

PRL Working Group Proposal on EDRP Extension – 09/06/02

A. Description

1. Extend the program through and until October 31, 2004.
Any variations to consider?
2. Separate operational call of SCR from EDRP. SCR would be the first block selected. If more than the total capability of SCR is projected to be needed, then the EDRP would be activated as well.
Presumably, can be in either program but not both?
3. Operations to decide how much and from where SCR/EDRP is called and may be specified down to the zonal level.
Impact of day-ahead notification requirement for SCR.

SCR

4. Institute a minimum guarantee price approach whereby SCR resources will specify an energy curtailment payment up to the EDRP payment level.
How frequently do we allow changes to minimum payment guarantee?
If change is allowed, can it be done at any time or only at certain times?
5. SCRs are the first block(s) selected. If less than full amount of SCR is needed, call for partial response from all SCR participants in the selected zones based on the minimum guarantee prices that will serve the need at the lowest price.
Divide blocks by minimum payment guarantee levels or equally-spaced MW blocks?
If by MW blocks, how do we delineate who goes in which block if all bid the same min. guarantee payment (e.g. SCR resources split into 200 MW blocks, but resources totaling 300 MW provide identical min. guarantee payments)?
If by minimum payment guarantee, same question is valid.
6. SCR minimum guarantee prices would be eligible to participate in the LBMP price setting under the hybrid pricing rules. SCR would be paid the higher of the minimum guarantee or LBMP.
Price-setting mechanism – manual or via software?
What is exact definition of “will set price if needed” – any SCD interval where at least 1 MW of SCR needed to satisfy total reserve requirement?
Highest price within a block sets price for all within the block ?
Treat minimum guarantee payment like BPCG (i.e. over entire interval) or in each hour?

EDRP

7. The EDRP program will continue to pay EDRP customers the higher of \$500/MWh or LBMP when called.
Treat EDRP payment like BPCG or in each hour?
8. Will call all EDRP that is available in the zone(s) that are activated. No pro-rating or round-robin selection at this time, although program participation

will continue to be monitored by PRL and the ISO and will be revisited in the future if necessary.

9. \$500 EDRP price is eligible to participate in LBMP price setting under the hybrid pricing methods.
- B. Market Participants, the Independent Market Advisor and ISO staff will work with the appropriate working group to review the SCR/EDRP hybrid pricing and LBMP price setting ability along with other options to ensure that the most appropriate solution to address the larger issue of pricing during reserve shortages is pursued recognizing that potential technical and resource constraints must also be a consideration.