15.3.5.2 Calculation of Real-Time Market Clearing Prices for Regulation Service During EDRP/SCR Activations

During any interval in which the ISO is using scarcity pricing rule "A" or "B" to calculate LBMPs under Sections 17.1.2.2 or 17.1.2.3 of Attachment B to this ISO Services Tariff, the real-time Regulation Service market clearing price may be recalculated in light of the Availability Bids of Suppliers and Lost Opportunity Costs of Generators scheduled to provide Regulation Service in real-time.

Specifically, when <u>either the</u> scarcity pricing rule is applicable, the real-time Regulation Service clearing price shall be set to the higher of: (i) the highest total Availability Bid and Lost Opportunity Cost of any Regulation Service provider scheduled by RTD; and (ii) the market clearing price calculated under Section 15.3.5.1 of this Rate Schedule.

15.4.6.2 Calculation of Real-Time Market Clearing Prices for Operating Reserves During EDRP/SCR Activations

15.4.6.2.1 During Intervals When Scarcity Pricing Rule "A" Applies

During any interval in which the ISO is using scarcity pricing rule "A" to calculate LBMPs under Section 17.1.2.2 of Attachment B to this ISO Services Tariff, the real-time market clearing prices for some Operating Reserves products may be recalculated in light of the Lost Opportunity Costs of Resources that are scheduled to provide Spinning Reserves and synchronized 30-Minute Reserves in the manner described below. The ISO shall also consider the Lost Opportunity Costs of Resources providing lower quality Operating Reserves to ensure that the requirements of Section 15.4.4.3 of this Rate Schedule are not violated. Specifically, when the scarcity pricing rule is applicable, the real-time clearing prices for Operating Reserves shall be calculated as defined in 15.4.4.3 by setting the shadow price of each Operating Reserve to the higher of: (i) the highest total Availability Bid and Lost Opportunity Cost of any Operating Reserves provider scheduled by RTD for that product; and (ii) the relevant shadow price calculated under Section 15.4.6.1 of this Rate Schedule for that product. Specifically: The Eastern Spinning Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Spinning Reserve or synchronized 30-Minute Reserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

The Eastern 10-Minute Non-Synchronized Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of synchronized 30-MinuteReserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market

elearing price calculated under Section 15.4.6.1 above.

The Eastern 30 Minute Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of synchronized 30 Minute Reserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

The Western Spinning Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Western Spinning Reserve or Western synchronized 30 Minute Reserves that is scheduled by RTD; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

The Western 10-Minute Non-Synchronized Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Western synchronized 30 Minute Reserve that is scheduled by RTD; and (ii) the original market clearing price calculated

under Section 15.4.6.1 above.

The Western 30 Minute Reserve market clearing price shall be the higher of: i) the highest Lost Opportunity Cost of any provider of Western synchronized 30 Minute Reserve that is scheduled by RTD; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

15.4.6.2.2 During Intervals When Scarcity Pricing Rule "B" Applies

During any interval in which the ISO is using scarcity pricing rule "B" to calculate LBMPs under Section 17.1.2.3 of Attachment B to this ISO Services Tariff, the real-time market clearing prices for some Operating Reserves products may be recalculated in light of the Lost Opportunity Costs of Resources scheduled to provide Spinning Reserve and synchronized 30-Minute Reserve in order to satisfy Eastern Operating Reserve requirements in the manner described below. The ISO shall also consider the Lost Opportunity Costs of Resources providing lower quality Operating Reserves to ensure that the requirements of Section 15.4.4.3 of this Rate Schedule are not violated. Specifically:

The Eastern Spinning Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Eastern Spinning Reserve or Eastern synchronized 30-Minute Reserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

The Eastern 10-Minute Non-Synchronized Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Eastern synchronized 30-Minute Reserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

The Eastern 30-Minute Reserve market clearing price shall be the higher of: (i) the highest Lost Opportunity Cost of any provider of Eastern synchronized 30-Minute Reserve that is scheduled by RTD and is not located on Long Island; and (ii) the original market clearing price calculated under Section 15.4.6.1 above.

Real-Time Market clearing prices for Western Reserve shall not be affected under scarcity pricing rule "B".