

#### 4.12.8 Special Case Resource Demand Response Payments

Each time a Special Case Resource is called upon to perform it will receive an Energy payment for the amount of Load reduction resulting from its performance. If the ISO requests performance by Special Case Resources for more than four (4) hours, each Special Case Resource shall be paid for the duration of the event in accordance with this Section 4.12.8, starting with the hour specified by the ISO as the starting time of the activation, or, in the event that the ISO specified that the Demand Reduction begin as soon as possible, starting with the hour that the Special Case Resource began its response. Each Special Case Resource shall be paid the zonal Real-Time LBMP per MWh of demand reduced for the ~~remainder of the four-hour minimum payment period~~duration of the event. Payment for Special Case Resource Load reductions are conditioned upon verification of performance for the time period requested by the ISO.

If the ISO requests performance by Special Case Resources for four (4) hours or less, each Special Case Resource shall be paid as if it had been activated for four (4) hours. Each Special Case Resource that reduces demand shall receive a payment consistent with the ~~hybrid-scarcity~~ pricing rules, in accordance with this Section 4.12.8, for the duration of the ISO request or for two (2) hours, whichever is greater, starting with the hour specified by the ISO as the starting time of the event, or, if the ISO specified that the Demand Reduction begin as soon as possible, starting with the hour that the Special Case Resource began to perform. Each Special Case Resource shall be paid the zonal Real-Time LBMP per MWh of demand reduced for the ~~remainder of the~~ four-hour minimum payment period. Payment for Special Case Resource Load reductions is conditioned upon verification of performance for the timer period requested by the ISO.

Special Case Resource Minimum Payment Nominations would be eligible to participate in the LBMP price setting under the ~~hybrid-scarcity~~ pricing rules, which permit Bids, or in this case Minimum Payment Nominations, to set prices if at least one (1) MW of Special Case Resource Capacity is needed to satisfy the total reserve requirement, following performance and verification. In the event that a Special Case Resource's Minimum Payment Nomination total for the number of hours of requested performance exceeds the LBMP revenue that Special Case Resource receives, that ~~the~~ Special Case Resource will be eligible for a Bid Production Cost Guarantee to make up the difference.

When more than one Special Case Resource has submitted the highest Minimum Payment Nomination selected by the ISO to perform during an event, the ISO will specify the number of MWs of the amount of Special Case Resources that must perform during that event such that all such resources are selected in the same zone provided that single source resources shall be taken without being called upon for partial performance.

To continue the example listed in Section 4.12.3, each Special Case Resource that was called to perform in Zone J would be paid the greater of its Minimum Payment Nomination or the applicable LBMP per MW per hour of requested performance following verification of performance of Demand Reduction. When at least one (1) MW of Special Case Resource

Capacity is needed to satisfy the total reserve requirement the Minimum Payment Nominations submitted by these Resources may be considered when determining the LBMP.

J:\DATA\Client2\09405\section 4.12.8.doc