bid price of capacity reserved ( $CapRes_{ijt}$  (\$/MW)); and
- (f) bid price of Energy output from reserved capacity ( $EnBid_{ijt}$  (\$/MWh)).

If the bid is for the provision of Replacement Reserve from a Load located within the ISO Control Area, each Scheduling Coordinator  $j$  must submit the following information for each Load  $i$  for each Settlement Period  $t$  of the following Trading Day:

- (a) bidder name/Identification Code;
- (b) Load identification (name and Location Code);
- (c) the date for which the bid applies;
- (d) the Demand reduction available within 60 minutes ( $Cap_{ijt}$  (MW));
- (e) time to interruption following notification (min);
- (f) maximum allowable curtailment duration (hr);
- (g) the bid price of the capacity reserved ( $CapRes_{ijt}$  (\$/MW));
- (h) the bid price of the Demand reduction from the reserved capacity ( $EnBid_{ijt}$  (\$/MWh)).

**Bid Evaluation.** Based on the quantity and location of the system requirements, the ISO shall select the Generating Units, System Units, Loads or external imports of System Resources with the bids which minimize the sum of the total bids of the Generating Units, System Units, Loads or external imports of System Resources selected subject to two constraints:

- (a) the sum of the selected bid capacities must be greater than or equal to the required Replacement Reserve capacity; and
- (b) each Generating Unit's, System Unit's, Load's or external import's bid capacity must be less than or equal to that Generating Unit's, System Unit's, Load's or external import's ramp rate (or time to interruption in the case of a Load offering Demand reduction) times the difference between 60 minutes and the time to synchronize in the case of Generating Unit or System Unit, or to interruption in the case of Load.

The total bid for each Generating Unit, System Unit, Load or external import of System Resource is calculated by multiplying the capacity reservation bid price by the bid capacity.

Thus, subject to any locational requirements, the ISO will select the winning Replacement Reserve bids in accordance with the following criteria:

$$\text{Min} \sum_{i,j} \text{Totalbid}_{ijt}$$

Subject to

$$\sum_{i,j} \text{Cap}_{ijt} \geq \text{Requirement}_t$$

$$\text{Cap}_{ijt} \leq \text{Cap}_{ijt,max}$$

Where

$$\text{TotalBid}_{ijt} = \text{Cap}_{ijt} * \text{CapRes}_{ijt}$$

$\text{Requirement}_t$  = the amount of Replacement Reserve capacity

**Price Determination.** The price payable to Scheduling Coordinators for Replacement Reserve Capacity made available in accordance with the ISO's Final Day-Ahead Schedules

shall, for each Generating Unit, System Unit, Load or external import of a System Resource, be the zonal market clearing price for Replacement Reserve calculated as follows:

$$P_{RepRes_{xt}} = MCP_{xt}$$

Where the zonal market clearing price ( $MCP_{xt}$ ) for Replacement Reserve is the highest priced winning Replacement Reserve bid in Zone X based on the capacity reservation bid price, i.e.:

$$MCP_{xt} = \text{Max}(CapRes_{ijt}) \text{ in zone } x \text{ for Settlement Period } t.$$

The price payable to Scheduling Coordinators for Replacement Reserve Capacity not included in the ISO's Final Day-Ahead Schedules but made available in accordance with amended Ancillary Services schedules issued in accordance with section 2.5.21 shall be the bid price of the Replacement Reserve capacity reserved ( $CapRes_{ijt}(\$/MW)$ ).

#### **2.5.18 Voltage Support.**

As of the ISO Operations Date, the ISO will contract for Voltage Support service with the owners of Reliability Must-Run Units. Payments for public utilities under the FPA shall be capped at the FERC authorized cost based rates unless and until FERC authorizes different pricing. The ISO shall pay owners of Reliability Must-Run units for long term Voltage Support through their Scheduling Coordinators.

In addition, any Participating Generator who is producing Energy shall, upon the ISO's specific request, provide reactive energy output outside the Participating Generator's Voltage Support obligation defined in Section 2.5.3.4.

The ISO shall select Participating Generator's Generating Units which have been certified for Voltage Support to provide this additional Voltage Support. Subject to any locational requirements, the ISO shall select the least costly Generating Units from a computerized merit order stack to back down to produce additional Voltage Support in each location where Voltage Support is needed.



The ISO shall pay to the Scheduling Coordinator for that Participating Generator the opportunity cost of reducing Energy output to enable reactive energy production. This opportunity cost shall be:

$\text{Max}\{0, \text{Zonal BEEP Interval Ex Post Price} - \text{Generating Unit bid price}\} \times \text{reduction in Energy output (MW)}$ .

If necessary, the ISO shall develop a regulatory cost based determination of marginal operating cost to be used in place of the Generating Unit bid price.

**2.5.19 Black Start Capability and Energy Output.**

As of the ISO Operations Date, the ISO will contract for Black Start capability and Energy with owners of Reliability Must-Run Units and Black Start Generators. Public utilities under the FPA will be paid rates capped at the FERC authorized cost base rates unless and until FERC authorizes different pricing. The ISO shall pay owners of Reliability Must-Run Units for Black Start Energy output through their Scheduling Coordinators. The ISO shall pay Black Start Generators for Black Start Energy output directly.

**2.5.20 Obligations for and Self Provision of Ancillary Services.**

**2.5.20.1 Ancillary Service Obligations.** Each Scheduling Coordinator shall be assigned a share of the total Regulation, Spinning Reserve, Non-Spinning and Replacement Reserve requirements by the ISO. Any references in this Tariff to the Ancillary Service "Regulation" shall be read as referring to "Regulation Up" or "Regulation Down". The share assigned to each Scheduling Coordinator is described in Section 2.5.20 and in Section 2.5.28 as that Scheduling Coordinator's obligation. Each Scheduling Coordinator's Regulation obligation in each Zone shall be pro rata based upon the same

proportion as the Scheduling Coordinator's metered hourly Demand (excluding exports) bears to  
the total

metered Demand (excluding exports) served in each hour in that Zone. Each Scheduling Coordinator's Operating Reserve obligation in each Zone shall be pro rata based upon the same proportion as the ratio of the product of its percentage obligation based on metered output and the sum of its metered Demand and firm exports bears to the total of such products for all Scheduling Coordinators in the Zone. The Scheduling Coordinator's percentage obligation based on metered output shall be calculated as the sum of 5% of its real time Demand (except the Demand covered by firm purchases from outside the ISO Control Area) met by Generation from hydroelectric resources plus 7% of its Demand (except the Demand covered by firm purchases from outside the ISO Control Area) met by Generation from non-hydroelectric resources in that Zone, plus 100% of any Interruptible Imports and on-demand obligations which it schedules. Each Scheduling Coordinator's Replacement Reserve obligation in each Zone is calculated as described in Section 2.5.28.4. Scheduling Coordinator obligations for each Ancillary Service will be calculated based on the requirement for each Ancillary Service as the ISO determines prior to the adjustment set forth in Section 2.5.3.6.

**2.5.20.2 Right to Self Provide.**

Each Scheduling Coordinator may choose to self provide all, or a portion, of its Regulation, Operating Reserve, and Replacement Reserve obligation in each Zone. The ISO shall schedule self provided Ancillary Services, Day-Ahead and Hour-Ahead, and Dispatch self provided Ancillary Services in real time. To the extent that a Scheduling Coordinator self provides, the

ISO shall correspondingly reduce the quantity of the Ancillary Services concerned, which it procures as described in Sections 2.5.14 to 2.5.17. In accordance with Section 2.5.22.11 and Section 2.5.26.2, if a Scheduling Coordinator uses capacity scheduled to self-provide Spinning Reserve, Non-Spinning Reserve, or Replacement Reserve to supply Uninstructed Imbalance Energy to the ISO from a Generating Unit, Curtailable Demand, or System Resource under circumstances that would cause the elimination of payments to the Scheduling Coordinator under Section 2.5.26.2 if the capacity had been bid and was selected by the ISO to supply the Ancillary Service, the Scheduling Coordinator shall pay to the ISO the amount of the payment that would be eliminated under that section. Scheduling Coordinators may trade Ancillary Services obligations so that any Scheduling Coordinator may reduce its Ancillary Services obligation through purchase of Ancillary Services capacity from another Scheduling Coordinator, or self-provide in excess of its obligation to sell Ancillary Services to another Scheduling Coordinator, subject to the limits specified under Section 2.5.20.5.2. If a Scheduling Coordinator's Day-Ahead self-provided Ancillary Service schedule is decreased in the Hour-Ahead Market, such decrease shall be deemed to be replaced at the Market Clearing Price in the Hour-Ahead Market, pursuant to Section 2.5.21.

**2.5.20.3 [Not Used]**

**[Page Not Used]**

**2.5.20.4 Services Which May Be Self Provided.** The ISO shall permit Scheduling

Coordinators to self provide the following Ancillary Services:

- (a) Regulation;
- (b) Spinning Reserve;
- (c) Non-Spinning Reserve; and
- (d) Replacement Reserve.

The ISO may from time to time add other Ancillary Services to this list as it considers appropriate.

**2.5.20.5 Time Frame for Informing ISO of Self Provision.**

**2.5.20.5.1 Day-Ahead Schedule.** At the Day-Ahead scheduling process, Scheduling Coordinators shall be required to submit information on self provided Ancillary Services within the time frame stated in Section 2.5.10.1. Failure to submit the required information within the stated time frame for any hour shall lead to the self provision for all Settlement Periods of the relevant Trading Day being declared invalid by the ISO, and under such circumstances the ISO shall purchase sufficient Ancillary Services to meet the Scheduling Coordinator's requirements to match its Day-Ahead Schedule.

**2.5.20.5.2 Hour-Ahead Schedule.** Increases in each Scheduling Coordinator's self-provided Ancillary Service between the Day-Ahead and Hour-Ahead Markets shall be limited to the estimated incremental Ancillary Service requirement associated with the increase between the Day-Ahead and Hour-Ahead Markets in that Scheduling Coordinator's scheduled Zonal Demand. Notwithstanding this limit on increases in Hour-Ahead self-provision, a Scheduling Coordinator may buy or sell Ancillary Services through Inter-Scheduling Coordinator Ancillary Service Trades in the Hour-Ahead Market. In the Hour-Ahead scheduling process, Scheduling Coordinators shall be required to submit information on self-provided Ancillary Services within the time frame stated in Section 2.5.10.2. Failure to submit the required adjusted information within the stated time frame shall lead to the self-provision being declared invalid by the ISO, and under such circumstances the ISO shall purchase the additional Ancillary Services necessary to meet the requirements for that Scheduling Coordinator.

**2.5.20.6 Information To Be Submitted By Scheduling Coordinators For Each Service.**

Scheduling Coordinators electing to self-provide Ancillary Services shall submit the

information for each self provided Ancillary Service as described in Sections 2.5.14 to 2.5.17,  
excluding the capacity price information, but including the name of the trading Scheduling  
Coordinator in the case of Inter-Scheduling Coordinator Ancillary Service Trades.



**2.5.20.7 Acceptance of Self Provided Ancillary Service Schedules.** The ISO will refuse to accept self provided Ancillary Service schedules only to the extent that they fail to meet requirements contained in this ISO Tariff. In particular, self provided Ancillary Service schedules must satisfy the following conditions:

- (a) the Scheduling Coordinator has a current certificate of technical eligibility for the Generating Units, System Units, Loads or System Resources selected for the Ancillary Services in question;
- (b) to the extent not provided under (a), the Generating Units, System Units, Loads and System Resources have the instrumentation, communication and metering equipment necessary to permit the ISO to dispatch the offered Ancillary Services and verify that the services have been provided;
- (c) the scheduling information provided by the Scheduling Coordinator is deemed to be valid in accordance with Appendix E and the ISO Protocols; and
- (d) the Generating Units, System Units, Loads or System Resources meet the ISO's locational requirements for the Ancillary Services.

**2.5.21 Scheduling of Units to Provide Ancillary Services.**

The ISO shall prepare supplier schedules for Ancillary Services (both self provided and purchased by the ISO) for the Day-Ahead and the Hour-Ahead Markets. The ISO shall notify each Scheduling Coordinator no later than 1:00 p.m. of the day prior to the Trading Day of their Ancillary Services schedules for the Day-Ahead and no later than one hour prior to the operating hour of their Ancillary Services schedules for the Hour-Ahead. The ISO Protocols set forth the information, which will be included in these schedules. Where long-term contracts are involved, the information may be treated as standing information for the duration of the contract.

If, at any time after the issuance of Final Day-Ahead Schedules for the Trading Day and before the close of the Hour-Ahead Market for the first Settlement Period of the Trading Day, the ISO determines that it requires Ancillary Services in addition to those included in the Final Day-Ahead Schedule (in the appropriate zone if procuring zonally), the ISO may procure such additional Ancillary Services by providing Scheduling Coordinators with amended supplier schedules for the Day-Ahead Markets that include Ancillary Services for which previously submitted (but not selected) bids remain available and have not previously been withdrawn. The ISO shall select such Ancillary Services in price merit order (and in the relevant zone if the ISO is procuring Ancillary Services on a zonal basis). Such amended supplier schedules shall be provided to the Scheduling Coordinators no later than the close of the Hour-Ahead Market for the first Settlement Period of the Trading Day.

Once the ISO has given Scheduling Coordinators notice of the Day-Ahead and Hour-Ahead schedules, these schedules represent binding commitments made in the

markets between the ISO and the Scheduling Coordinators concerned, subject to any amendments issued as described above. Any minimum energy input and output associated with Regulation and Spinning Reserve services shall be the responsibility of the Scheduling Coordinator, as the ISO's auction does not compensate the Scheduling Coordinator for the minimum energy output of Generating Units bidding to provide these services. Accordingly the Scheduling Coordinators shall adjust their schedules to accommodate the minimum outputs required by the Generating Units included on the Schedules.

Notwithstanding the foregoing, a Scheduling Coordinator who has sold or self-provided Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity to the ISO in the Day-Ahead Market shall be required to replace that capacity in whole or in part from the ISO if the scheduled self-provision is decreased between the Day-Ahead and Hour-Ahead Markets, or if the Ancillary Service associated with a

Generating Unit, Curtailable Demand, or System Resource successfully bid in a Day-Ahead Ancillary Service Market is reduced in the Hour-Ahead Market, for any reason (other than the negligence or willful misconduct of the ISO, or a Scheduling Coordinator's involuntary decrease in such sold capacity or scheduled self-provision on the instruction of the ISO). The price for such replaced Ancillary Service shall be the Market Clearing Price in the Hour-Ahead Market for the Ancillary Service for the Settlement Period concerned for the Zone in which the Generating Units or other resources are located. The ISO will purchase the Ancillary Service concerned from another Scheduling Coordinator in the Hour-Ahead Market in accordance with the provisions of the ISO Tariff.

**2.5.22 Rules For Real Time Dispatch of Imbalance Energy Resources.**

**2.5.22.1 Overview.** During real time, the ISO shall dispatch Generating Units, Loads and System Resources to procure Imbalance Energy. In addition, the ISO may also need to purchase additional Ancillary Services if the services arranged in advance are used to provide Imbalance Energy, and such depletion needs to be recovered to meet reliability contingency requirements.

**2.5.22.2 General Principles.** The ISO shall base real time dispatch of Generating Units, System Units, Loads and System Resources on the following principles:

- (a) the ISO shall dispatch Generating Units, System Units, and System Resources providing Regulation service to meet NERC and WSCC Area Control Error (ACE) performance requirements;
- (b) once ACE has returned to zero, the ISO shall determine whether the Regulation Generating Units, System Units, and System Resources are operating at a point away from their preferred operating point. The ISO shall then adjust the output of Generating Units, System Units, and System Resources available (either providing Spinning Reserve, Non-Spinning Reserve, Replacement Reserve or offering Supplemental Energy) to return the Regulation Generating Units, System Units, and System Resources to their preferred operating points to restore their full regulating margin;
- (c) the ISO shall dispatch Generating Units, System Units, Loads and System Resources only to meet its Imbalance Energy requirements. The ISO shall not dispatch such resources in real time for economic trades either between Scheduling Coordinators or within a Scheduling Coordinator portfolio;
- (d) subject to Section 2.5.22.3.2, the ISO shall select the Generating Units, System Units, Loads and System Resources to be dispatched to meet its Imbalance Energy requirements based on a merit order of Energy bid prices;
- (e) subject to Section 2.5.22.3.2, the ISO shall not discriminate between Generating Units, System Units, Loads and System Resources other than based on price, and

- the effectiveness (location and ramp rate) of the resource concerned to respond to the fluctuation in Demand or Generation;
- (f) Generating Units, System Units, Loads and System Resources shall be dispatched during the operating hour only until the next variation in Demand or the end of the

operating hour, whichever is sooner. In dispatching such resources, the ISO makes no further commitment as to the duration of their operation, nor the level of their output or Demand, except to the extent that a Dispatch instruction causes Energy to be delivered in a different BEEP Interval.

**2.5.22.3 Ancillary Services Dispatch.** The ISO may dispatch Generating Units, Loads, System Units and System Resources contracted to provide Ancillary Services (either procured through the ISO's competitive market, or self provided by Scheduling Coordinators) to supply Imbalance Energy. If a Generating Unit, Load, System Unit or System Resource, which is supplying Operating Reserve, is dispatched to provide Imbalance Energy, the ISO shall replace the Operating Reserve from the same or another resource within the time frame specified in the WSCC guidelines.

**2.5.22.3.1 Dispatch of Competitively Procured and Self-Provided Ancillary Services.**

Generating Units and Loads selected in the ISO competitive auction or self-provided shall be dispatched based on their Energy bid prices as described in their Ancillary Service schedule.

**2.5.22.3.2 Dispatch of Self Provided Ancillary Services.** Where a Scheduling Coordinator has chosen to self provide the whole of the additional Operating Reserve required to cover any Interruptible Imports which it has scheduled and has identified specific Generating Units, Loads, System Units or System Resources as the providers of the additional Operating Reserve concerned, the ISO shall Dispatch only the designated Generating Units, Loads, System Units or System Resources in the event of the ISO being notified that the Interruptible Import is being curtailed. For all other Ancillary Services which are being self provided the Energy Bid shall be used to determine the position of the Generating Unit, Load, System Unit or System Resource in the merit order for real time Dispatch.

**2.5.22.4 Supplemental Energy Bids.** In addition to the Generating Units, Loads and System Resources which have been scheduled to provide Ancillary Services in the Day-Ahead and Hour-Ahead markets, the ISO may Dispatch Generating Units, Loads or System Resources for which Scheduling Coordinators have submitted Supplemental Energy bids.

**2.5.22.4.1 Timing of Supplemental Energy Bids.**

Supplemental Energy bids must be submitted to the ISO no later than forty-five (45) minutes prior to the operating hour. Bids may also be submitted at any time after the Day-Ahead Market closes. These Supplemental Energy bids cannot be withdrawn after forty-five (45) minutes prior to the Settlement Period, except that a bid from a System Resource may specify that any portion of the bid that is not called prior to the beginning of the Settlement Period shall not be called after the beginning of the Settlement Period. The ISO may dispatch the associated resource at any time during the Settlement Period.

**2.5.22.4.2 Form of Supplemental Energy Bid Information.**

Supplemental Energy bids must include the following:

- (a) Bidder name and identification;
- (b) Resource name, identification, and location;



- (c) the positive or negative bid price of incremental and decremental changes in Energy (up to eleven ordered pairs of quantity/price representing up to ten steps);
- (d) Generating Unit operating limits (high and low MW);
- (e) Generating Unit ramp rate (MW/Min); and
- (f) Such other information as the ISO may determine it requires to evaluate bids, as published from time to time in ISO Protocols.

**2.5.22.5 Information used in the Real Time Dispatch.** The ISO shall place all the bid price information (except for Regulation bid prices and Adjustment Bids carried forward from the Day-Ahead and Hour-Ahead Markets) received from available Generating Units, Loads, System Units and System Resources in a database for use in real time Dispatch of Balancing Energy. The database shall indicate:

- (a) Generating Unit/Load/ System Unit/ System Resource name;
- (b) congestion zone;
- (c) quantity bid;
- (d) normal ramp rate;
- (e) price;
- (f) whether the Generating Unit/ Load/ System Unit/ System Resource has been contracted to provide any Ancillary Services and/or Supplemental Energy, and, if so, which ones.

The quantity blocks shall be ordered in a merit order stack of ascending incremental and descending decremental price bids.

**2.5.22.6 Real Time Dispatch.** The ISO shall select the least-cost Generating Unit, Load, System Unit or System Resource to meet Imbalance Energy requirements in real time. The ISO shall determine that additional output is needed if the current output levels of the Regulation Generating Units, System Units, and System Resources exceed their preferred operating points by more than a specified threshold (to be determined by the ISO). The ISO shall determine that less output is needed if the output levels of the Regulation Generating Units, System Units, and System Resources fall below their preferred operating points by more than a specified threshold (to be determined by the ISO). To minimize the cost of providing Imbalance Energy:

- (a) if additional Energy output, or Demand reduction, is needed, the ISO shall Dispatch additional output or reduce Demand from Generating Units, Loads, System Units or System Resources in ascending order of their incremental Supplemental Energy bid prices (or, for Generating Units, Loads, System Units and System Resources providing Ancillary Services, their Energy Bid prices).
- (b) if the ISO is required to reduce Energy output from Generating Units, Loads, System Units or System Resources, the ISO shall dispatch down Generating Units, Loads, System Units and System Resources in descending order of their decremental Supplemental Energy bid prices (or, for Generating Units, Load, System Units and System Resources providing Ancillary Services their Energy Bid prices).

Once a bid has been accepted by the ISO, the database shall be adjusted to reflect the change in status of the bid. Once a decremental bid has been used by the ISO, it will then be included in the incremental part of the database with an incremental bid equal to its decremental price bid. Once an incremental bid has been used by the ISO

it will then be included in the decremental part of the database with a decremental bid equal to its incremental price bid. In the event that the ISO subsequently needs to decrement output, it will initially decrement the Generating Units, Loads, System Units or System Resources incremented previously, and then continue down the merit order of the decremental bids.

**2.5.22.7 Inter-Zonal Congestion.** In the event of Inter-Zonal Congestion in real time, the ISO shall procure Imbalance Energy separately for each Zone, as described in Section 2.5.22.6.

**2.5.22.8 Intra-Zonal Congestion.** Except as provided in Section 5.2, in the event of Intra-Zonal Congestion in real time, the ISO shall adjust resources in accordance with Section 7.2.6.2.

**2.5.22.9 Replacement of Operating Reserve.** If pre-arranged Operating Reserve is used to meet Imbalance Energy requirements, such Operating Reserve may be replaced by the ISO's dispatch of additional Imbalance Energy through available Supplemental Energy Bids.

Any additional Operating Reserve needs may also be met in the same way. Where the ISO elects to rely upon Supplemental Energy Bids, the ISO shall select the resources with the lowest incremental Energy price bids. Operating Reserve procured from Replacement Reserve shall not require replacement of utilized Replacement Reserve.

**2.5.22.10 Dispatch Instructions.**

All Dispatch instructions except those for the Dispatch of Regulation (which will be communicated by direct digital control signals to Generating Units and, for System Resources, through dedicated communication links which satisfy the ISO's standards for external imports of Regulation) will be communicated electronically, except that, at the ISO's discretion, Dispatch instructions may be communicated by telephone, or fax. Except in the case of deteriorating system conditions or emergency, and except for instructions for the Dispatch of Regulation, the ISO will send all Dispatch instructions to the Scheduling Coordinator for the Generating Unit, System Unit, Load or System Resource, which it wishes, to Dispatch. The recipient Scheduling Coordinator shall ensure that the Dispatch instruction is communicated immediately to the operator of the Generating Unit, System Unit, external import of System Resources or Load concerned. The ISO may, with the prior permission of the Scheduling Coordinator concerned,

communicate with and give Dispatch instructions to the operators of Generating Units, System Units, external imports of System Resources and Loads directly without having to communicate through their appointed Scheduling Coordinator. The recipient of a Dispatch instruction shall confirm the Dispatch. The ISO shall record the communications between the ISO and Scheduling Coordinators relating to Dispatch instructions in a manner that permits

auditing of the Dispatch instructions, and of the response of Generating Units, System Units, external imports of System Resources and Loads to Dispatch instructions.

The ISO Protocols govern the content, issue, receipt, confirmation and recording of Dispatch instructions.

**2.5.22.11 Failure to Conform to Dispatch Instructions.** All Scheduling Coordinators, Participating Generators, owners or operators of Curtailable Demands and operators of System Resources providing Ancillary Services (whether self provided or procured by the ISO) or whose Supplemental Energy bids have been accepted by the ISO shall be obligated to respond or to secure response to the ISO's Dispatch instructions in accordance with their terms, and to be available and capable of doing so, for the full duration of the Settlement Period. If a Generating Unit, Curtailable Demand or System Resource is unavailable or incapable of responding to a Dispatch instruction, or fails to respond to a Dispatch instruction in accordance with its terms, the Generating Unit, Curtailable Demand or System Resource:

- (a) shall be declared and labeled as non-conforming to the ISO's instructions;
- (b) cannot set the BEEP Interval Ex Post Price; and

the Scheduling Coordinator for the Participating Generator, owner or operator of the Curtailable Demand or System Resource concerned shall pay to the ISO the difference between the Generating Unit's, Curtailable Demand's or System Resource's instructed and

actual output (or Demand) at the Beep Interval Ex Post Price in accordance with Section 11.2.4.1. This applies whether the Ancillary Services concerned are contracted or self provided. actual output (or Demand) at the Hourly Ex Post Price in accordance with Section 11.2.4.1. This applies whether the Ancillary Services concerned are contracted or self provided.

The ISO will develop additional mechanisms to deter Generating Units, Curtailable Demand and System Resources from failing to perform according to Dispatch instructions, for

example reduction in payments to Scheduling Coordinators, or suspension of the Scheduling Coordinator's Ancillary Services certificate for the Generating Unit, Curtailable Demand or System Resource concerned.

**2.5.23 Pricing Imbalance Energy.**

**2.5.23.1 General Principles.** Instructed and Uninstructed Imbalance Energy shall be priced using the BEEP Interval Ex Post Prices. The BEEP Interval Ex Post Prices shall be based on the bid of the marginal Generating Units, System Units, Loads and System Resources dispatched by the ISO to increase or reduce Demand or Energy output in each BEEP Interval as provided in Section 2.5.23.2.1.

The marginal Generating Unit, System Unit, Load or System Resource provides

- (a) Incremental Energy if Generation output is increased, or Demand reduced, or
- (b) Decremental Energy if Generation output is decreased, or Demand increased.

For Incremental Energy, the marginal bid is the Generating Unit, System Unit, Load or System Resource with the highest bid that is accepted by the ISO's BEEP Software for increased Generation, or reduced Demand. For Decremental Energy, the marginal bid is the Generating Unit, System Unit, Load or System Resource with the lowest bid that is accepted by the ISO's BEEP Software for reduced Generation or increased Demand.



When an Inter-Zonal Interface is operated at the capacity of the interface (whether due to scheduled uses of the interface, or decreases in the capacity of the interface), the marginal incremental or decremental bid prices in some Zones may differ from one another. In such cases, the ISO will determine separate Ex Post Prices for the Zones.

The ISO will respond to the Dispatch instructions issued by the BEEP Software to the extent practical in the time available and acting in accordance with Good Utility Practice. The ISO will record the reasons for any variation from the Dispatch instructions issued by the BEEP Software.

**2.5.23.2 Determining Ex Post Prices.**

**2.5.23.2.1 BEEP Interval Ex Post Prices.** For each BEEP Interval, the ISO will compute an updated supply curve, using the Generating Units, System Units, Loads and System Resources dispatched according to the ISO's BEEP Software during that time period to meet Imbalance Energy requirements. The BEEP Interval Ex Post Price is equal to the bid price of the marginal resource accepted by the ISO for Dispatch. For each BEEP Interval of the Settlement Period, BEEP will compute an incremental Ex Post Price and a decremental Ex Post Price. The BEEP Interval Ex Post Price for incremental Energy will be the highest incremental marginal bid selected by the BEEP software in the corresponding BEEP Interval. The BEEP Interval Ex Post Price for decremental Energy will be the lowest price decremental marginal bid selected by the BEEP software in the corresponding BEEP Interval. If only decremental Imbalance Energy is dispatched in a BEEP Interval, then the BEEP Interval Ex Post Price for incremental Energy will be equal to the BEEP Interval Ex Post Price for decremental Energy. If only incremental Imbalance

Energy is dispatched in a BEEP Interval, then the BEEP Interval Ex Post Price for decremental Energy will be equal to the BEEP Interval Ex Post Price for incremental Energy.

In the event of Inter-Zonal Congestion, the ISO will develop a dispatch price curve, and the BEEP Interval Ex Post Prices for each Zone where congestion exists.

**2.5.23.2.2 Hourly Ex Post Price Applicable to Uninstructed Deviations.** The Hourly Ex Post Price in Settlement Period t in each zone will equal the Energy weighted average of the BEEP Interval Charges in each Zone, calculated as follows:

$$P_{HourExPostx} = \frac{(\sum_{ji} |MWh_{jix}| * BIP_{ix})}{\sum_{ji} |MWh_{jix}|}$$

Where:

$P_{HourExPostx}$  = Hourly Ex Post Price in Zone x

$BIP_{ix}$  = BEEP Interval Ex Post Price

$J$  = the number of Scheduling Coordinators with instructed deviations

$MWh_{jix}$  = the Instructed Imbalance Energy for Scheduling Coordinator j for the BEEP Interval i in Zone x.

If the ISO declares a System Emergency, e.g. during times of supply scarcity, and involuntary load shedding occurs during the real time Dispatch, the ISO shall set the Hourly Ex Post Price at the Administrative Price.

**2.5.24 Verification of Performance of Ancillary Services.**

Availability of both contracted and self provided Ancillary Services shall be verified by the ISO by unannounced testing of Generating Units, Loads and System Resources,

by auditing of response to ISO Dispatch instructions, and by analysis of the appropriate Meter Data, or interchange schedules. Participating Generators, owners or operators of Loads, operators of System Units or System Resources and Scheduling Coordinators shall notify the ISO immediately whenever they become aware that an Ancillary Service is not available in any way. All Participating Generators, owners or operators of Loads and operators of System Units or System Resources shall check, monitor and/or test their system and related equipment routinely to assure availability of the committed Ancillary Services. These requirements apply whether the Ancillary Services are contracted or self provided. For a duration specified by the ISO, the ISO may suspend the technical eligibility certificate of a Scheduling Coordinator for a Generating Unit, System Unit, Load or System Resource, which repeatedly fails to perform. The ISO shall develop measures to discourage repeated non-performance on the part of both bidders and self providers.

**2.5.25 Periodic Testing of Units.**

The ISO may test Generating Units, System Units, Loads and System Resources in the manner described herein. The frequency of testing shall be within such timeframes as are reasonable under all the circumstances. Scheduling Coordinators shall manage the resulting Energy output if notification of testing permits the Energy to be scheduled. If a Generating Unit, System Unit, Load, or System Resource fails to meet requirements in a test under this section, the ISO shall notify the relevant Participating Generator, owner or operator of Loads, System Units or System Resources, or Scheduling Coordinator of such failure as soon as reasonably practicable after the completion of the test. Failure to meet requirements shall lead to the penalties described in Section 2.5.26.

**2.5.25.1 Regulation.** The ISO shall continuously monitor the response of a Generating Unit, System Unit, or System Resource to the ISO's Regulation instructions in order to determine compliance with Dispatch instructions.

**2.5.25.2 Spinning Reserve.** The ISO shall test the Spinning Reserve capability of a Generating Unit, System Unit or System Resource by issuing unannounced Dispatch instructions requiring the Generating Unit, System Unit or System Resource to ramp up to its ten minute capability. The ISO shall measure the response of the Generating Unit,

System Unit or System Resource to determine compliance with requirements. The Scheduling Coordinator for the Generating Unit, System Unit or System Resource shall be paid the Energy Bid price of the Generating Unit or System Unit for the output under the Spinning Reserve test.

**2.5.25.3 Non-Spinning Reserve.** The ISO may test the Non-Spinning Reserve capability of a Generating Unit, Load, System Unit or System Resource by issuing unannounced Dispatch instructions requiring the Generating Unit, Load, System Unit or System Resource to come on line and ramp up or to reduce Demand to its ten minute capability. The ISO shall measure the response of the Generating Unit, System Unit, System Resource or Load to determine compliance with requirements. The Scheduling Coordinator for the Generating Unit, System Unit, Load or System Resource shall be paid the Energy (or Demand reduction) Bid price of the Generating Unit, System Unit, Load or System Resource for its output or reduction, under the Non-Spinning Reserve test.

**2.5.25.4 Replacement Reserve.** The ISO may test the Replacement Reserve capability of a Generating Unit, Load, System Unit or System Resource by issuing unannounced Dispatch instructions requiring the Generating Unit, Load, System Unit or System Resource to come on line and ramp up or reduce Demand to its sixty minute capability. The ISO shall measure the response of the Generating Unit, Load, System Unit or System Resource to determine compliance with requirements. The Scheduling Coordinator for the Generating Unit, Load, System Unit or System Resource shall be paid the Energy or Demand reduction Bid price of the Generating Unit, Load, System Unit or System Resource for the output, or reduction, of the Generating Unit, Load, System Unit or System Resource under the Replacement Reserve test.

**2.5.25.5 Voltage Support.** The ISO shall monitor a Generating Unit's response to Voltage Support instructions in order to determine compliance with Dispatch instructions.

**2.5.25.6 Black Start.** The ISO may test the Black Start capability of a Generating Unit by issuing unannounced dispatch instructions requiring the Generating Unit to start on a Black Start basis. The ISO shall measure the response of the Generating Unit to determine compliance with the terms of the Black Start contract. The Scheduling Coordinator or Black Start Generator as stated in Section 2.5.27.6 for the Generating Unit shall be paid the Generating Unit's contract price for the output under the Black Start test.

**2.5.26 Penalties for Failure to Pass Tests and Rescission of Payment for Non-Delivery.**

**2.5.26.1 Penalties for Failure to Pass Tests.** A Generating Unit, Curtailable Demand, System Unit or System Resource that fails an availability test, as determined under criteria to be established by the ISO, shall be deemed not to have been available to provide the Ancillary Service concerned or the relevant portion of that Service for the entire period the Generating Unit, Curtailable Demand, System Unit or System Resource was committed to provide the Service, unless appropriate documentation (i.e., daily test records) confirming the availability of that service during the committed period(s) is presented to the ISO. The "committed period" is defined as the total of all the hours/days the Generating Unit, Curtailable Demand, System Unit or System Resource was scheduled by the ISO to provide the Ancillary Service beginning from: (i) the last successful availability test; or (ii) the last time the Generating Unit, Curtailable Demand, System Unit or System Resource actually provided Energy or reduced Demand as part of the Ancillary Service; whichever results in a shorter committed period. The Scheduling Coordinator for a Generating Unit, Curtailable Demand, System Unit or System Resource that fails an availability test shall not be entitled to payment for the Ancillary Service concerned for the



committed period and adjustments to reflect this shall be made in the calculation of payments to  
the Scheduling Coordinator,

provided that any such penalty shall be reduced to reflect any adjustment made over the duration of the committed period under Section 2.5.26.2 or 2.5.26.3.

System Units engaged in self provision of Ancillary Services, or providing Ancillary Services to the ISO are subject to the same testing, compensation, and penalties as are applied to individual Generating Units engaged in self provision or provision of Ancillary Services. To perform testing, the ISO will bias the MSS's MSRE to test the responsiveness of the System Unit.

If payments for capacity for a particular Ancillary Service in a particular Settlement Period would be rescinded under more than one provision of this Section 2.5.26, the total amount to be rescinded for a particular Ancillary Service in a particular Settlement Period shall not exceed the total payment due in that Settlement Period.

**2.5.26.2 Rescission of Payments for Unavailability.** If capacity scheduled into the ISO's Ancillary Services markets from a Generating Unit, Curtailable Demand, System Unit or System Resource is unavailable during the relevant BEEP Interval, then payments will be rescinded as described herein. For self-provided Ancillary Services, the payment obligation shall be equivalent to that which would arise if the Ancillary Services had been bid into each market in which they were scheduled.

**2.5.26.2.1** If the ISO determines that a Scheduling Coordinator has supplied Uninstructed Imbalance Energy to the ISO during a BEEP Interval from the capacity of a Generating Unit, System Unit or System Resource that is obligated to supply Spinning Reserve, Non-Spinning Reserve, or Replacement Reserve to the ISO during such BEEP Interval, payments to the Scheduling Coordinator representing the Generating Unit, System Unit or System Resource for the Ancillary Service capacity used to supply Uninstructed Imbalance Energy and for Energy supplied from such capacity shall be eliminated to the extent of the deficiency, except to the extent (i) the deficiency in the availability of Ancillary Service capacity from the Generating Unit, System Unit or System Resource is attributable to control exercised by the ISO in that BEEP Interval through AGC operation, an RMR Dispatch Notice, or dispatch to avoid an intervention in

Market operations or to prevent a System Emergency; or (ii) a penalty is imposed under Section 2.5.26.1 with respect to the deficiency.

**2.5.26.2.2** If the metered Demand of a Curtailable Demand is insufficient to deliver the full amount of the Non-Spinning and Replacement Reserve to which that Curtailable Demand is obligated in that BEEP Interval, then the related capacity payments will be rescinded to the extent of that deficiency as explained in Section 2.5.26.2.4 and 2.5.26.2.5, unless a penalty is imposed on that Curtailable Demand for that BEEP Interval under Section 2.5.26.1.

**2.5.26.2.3** The payment for Energy to be eliminated shall be determined in accordance with Section 11.2.4.1.

**2.5.26.2.4** This Section 2.5.26.2.4 shall not apply to the capacity payment for any particular Ancillary Service if the Zonal Market Clearing Price determined in accordance with Sections 2.5.15, 2.5.16 or 2.5.17 is less than or equal to zero. For those Ancillary Services for which such Zonal Market Clearing Prices are greater than zero, the payment for Ancillary Service capacity otherwise payable under Section 2.5.27.2, 2.5.27.3, and/or 2.5.27.4 shall be reduced by one sixth of the product of the applicable prices and the amount of Ancillary Service capacity from which the Generating Unit, Curtailable Demand, System Unit or System Resource has supplied Uninstructed Imbalance Energy in a BEEP Interval. If a Scheduling Coordinator schedules Ancillary Services through both the Day-Ahead and Hour-Ahead Markets, capacity payments due the Scheduling Coordinator from each market will be rescinded in proportion to the amount of capacity sold to the ISO in each market. The amount of capacity for which payments will be rescinded shall equal the value  $UnavailAncServMW_{xt}$ , as defined in Section 11.2.4.1, applied to each Generating Unit, System Unit and System Resource supplying the Ancillary Service or the value

*UnavailDispLoadMW<sub>xtb</sub>* as also defined in Section 11.2.4.1, applied to the Curtailable Demand  
supplying the Ancillary Service.

**2.5.26.2.5** Payment shall be eliminated first for any Spinning Reserve capacity for which the Generating Unit, Curtailable Demand, System Unit or System Resource would otherwise be entitled to payment. If the amount of Ancillary Service capacity from which the Generating Unit, System Unit or System Resource has supplied Uninstructed Imbalance Energy exceeds the amount of Spinning Reserve capacity for which it would otherwise be entitled to receive payment, payment shall be eliminated for Non-Spinning Reserve capacity, and then for Replacement Reserve capacity, until payment has been withheld for the full amount of Ancillary Service capacity from which the Generating Unit, Curtailable Demand, System Unit or System Resource supplied Uninstructed Imbalance Energy.

**2.5.26.2.6** For each BEEP Interval in which a Generating Unit, Curtailable Demand, System Unit or System Resource fails to supply Energy from Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity in accordance with a Dispatch instruction, or supplies only a portion of the Energy specified in the Dispatch instruction, the capacity payment will be pro-rated to reflect the unavailability in that BEEP Interval of the difference between (1) the total MW of the particular Ancillary Service scheduled in that Settlement Period and (2) the amount of Energy, if any, supplied in response to the Dispatch instruction in that BEEP Interval.

**2.5.26.3 Rescission of Payments When Dispatch Instruction is Not Followed**

If the total metered output of a Generating Unit, Curtailable Demand, System Unit or System Resource is insufficient to deliver the amount of Instructed Imbalance Energy associated with a Dispatch instruction issued in accordance with a bid on Spinning Reserve, Non-Spinning Reserve, or Replacement Reserve in any BEEP Interval, then the capacity payment associated with the difference between the total scheduled amount of each Ancillary Service for which Insufficient Energy was delivered, and the actual output attributed to the response to the Dispatch instruction on each Ancillary Service, shall be rescinded. However, no capacity payment shall be rescinded if the shortfall in the metered output of the Generating Unit, Curtailable Demand, System Unit, or System Resource is less than a deadband amount published by ISO on the ISO Home Page at least twenty-four hours prior to the BEEP Interval. For any BEEP Interval with respect to which no deadband amount has been published by the ISO, the deadband amount shall be zero MWH.

If the Generating Unit, Curtailable Demand, System Unit or System Resource is scheduled to provide more than one Ancillary Service in the Settlement Period, then the actual output will be attributed first to Replacement Reserve, then to Non-Spinning Reserve, and finally to Spinning Reserve, and the capacity payments associated with the balance of each Ancillary Service shall be rescinded. If the same Ancillary Service is scheduled in both the Day Ahead and Hour Ahead Markets, then payments shall be rescinded in proportion to the amount of each Ancillary Service scheduled in each market.

**2.5.26.4** Penalties applied pursuant to Section 2.5.26.1, and payments rescinded pursuant to Section 2.5.26.2 and 2.5.26.3 shall be redistributed to Scheduling Coordinators in proportion to ISO Control Area metered Demand and scheduled exports for the same Trading Day.

**2.5.26.5** If the ISO determines that non-compliance of a Load, Generating Unit, System Unit or System Resource, with an operating order or Dispatch instruction from the ISO, or with any other applicable technical standard under the ISO Tariff, causes or exacerbates system conditions for which the WSCC imposes a penalty on the ISO, then the Scheduling Coordinator of such Load, Generating Unit, System Unit or System Resource shall be assigned that portion of the WSCC penalty which the ISO reasonably determines is attributable to such non-compliance, in addition to any other penalties or sanctions applicable under the ISO Tariff.

**2.5.26.6** Any Participating Load that has entered into a Participating Load Agreement will, for the period June 15, 2000 through October 15, 2000, be exempt from the requirements of Section 2.5.26.2.3 in the event that the Participating Load has responded to a Dispatch instruction, in the hour of the Dispatch and for the following two (2) hours.

**2.5.27 Settlements For Contracted Ancillary Services.**

Based on the prices and quantities determined in accordance with this Section, the ISO shall operate a daily Settlement function for Ancillary Services it contracts for with Scheduling Coordinators.

The ISO shall calculate imbalances between scheduled, instructed and actual quantities of Energy provided based upon Meter Data obtained pursuant to Section 10. Schedules between Control Areas shall be deemed as being delivered in accordance with Good Utility Practice. The difference between actual and scheduled interchange shall then be addressed in accordance with the WSCC and NERC inadvertent interchange practices and procedures. Following this practice, all dynamic schedules for Ancillary Services provided to the ISO by other Control Areas shall be deemed delivered to the ISO. The difference between the Energy requested by the ISO and that actually delivered by the other Control Area shall then be accounted for and addressed through the WSCC and NERC inadvertent interchange practices and procedures.

Separate payments shall be calculated for each Settlement Period  $t$  for each Generating Unit, System Unit, System Resource and Curtailable Demand. The ISO shall

then calculate a total daily payment for each Scheduling Coordinator for all the Generating Units, System Units, System Resources and Curtailable Demands that it represents for each Settlement Period  $t$ .

The settlements for the Hour-Ahead markets shall be calculated by substituting Hour-Ahead prices in the relevant formulae and deducting any amounts due to the ISO from Scheduling Coordinators who buy back in the Hour-Ahead Market Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity they sold to the ISO in the Day-Ahead Market.

**2.5.27.1 Regulation.**

Regulation Up and Regulation Down payments shall be calculated separately.

**Quantities.** The following quantity definitions shall be used for each Scheduling Coordinator in the settlement process:

$AGCU_pQDA_{xt}$  = the Scheduling Coordinator's total quantity of Regulation Up capacity in Zone X sold through the ISO auction, and scheduled Day-Ahead  $j$  for Settlement Period  $t$ .

$AGCD_{down}QDA_{xt}$  = the Scheduling Coordinator's total quantity of Regulation Down capacity in Zone X sold through the ISO auction, and scheduled Day-Ahead  $j$  for Settlement Period  $t$ .

$EnQ_{Unst_{xt}}$  = Uninstructed Imbalance Energy increase or decrease in Zone X in real time Dispatch for each BEEP Interval  $b$  of Settlement Period  $t$ , determined in accordance with the ISO Protocols.

**Prices.** The prices in the Settlement process for Regulation Up and Regulation Down shall be those determined in Section 2.5.14.

*Adjustment:* penalty described in Section 2.5.26.1.



$PAGCUpDA_{xt}$  = the market clearing price, PAGC, in Zone X for Regulation Up capacity in the Day-Ahead market for Settlement Period t.

$PAGCDownDA_{xt}$  = the market clearing price, PAGC, in Zone X for Regulation Down capacity in the Day-Ahead market for Settlement Period t.

**Payments.** Scheduling Coordinators for Generating Units providing Regulation Up capacity through the ISO auction shall receive the following payments for Regulation Up:

$$AGCUpPay_{xt} = AGCUpQDA_{xt} * PAGCUpDA_{xt} - Adjustment$$

Scheduling Coordinators for Generating Units providing Regulation Down capacity through the ISO auction shall receive the following payments for Regulation Down:

$$AGCDownPay_{xt} = AGCDownQDA_{xt} * PAGCDownDA_{xt} - Adjustment$$

Scheduling Coordinators for Generating Units shall receive payment for Energy output from Regulation in accordance with settlement for Uninstructed Imbalance Energy under Section 11.2.4.1.

$$\sum_i [(EnQUnst_{ixt} * HourlyExPostPriceinZoneX) + REPA_{ixt}]$$

REPA<sub>ixt</sub> = the Regulation Energy Payment Adjustment for Generating Unit i in Zone X for Settlement Period t calculated as follows:

$$[(R_{UPixt} * C_{UP}) + (R_{DNixt} * C_{DN})] * \max (\$20/MWh, P_{xt})$$

Where

R<sub>UPixt</sub> = the upward range of generating capacity for the provision of Regulation from Generating Unit i in Zone X included in the bid accepted by the ISO for Generating Unit i for Settlement Period t, weighted in proportion to the ISO's need for upward Regulation. The weighting factors will be specified within a range from 0-100 percent. The weighting factors will be set at the discretion of the ISO based on system conditions, and will be set at a level that will provide sufficient incentive to the market to supply upward Regulation for the ISO's purposes of satisfying WSCC criteria and NERC control performance standards. The ISO shall post the weighting factors consistent with the ISO Weighting Procedure, posted on the ISO website.

R<sub>DNixt</sub> = the downward range of generating capacity for the provision of Regulation for Generating Unit i in Zone X included in the bid accepted by the ISO for Generating Unit i for Settlement Period t, weighted in proportion to the ISO's need for downward Regulation. The weighting factors will be

specified within a range from 0-100 percent. The weighting factors will be set at the discretion of the ISO based on system conditions, and will be set at a level that will provide sufficient incentive to the market to supply downward Regulation for the ISO's purposes of satisfying WSCC criteria and NERC control performance standards.

The ISO shall post the weighting factors consistent with the ISO Weighting Procedure, posted on the ISO website.

$$\begin{aligned} C_{UP} &= 1 \\ C_{DN} &= 1 \\ P_{xt} &= \text{the Hourly Ex Post Price for Zone X in Settlement Period } t. \end{aligned}$$

The ISO may modify the value of the constants  $C_{UP}$  or  $C_{DN}$  within a range of 0-1 either generally in regard to all hours or specifically in regard to particular times of the day, after the ISO Governing Board approves such modification, by a notice issued by the Chief Executive Officer of the ISO and posted on the ISO Internet "Home Page," at <http://www.caiso.com>, or such other Internet address as the ISO may publish from time to time, specifying the date and time from which the modification shall take effect, which shall be not less than seven (7) days after the Notice is issued.

REPA shall not be payable unless the Generating Unit is available and capable of being controlled and monitored by the ISO Energy Management System over the full range of its Scheduled Regulation capacity for the entire Settlement Period at least the ramp rates (increase and decrease in MW/minute) stated in its bid. In addition, the total Energy available ( $R_{UP}$  plus  $R_{DN}$ ) may be adjusted to be only  $R_{UP}$  or only  $R_{DN}$ , a percentage of  $R_{UP}$  or  $R_{DN}$ , or the sum of  $R_{UP}$  and  $R_{DN}$ , depending on the needs of the ISO for each direction of Regulation service.

### 2.5.27.2 Spinning Reserve.

**Quantities.** The following quantity definitions shall be used for each Scheduling Coordinator in the Settlement process:

$SpinQDA_{xt}$  = the Scheduling Coordinator's total quantity of Spinning Reserve capacity in Zone X sold through the ISO auction, and scheduled Day-Ahead for Settlement Period t.

$EnQInst_{xt}$  = Instructed Imbalance Energy output in Zone X in real time Dispatch for Settlement Period t, supplied in accordance with the ISO protocols.

**Prices.** The prices in the Settlement process for Spinning Reserve shall be those determined in Section 2.5.15.

$Adjustment$  = penalty described in Section 2.5.26.1, or rescinded capacity payments described in Section 2.5.26.2 or 2.5.26.3.

$PspDA_{xt}$  = market clearing price, Psp, in Zone X for Spinning Reserve capacity in the Day-Ahead Market for Settlement Period t.

**Payments.** Scheduling Coordinators for Generating Units, System Units, or System Resources providing Spinning Reserve capacity through the ISO auction shall receive the following payments for Spinning Reserve capacity:

$$SpinPay_{xt} = SpinQDA_{xt} * PspDA_{xt} - Adjustment$$

Scheduling Coordinators for Generating Units, System Units, or System Resources shall receive the following payments for Energy output from Spinning Reserve capacity:

$$EnQInst_{xt} * BEEP Interval Ex Post Price_{xt}$$

**2.5.27.3 Non-Spinning Reserve.**

**Quantities.** The following quantity definitions shall be used for each Scheduling Coordinator in the settlement process:

$NonSpinQDA_{xt}$  = the Scheduling Coordinator's total Quantity of Non-Spinning Reserve capacity in Zone X sold through the ISO's auction and scheduled Day-Ahead for Settlement Period t.

$EnQInst_{xt}$  = Instructed Imbalance Energy output or Demand reduction in Zone X in real time Dispatch for Settlement Period t, supplied in accordance with the ISO protocols.

**Prices.** The prices in the Settlement process for Non-Spinning Reserve shall be those determined in Section 2.5.16.

$Adjustment$  = penalty described in section 2.5.26.1, or rescinded capacity payments described in Section 2.5.26.2 or 2.5.26.3.

$PnonspDA_{xt}$  = market clearing price,  $Pnonsp$ , in Zone X for Non-Spinning Reserve capacity in the Day-Ahead Market for Settlement Period t.

**Payments.** Scheduling Coordinators for Generating Units, System Units, System Resources, or Loads supplying Non-Spinning Reserve capacity through the ISO auction shall be paid the following for the Non-Spinning Reserve capacity:

$$NonspPay_{xt} = NonSpinQDA_{xt} * PnonspDA_{xt} - Adjustment$$

Scheduling Coordinators for Generating Units, System Units, System Resources or Loads shall receive the following payments for Energy output from Non-Spinning Reserve capacity:

$$EnQInst_{xt} * BEEP Interval Ex Post Price_{xt}$$

**2.5.27.4 Replacement Reserve.**

**Quantities.** The following quantity definitions shall be used for each Scheduling Coordinator in the settlement process:

$RepResQDA_{xt}$  = the Scheduling Coordinator's total quantity of Replacement Reserve capacity in Zone X sold through the ISO auction, and scheduled Day-Ahead for Settlement Period t.

$EnQInst_{xt}$  = Instructed Imbalance Energy output or Demand reduction in Zone X in real time Dispatch for Settlement Period t, supplied in accordance with the ISO protocols.

**Prices.** The prices in the settlement process for Replacement Reserve shall be those determined in section 2.5.17.

*Adjustment* = penalty described in section 2.5.26.1, or rescinded capacity payments described in Section 2.5.26.2 or 2.5.26.3.

$PRepResDA_{xt}$  = market clearing price, PRepRes, in Zone X for Replacement Reserve capacity in the Day-Ahead Market for Settlement Period t.

**Payments.** Scheduling Coordinators for Generating Units, System Units, System Resources, or Loads providing Replacement Reserve capacity through the ISO auction shall receive the following payments for the Replacement Reserve capacity:

$$RepResPay_{ijt} = (RepResQDA_{xt} -) * PRepResDA_{xt} - Adjustment$$

The payments for Energy output from Replacement Reserve capacity are calculated as follows:

$$EnQInst_{ijt} * BEEP Interval Ex Post Price_{xt}$$

**2.5.27.5 Voltage Support.** The total payments for each Scheduling Coordinator shall be the sum of the short-term procurement payments, based on opportunity cost, as described in Section 2.5.18, and the payments under long term contracts.

**2.5.27.6 Black Start.**

**Quantities.** The following quantities shall be used in the Settlement process:

$EnQBS_{ijt}$  = Energy output from Black Start made by Generating Unit i from Scheduling Coordinator j (or Black Start Generator j, as the case may be) for Settlement Period t, pursuant to the ISO's order to produce.

**Prices.** The prices used in the Settlement process are those described in the contracts referred to in section 2.5.19.

*Adjustment* = penalty described in section 2.5.26.1.

**Payments.**

Scheduling Coordinators for owners of Reliability Must-Run Units (or Black Start Generators, as the case may be) shall receive the following payments for Energy output from Black Start facilities:

$$BSEN_{ijt} = (EnQBS_{ijt} * EnBid_{ijt}) + BSSUP_{ijt} - Adjustment$$

where BSSUP<sub>ijt</sub> is the start-up payment for a Black Start successfully made by Generating Unit i of Scheduling Coordinator j (or Black Start Generator j) in Trading Interval t calculated in accordance with the applicable Reliability Must-Run Contract (or the Interim Black Start agreement as the case may be).



**2.5.28 Settlement for User Charges for Ancillary Services.**

(a) The ISO shall determine a separate hourly user rate for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve for each Settlement Period purchased in the Day-Ahead market, and in the Hour-Ahead Market. Each rate will be charged to Scheduling Coordinators on a volumetric basis applied to each Scheduling Coordinator's obligation for the Ancillary Service concerned which it has not self provided, as adjusted by any Inter-Scheduling Coordinator Ancillary Service Trades.

Each Scheduling Coordinator's obligation for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve for each Zone shall be calculated in accordance with Section 2.5.20.1, notwithstanding any adjustment to the quantities of each Ancillary Service purchased by the ISO in accordance with Section 2.5.3.6.

The cost of Voltage Support and Black Start shall be allocated to Scheduling Coordinators as described in Sections 2.5.28.

Quantities and rates for the Hour-Ahead markets shall be calculated by substituting the Hour-Ahead quantities and prices in the relevant formulae (including self provided quantities of the Ancillary Service) except that the user rates for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve capacity shall be calculated by dividing the net payments made by the ISO for each service by the MW quantity purchased for each service. The net payments are the total payments for each service net of sums payable by Scheduling Coordinators who have bought back in the Hour-Ahead Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity, as the case may be, which they had sold to the ISO in the Day-Ahead Market.

Ancillary Services obligations may be negative, and credits for such negative obligations will be in accordance with the rates calculated in Sections 2.5.28.1, 2.5.28.2, 2.5.28.3 and 2.5.28.4, except that a Scheduling Coordinator's credit shall be reduced by the greater of: a) the amount of any self-provision scheduled from resources which are deemed to meet the ISO's Ancillary Services standards, and which are not subject to the certification and testing requirements of the ISO Tariff; or b) if the ISO has no incremental requirement to be met in the Hour-Ahead Market for an Ancillary Service, the incremental

amount of such service scheduled by that Scheduling Coordinator in the Hour-Ahead Market.

The ISO will allocate the Ancillary Services capacity charges, for both Day-Ahead and Hour-Ahead Markets, on a Zonal basis if the Day-Ahead Ancillary Services market is procured on a Zonal basis. The ISO will allocate the Ancillary Services capacity charges, for both the Day-Ahead and Hour-Ahead Markets, on an ISO Control Area wide basis if the Day-Ahead Ancillary Services market is defined on an ISO Control Area wide basis.

(b) If, in any Settlement Period, no quantity of Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve is purchased in the Day-Ahead Market or the Hour-Ahead Market due to the operation of Section 2.5.3.6, then in lieu of the user rate determined in accordance with Section 2.5.28.1, 2.5.28.2, 2.5.28.3, or 2.5.28.4, as applicable, the user rate for the affected Ancillary Service for that Settlement Period shall be determined as follows:

(i) If the affected market is a Day-Ahead Market, the user rate for the affected Ancillary Service shall be set at the lowest capacity reservation price for an unaccepted qualified capacity bid in the Day-Ahead Market for the same Settlement Period for that Ancillary Service or for another Ancillary Service that meets the requirements for the affected Ancillary Service. If there are no such unaccepted bids, the user rate for the affected Ancillary Service shall be the lowest Market Clearing Price for the same Settlement Period established in the Day-Ahead Market for another Ancillary Service that meets the requirements for the affected Ancillary Service.

ii) If the affected market is an Hour-Ahead Market, the user rate for the affected Ancillary Service shall be set at the lowest capacity reservation price for an unaccepted qualified capacity bid in the Hour-Ahead Market for the same Settlement Period for that Ancillary Service or for another Ancillary Service that meets the requirements for the affected Ancillary Service. If there are no such unaccepted bids, the user rate for the affected Ancillary Service shall be the user rate for the same Ancillary Service in the Day-Ahead Market in the same Settlement Period.

(c) With respect to each Settlement Period, in addition to the user rates determined in accordance with Sections 2.5.28.1 through 2.5.28.4 or Section 2.5.28(b), as applicable, each Scheduling Coordinator shall be charged an additional amount equal to its proportionate share, based on total purchases by Scheduling Coordinators of Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve of the amount, if any, by which (i) the total payments to Scheduling Coordinators pursuant to Section 2.5.27.1 through 2.5.27.4, for the Day-Ahead Market and Hour-Ahead Market and all Zones, exceed (ii) the total amounts charged to Scheduling Coordinators pursuant to Section 2.5.28.1 through 2.5.28.4, for the Day-Ahead Market and Hour-Ahead Market and all Zones. If total amounts charged to Scheduling Coordinators exceed the total payments to Scheduling Coordinators, each Scheduling Coordinator will be refunded its proportionate share, based on total purchases by Scheduling Coordinators of Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve.

**2.5.28.1 Regulation.** Regulation Up and Regulation Down charges shall be calculated separately. The user rate per unit of purchased Regulation service for each Settlement Period in the Day-Ahead Market for each Zone shall be calculated by dividing the total Regulation capacity payments by the ISO's total MW purchases of Regulation for that Settlement Period for that Zone which has not been self provided by Scheduling Coordinators. The ISO will calculate the user rate for Regulation Up in each Zone for each Settlement Period as:

$$RegRateUpDA (\$/MW) = AGCUpPayDA / AGCUpPurchDA$$

where:

*AGCUpPayDA* = Total Regulation Up payments for the Settlement Period in the Day-Ahead Market for the Zone.

*AGCUpPurchDA* = the total ISO Regulation Up MW purchases in the Day-Ahead Market for the Settlement Period for the Zone, excluding that which has been self provided by Scheduling Coordinators.

The ISO will calculate the user rate for Regulation Down in each Zone for each Settlement Period as:

$$RegRateDownDA (\$/MW) = AGCDownPayDA / AGCDownPurchDA$$

where:

*AGCDownPayDA* = Total Regulation Down payments for the Settlement Period in the Day-Ahead Market for the Zone.

*AGCDownPurchDA* = the total ISO Regulation Down MW purchases in the Day-Ahead Market for the Settlement Period for the Zone, excluding that which has been self provided by Scheduling Coordinators.

For each Settlement Period, each Scheduling Coordinator shall pay to the ISO a sum calculated as follows for each Zone:

*RegRateUpDA \* AGCUpOblig*

where *AGCUpOblig* is the Scheduling Coordinator's obligation for Regulation Up in the Zone in the Settlement Period for which it has not self provided.

*RegRateDownDA \* AGCDownOblig*

where *AGCDownOblig* is the Scheduling Coordinator's obligation for Regulation Down in the Zone in the Settlement Period for which it has not self provided.

**2.5.28.2 Spinning Reserve.** The user rate per unit of purchased Spinning Reserve for each Settlement Period in the Day-Ahead Market for each Zone shall be calculated by dividing the total capacity payments for Spinning Reserve by the ISO's total MW

purchases of Spinning Reserve for that Settlement Period for that Zone which has not been self-provided by Scheduling Coordinators. The ISO will calculate the user rate for Spinning Reserve in each Zone for each Settlement Period as:

$$SpRateDA(\$ / MW) = \frac{SpinPayDA}{SpinPurchDA}$$

where:

*SpinPayDA* = Total Spinning Reserve payments for the Settlement Period in the Market for the Zone Day-Ahead.

*SpinPurchDA* = the total ISO Spinning Reserve MW purchases in the Day-Ahead Market for the Settlement Period for the Zone, excluding that which has been self provided by Scheduling Coordinators.

For each Settlement Period, each Scheduling Coordinator shall pay to the ISO a sum calculated as follows for each Zone:

$$SPRateDA * SpinOblig$$

where *SpinOblig* is the Scheduling Coordinator's obligation for Spinning Reserve in the Zone in the Settlement Period for which it has not self-provided.

**2.5.28.3 Non-Spinning Reserve.** The user rate per unit of purchased Non-Spinning Reserve for each Settlement Period in the Day-Ahead Market for each Zone shall be calculated by dividing the total capacity payments for Non-Spinning Reserve by the ISO's total MW purchases of Non-Spinning Reserve for that Settlement Period for that Zone which has not been self provided by Scheduling

Coordinators. The ISO will calculate the user rate for Non-Spinning Reserve in each Zone for each Settlement Period as:

$$NonSpRateDA(\$ / MW) = \frac{NonSpinPayDA}{NonSpinPurchDA}$$

where:

*NonSpinPayDA* = Total Non-Spinning Reserve payments for the Settlement Period in the Day-Ahead Market for the Zone.

*NonSpinPurchDA* = the total ISO Non-Spinning Reserve MW purchases for the Settlement Period for the Zone, excluding that which has been self-provided by Scheduling Coordinators.

For each Settlement Period, each Scheduling Coordinator shall pay to the ISO a sum calculated as follows for each Zone:

$$NonSpRateDA * NonSpinOblig$$

where *NonSpinOblig* is the Scheduling Coordinator's obligation for Non-Spinning Reserve in the Zone in the Settlement Period for which it has not self provided.

**2.5.28.4 Replacement Reserve.** The user rate per unit of Replacement Reserve obligation for each Settlement Period t for each Zone x shall be as follows:

$$ReplRate_{xt} = \frac{(PRepResDA_{xt} * OrigReplReqDA_{xt}) + (PRepResHA_{xt} * OrigReplReqHA_{xt})}{OrigReplReqDA_{xt} + OrigReplReqHA_{xt}}$$

where

*OrigReplReqDA<sub>xt</sub>* = Replacement Reserve requirement net of self-provision in the Day-Ahead Market before consideration of any substitutions pursuant to Section 2.5.3.6.



$OrigReplReqHA_{xt}$  = Incremental change in the Replacement Reserve requirement net of self-provision between the Day-Ahead Market and the Hour-Ahead Market before consideration of any substitutions pursuant to Section 2.5.3.6.

$PRepResDA_{xt}$  is the Market Clearing Price for Replacement Reserve in the Day-Ahead Market for Zone  $x$  in Settlement Period  $t$ .

$PRepResHA_{xt}$  is the Market Clearing Price for Replacement Reserve in the Hour-Ahead Market for Zone  $x$  in Settlement Period  $t$ .

For each Settlement Period t, each Scheduling Coordinator shall pay to the ISO a sum calculated as follows for each Zone<sub>x</sub>:

$$ReplRate_{xt} * ReplOblig_{jxt}$$

where

$$ReplOblig_{jxt} = DevReplOblig_{jxt} + RemRepl_{jxt} - SelfProv_{jxt} + NetInterSCTrades_{jxt}$$

*DevReplOblig<sub>jxt</sub>* is the Scheduling Coordinator's obligation for deviation Replacement Reserve in Zone x in the Settlement Period t and *RemRepl<sub>jxt</sub>* is the Scheduling Coordinator's obligation for remaining Replacement Reserve in Zone x for Settlement Period t.

*SelfProv<sub>jxt</sub>* is Scheduling Coordinator's Replacement Reserve self provision in Zone x for Settlement Period t.

*NetInterSCTrades<sub>jxt</sub>* is the sale of Replacement Reserve less the purchase of Replacement Reserve through Inter-Scheduling Coordinator Trades by Scheduling Coordinator j in Zone x for Settlement Period t.

Deviation Replacement Reserve for Scheduling Coordinator j in Zone x for Settlement Period t is calculated as follows:

If  $ReplObligTotal_{xt} > TotalDeviations_{xt}$  then:

$$DevReplOblig_{xjt} = \left[ \text{Max} \left( 0, \sum_i GenDev_{ijxt} \right) - \text{Min} \left( 0, \sum_i LoadDev_{ijxt} \right) \right]$$

If  $ReplObligTotal_{xt} < TotalDeviations_{xt}$  then:

$$DevReplOblig_{xjt} = \frac{ReplObligTotal_{xt}}{TotalDeviations_{xt}} * \left[ Max\left(0, \sum_i GenDev_{ijxt}\right) - Min\left(0, \sum_i LoadDev_{ijxt}\right) \right]$$

where,

$$TotalDeviations_{xt} = \sum_j \left[ Max\left(0, \sum_i GenDev_{ijxt}\right) - Min\left(0, \sum_i LoadDev_{ijxt}\right) \right]$$

$GenDev_{ijxt}$  = The deviation between scheduled and actual Energy Generation for Generator i represented by Scheduling Coordinator j in Zone x during Settlement Period t as referenced in Section 11.2.4.1.

$LoadDev_{ijxt}$  = The deviation between scheduled and actual Load consumption for resource i represented by Scheduling Coordinator j in Zone x during Settlement Period t as referenced in Section 11.2.4.1.

$DevReplOblig_{xjt}$  is total deviation Replacement Reserve in Zone x for Settlement Period t.

$ReplObligTotal_{xt}$  is total Replacement Reserve Obligation in zone x for Settlement Period t.

Remaining Replacement Reserve for Scheduling Coordinator j in Zone x for Settlement Period t is calculated as follows:

$$RemRepl_{xjt} = \frac{MeteredDemand_{ijxt}}{TotalMeteredDemand_{xt}} * TotalRemRepl_{xt}$$

where:

*MeteredDemand<sub>jxt</sub>* is the Scheduling Coordinator's total metered Demand excluding exports in Zone x for Settlement Period t.

*TotalMeteredDemand<sub>xt</sub>* is total metered Demand excluding exports in Zone x for Settlement Period t.

$$TotalRemRepl_{xt} = Max[0, ReplObligTotal_{xt} + TotalSelfProv_{xt} - DevReplOblig_{xt}]$$

**2.5.28.5 Voltage Support.** The short term market Voltage Support user rate for Settlement

Period t for Zone x shall be calculated as follows:

$$VSSTRate_{xt} = \frac{\sum_{i,j} VSST_{xijt}}{\sum_j QChargeVS_{xjt}}$$

$VSST_{xijt}$  = Voltage Support payment to Scheduling Coordinator j in respect of Generating Unit i in Zone x in the short-term market applicable to Settlement Period t.

$QChargeVS_{xjt}$  = charging quantity for Voltage Support for Scheduling Coordinator j for Settlement Period t in Zone x equal to the total metered Demand in Zone x (including exports to neighboring Control Areas and excluding metered Demand inside an MSS) by Scheduling Coordinator j for Settlement Period t.

The monthly long term Voltage Support contract user rate for Settlement Period t for Zone x shall be calculated as follows:

$$VSLTRate_{xm} = \frac{\sum_{i,j} VSLT_{xijm}}{\sum_{jm} QChargeVS_{xjt}}$$

where:

$VSLT_{xijm}$  = long term Voltage Support contract payment to Scheduling Coordinator j for owner of Reliability Must-Run Unit i in Zone x for month m.

The short term market Voltage Support charges for Settlement Period t payable by Scheduling Coordinator j will be calculated as follows:

$$VSSTCharge_{jt} = VSSTRate_t * QChargeVS_{jt}$$

where  $VSSTCharge_{jt}$  is the amount payable by Scheduling Coordinator j for short term market Voltage Support for Settlement Period t.

$VSSTRate_t$  is the short term market Voltage Support user rate for Settlement Period t.

The monthly long term Voltage Support contract charge for month m payable by Scheduling Coordinator j will be calculated as follows:

$$VSLTCharge_m = VSLTRate_m * \sum_m QChargeVS_{jt}$$

where  $VSLTCharge_m$  is the amount payable by Scheduling Coordinator j for long term Voltage Support for month m.

$VSLTRate_m$  is the monthly long term Voltage Support contract user rate charged by the ISO to Scheduling Coordinators for month m.

**2.5.28.6 Black Start.**

$QChargeBlackstart_{jt}$  = charging quantity for Black Start for Scheduling Coordinator j for Settlement Period t equal to the total metered Demand (excluding exports to neighboring Control Areas and metered Demand of a MSS in accordance with Section 3.3.4.5) by Scheduling Coordinator j for Settlement Period t.

The Black Start Energy payment user rate for Settlement Period t will be calculated as follows:

$$BSRate_t = \frac{\sum_{i,j} BSEn_{ijt}}{\sum_j QChargeBlackstart_{jt}}$$

where  $BSEn_{ijt}$  is the ISO payment to Scheduling Coordinator j for owner of Reliability Must-Run Unit (or to Black Start Generator j, as the case may be) for Generating Unit i providing Black Start Energy in Settlement Period t.

The Black Start Energy user charge for Settlement Period t for Scheduling Coordinator j will be calculated as follows:

$$BSCharge_{jt} = BSRate_t * QChargeBlackStart_{jt}$$

**2.5.29 Public Dissemination of Information: Day-Ahead.**

By 3:00 p.m. of the day preceding the Trading Day, the ISO shall make available to all Market Participants the following information on the scheduling of Ancillary Services:

Ancillary Service	Quantity Units	Period	Clearing Prices
Regulation/AGC	MW	Hourly	\$/MW
Spinning Reserve	MW	Hourly	\$/MW

Non-spinning Reserve	MW	Hourly	\$/MW
Replacement Reserve	MW	Hourly	\$/MW
Black Start	MW	Annual	\$/MW

**2.5.30 Communication Protocols.**

Communications between the ISO and Scheduling Coordinators shall be as described below:

**2.5.30.1 Information Transfer from Scheduling Coordinator to ISO.** Unless otherwise agreed by the ISO, Scheduling Coordinators who wish to schedule or bid Ancillary Services to the ISO must submit the information by direct computer link.

**2.5.30.2 Submitting Information By Direct Computer Link.** For Scheduling Coordinators submitting information by direct computer link, each such Scheduling Coordinator shall establish a network connection with the ISO through the WEnet network. This shall be a permanent link with the ISO. Link initialization procedures shall be necessary to establish the connection for the first time, and to re-establish the connection each time the connection is restored after a system or communication failure. In order to log in, each Scheduling Coordinator shall furnish the ISO with user ID and password.

**2.5.30.3 Information Transfer from ISO to Scheduling Coordinator.** Unless otherwise agreed between a Scheduling Coordinator and the ISO, the ISO shall furnish scheduling information to Scheduling Coordinators by electronic transfer as described in Sections 6.1 and 6.2. If electronic data transfer is not available, the information may be furnished by facsimile. If it is not possible to communicate with



the Scheduling Coordinator using the primary means of communication, an alternate means of communication shall be selected by the ISO.

**2.6 Incorporation of the ISO Market Monitoring & Information Protocol**

The ISO shall monitor the markets that it administers in order to identify and, where appropriate, institute corrective action to respond to the exercise of market power or other abuses of such markets in accordance with the ISO Market Monitoring & Information Protocol set forth in Appendix L, "ISO Protocols."