

23.5.3 Market Power Mitigation Measures Applicable to Sales of Spinning Reserves

23.5.3.1 Local reliability rules require that specified amounts of Spinning Reserves be provided by In-City Generators. The Spinning Reserve-capable portion of each Generator located in New York City must be made available to the ISO for purposes of meeting the New York City Spinning Reserve requirement.

23.5.3.2 The market power mitigation measures applicable to Spinning Reserves will be implemented when the ISO's least-cost dispatch requires that one or more of the Generators located in New York City be committed to meet the In-City Spinning Reserve requirement. For any day that an In-City Generator is committed to meet the In-City Spinning Reserve requirement under circumstances where the Generator would not otherwise have been committed under the ISO's least-cost dispatch, the market power mitigation measures applicable to unit commitments, as described in Section 23.5.2, would apply.

23.5.3.3 In addition, In-City generators must Bid ~~zero (\$0)~~\$5.00 or less per MW for the availability portion of Day-Ahead Spinning Reserves Bids. The implementation of this mitigation measure will have no effect on the ability of a Generator located in New York City to recover the market-clearing price established by the ISO for the sale of Spinning Reserves.

Within seven months of the date the \$5.00 per MW Bid maximum, referred to in the first paragraph of this Section, becomes effective, the MMU shall independently evaluate the competitiveness of the 10-Minute Spinning Reserve Market and issue a recommendation to the ISO to either maintain the \$5.00 Bid maximum, lower the \$5.00 Bid maximum (but not lower than \$0 per MW), or raise the \$5.00 Bid maximum to \$10.00 per MW. The MMU shall present its recommendation to Market Participants.

The scope of the MMU's evaluation shall include, but not be limited to, an analysis of whether the Bid maximum should be adjusted upward or downward in order to optimize the economic efficiency of any, or all, of the ISO Administered Markets. The ISO will duly consider and, absent any countervailing concerns, implement the MMU's recommendation in a timely manner. The ISO shall notice its Market Participants within two weeks of its decision, provided however, the ISO shall provide such notice at least two weeks in advance of the implementation of any revision to the \$5.00 Bid maximum. The ISO shall also provide notice of its decision to the FERC which, if such notice is to revise the Bid maximum, shall be provided at least two weeks in advance of implementation and which notice shall be accompanied by an appropriately revised Section 23.5.3.3.

Within six months of the date of the MMU's last recommendation, the MMU shall again evaluate the competitiveness of the 10-Minute Spinning Reserve Market and issue a recommendation to the ISO to maintain or adjust the Bid maximum, which recommendation shall be presented to Market Participants. The scope of the evaluation shall include, but not be limited to, an analysis of whether the Bid maximum should be adjusted upward or downward in order to optimize the economic efficiency of any, or all, of the ISO Administered Markets.

The MMU may recommend the then-effective Bid maximum be maintained at its current level, or raised or lowered in \$5.00 per MW increments. The Bid maximum may not be set below \$0 per MW and may only be eliminated after (i) it has been set at \$10.00 per MW, and (ii) the MMU has recommended its elimination. The responsibilities of the MMU that are addressed in this Section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O.

The ISO will duly consider and, absent any countervailing concerns, implement the MMU's recommendation in a timely manner. The ISO shall notice its Market Participants within two weeks of its decision, provided however, the ISO shall provide such notice at least two weeks in advance of the implementation of any revision to the Bid maximum. The ISO shall also provide notice of its decision to the FERC which, if such notice is to revise the Bid maximum, shall be provided at least two weeks in advance of implementation and which notice shall be accompanied by an appropriately revised Section 23.5.3.3. When the MMU recommends, and the ISO implements, elimination of the Bid maximum, the ISO shall submit a compliance filing to the FERC, at least two weeks in advance of the implementation, that removes Section 23.5.3.3 from the Mitigation Measures and includes appropriate accompanying revisions to Section 30.4.6.2.12 of Attachment O.