

output, and purchase Energy in the LBMP Markets, or by an entity engaged in a Bilateral Wheel Through transaction to indicate the Congestion Component cost below which that entity is willing to accept Transmission Service.

2.38a Demand Reduction Aggregator

A Demand Reduction Provider, qualified pursuant to ISO Procedures, that bids Demand Side Resources of at least 1 MW through contracts with Demand Side Resources and is not a Load Serving Entity.

2.38b Demand Reduction

A quantity of reduced electricity demand from a Demand Side Resource that is bid, produced, purchased and sold over a period of time and measured or calculated in Megawatt hours.

2.38c Demand Reduction Payment

A payment to Demand Reduction Providers that are scheduled to make Day-Ahead Demand Reductions that are not supplied by a Local Generator. The payment shall be equal to the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the Day-Ahead scheduled hourly Demand Reduction in MW.

Comment: This payment is not the incentive any longer and the program is being made permanent
Deleted: Incentive

Deleted: Demand Reduction Incentive Payments shall not be made after October 31, 2004.
Inserted:

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Bids to Purchase Energy in the Day-Ahead Market - Each purchaser shall submit Bids indicating the hourly quantity of Energy, in MW, that it will purchase from the Day-Ahead Market for each hour of the following Dispatch Day. These Bids shall indicate the quantities to be purchased by Point of Withdrawal. The Bids may identify prices at which the purchaser will voluntarily Curtail the Transaction, provided however that Bids from External purchasers to purchase Energy in the Day-Ahead Market shall be priced no higher than the Bid that provides the highest scheduling priority for purchases in the LBMP Market, minus the product of (i) the Scheduling Differential and (ii) three.

Bids to Supply Demand Reductions in the Day-Ahead Market – Demand Reduction Bids from Demand Reduction Providers shall be in megawatts and, as described in Attachment D, shall: (i) identify the amount of demand, in MW, that is available for commitment in the Day-Ahead Market (for every hour of the dispatch day) and (ii) the prices at which the Demand Reduction Provider will voluntarily enter into dispatch commitments to reduce demand. The Bids will identify the minimum period of time that the Demand Reduction Provider is willing to reduce demand. The Bid may separately identify the Demand Reduction Provider’s Curtailment Initiation Cost.

Comment: Post SMD 2.0 we do not need to submit bids in whole MW increments and it doesn't appear that the current tariff language requires whole MW increments for entities other than DRPs

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4.7 ISO Responsibility to Establish a State-wide Load Forecast

By 6 a.m., on the day prior to the Dispatch Day, the ISO will verify the Individual Load forecasts from the LSEs. Should the ISO determine that Individual Load forecasts are inconsistent with the ISO’s forecast, the ISO will evaluate the discrepancies between them. By 8 a.m., the ISO will develop and publish its statewide Load forecast on the OASIS. The ISO will use this forecast to perform the SCUC for the Dispatch Day.

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4.16 Day-Ahead LBMP Market Transactions

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator bus and Demand Reduction Bus as described in Attachment B. Each Supplier that bids a Generator into the ISO Day-Ahead Market and is scheduled in the SCUC to sell Energy in the Day-Ahead Market will be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Generator bus; and (b) the hourly Energy schedule. ~~Each LSE that bids into the ISO Day-Ahead Market, including each Customer that submits a bid for a Virtual Transaction, and has a schedule accepted by the ISO to purchase Energy in the Day-Ahead Market will pay the product of: (a) the Day-Ahead hourly Zonal LBMP at each Point of Withdrawal; and (b) the scheduled Energy at each Point of Withdrawal. Each Customer that submits a Virtual Transaction bid into the ISO Day-Ahead Market and has a schedule accepted by the ISO to sell Energy in a Load Zone in the Day-Ahead Market will receive a payment equal to the product of (a) the Day-Ahead hourly zonal LBMP for that Load Zone; and (b) the hourly scheduled Energy for the Customer in that Load Zone. Each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in the SCUC to reduce demand shall receive a Demand~~

Comment: This is the incentive piece, as described in the manual, that we are eliminating

Deleted: For each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in SCUC to reduce demand, the LSE providing Energy service to the Demand Side Resource that accounts for the Demand Reduction shall be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction Bus; and (b) the hourly demand reduction scheduled Day-Ahead (in MW).

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Reduction Payment from the ISO equal to the product of: (a) the Day-Ahead hourly LBMP at the Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the scheduled hourly Demand Reduction (in MW).

Deleted: Incentive

A zonal floor bid price of \$~~50~~75/MW hour is applicable to all Day-Ahead Demand

Comment: We are making the unincetivized program permanent

Deleted: , provided however that Demand Reduction Incentive Payments shall not be available for Demand Reductions after October 31, 2004~~3~~

Response Resources that bid into the Day-Ahead Energy market.

Comment: We are increasing the bid floor price from \$50 to \$75/MWh

The ISO shall publish the Day-Ahead Settlement Load Zone LBMPs for each hour in the scheduling horizon (nominally twenty-four (24) hours). The ISO shall then close the Day-Ahead Settlement.

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Reduction imbalance charge consisting of the product of: (a) the Real-Time LBMP for that hour and (b) the difference between the scheduled Demand Reduction and the actual Demand Reduction in that hour

Comment: We are eliminating the "higher of" imbalance charge

Deleted: the greater of the Day-Ahead LBMP or

D. Settlement When Actual Energy Withdrawals are Less Than Scheduled Energy Withdrawals Other Than Actual or Scheduled Withdrawals in Virtual Transactions

When a Customer's Actual Energy Withdrawals over an SCD interval are less than its Energy withdrawals scheduled Day-Ahead over that SCD interval, the Customer

Comment: This deleted section relates to the LSE incentive payment that is being eliminated.

Deleted: When actual Demand Reduction over an hour from a Demand Reduction Provider that is not the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled over that hour, then (1) the LSE providing Energy service to the Demand Reduction Provider's Demand Side Resource(s) shall pay a Demand Reduction imbalance charge equal to the product of (a) the Day-Ahead LBMP calculated for that hour for the applicable Load bus and (b) the difference between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour, and (2) the Demand Reduction Provider will pay an amount equal to (a) the product of (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Load bus, and (ii) the difference between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour, and (b) minus the amount paid by the LSE providing service to the Demand Reduction Provider's Demand Side Resource(s) under (1), above.*

The ISO shall recover supplemental payments and the Bid Curtailment Cost Guarantee
portion of the Demand Reduction Payments to Demand Reduction Providers pursuant to Rate

Comment: Conforming to new definition

Deleted: Incentive

Schedule 1 of its Open Access Transmission Services Tariff, from all Loads excluding exports and Wheels Through on a zonal basis in proportion to the benefits received after accounting for, pursuant to ISO Procedures, Demand Reduction imbalance charges paid by Demand Reduction Providers pursuant to Section 4.18.

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