

ISO, provided however that Availability Bids from Class A Units to provide 30-Minute Reserves for each hour shall be limited to zero and Class A Units that have submitted Real-Time Energy Bids shall be deemed to have submitted a Real-Time Availability Bid of zero to provide 30-Minute Reserve to the ISO for their full capability. These Real-Time Availability Bids may differ from Availability Bids that were made by those Suppliers in the Day-Ahead commitment, except that for Suppliers located east of the Central-East constraint, Real-Time Availability Bids to provide 10-Minute NSR for each hour shall be limited to the incremental costs associated with the provision of 10-Minute NSR, not to exceed \$2.52/MW in each hour. If the ISO anticipates that additional Suppliers of 10-Minute NSR or 30-Minute Reserve are needed in an hour, it shall select additional Suppliers of 10-Minute NSR or 30-Minute Reserve from among those Suppliers that have supplied Real-Time Availability Bids to it for that hour. It shall make this selection with the objective of minimizing the cost of meeting Load and providing all necessary Ancillary Services in that hour.

The ISO may perform multiple selections of Suppliers of 10-Minute NSR or 30-Minute Reserve for any given hour. Suppliers bidding to supply 10-Minute NSR or 30-Minute Reserve that have not already been scheduled to provide 10-Minute NSR or 30-Minute Reserve, other than Class A Units that have submitted Real-Time Energy Bids, may change their Real-Time Availability Bids from one hour to the next, except that for Suppliers located east of the Central-East Constraint, Real-Time Availability Bids to provide 10-Minute NSR for each hour shall be

Issued by: William J. Museler, President

Effective: ~~January 2, 2001~~ May 30, 2002

Issued on: ~~January 16, 2001~~ May 8, 2002

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER99-4235-002, issued December 18, 2000.~~

limited to the incremental costs associated with the provision of 10-Minute NSR, not to exceed \$2.52/MW in each hour. The ISO shall notify each Supplier of 10-Minute NSR or 30-Minute Reserve that has been scheduled in the Real-Time dispatch of the amount of 10-Minute NSR or 30-Minute Reserve it must provide. Any Supplier whose Bid to provide 10-

been scheduled to provide 10-Minute NSR or 30-Minute Reserve.

Suppliers may not use, contract to provide or otherwise commit any Capacity on any Generator that has been scheduled to provide 10-Minute NSR or 30-Minute Reserve in the Day-Ahead commitment or in the Real-Time dispatch. Subject to the limitations on Installed Capacity Suppliers, if applicable, they may enter into alternate sales arrangements utilizing any Capacity that has not been scheduled to provide 10-Minute NSR or 30-Minute Reserve in either the Day-Ahead commitment or in the Real-Time dispatch.

3.4 10-Minute NSR and 30-Minute Reserve Service in Real-Time Operation

Suppliers of 10-Minute NSR and 30-Minute Reserve shall respond to direction by the ISO to activate. When reserve is activated, the ISO shall measure actual performance against expected performance and shall charge financial penalties as detailed in Section 5 of this Rate Schedule, to

Suppliers of 10-Minute NSR or 30-Minute Reserve, other than Class A Units supplying 30-Minute Reserves, which fail to perform in accordance with their accepted Bids.

4.0 Payments to Suppliers of Spinning Reserve

Locational Day-Ahead Availability Payments

Each Supplier which the ISO has scheduled Day-Ahead to provide Spinning Reserve shall be paid the Day-Ahead Availability price for Spinning Reserve in each hour, multiplied by the amount of Spinning Reserve that Supplier is scheduled to provide in each hour. The Day-

shall be charged the Real-Time Availability price at its location (or the Day-Ahead Availability price, if there is no Real-Time Availability price) in each hour for the relevant category of Operating Reserves applied to the reduction in the amount of Operating Reserves it was scheduled Day-Ahead to provide at that location.

If the ISO calls for a Supplier of any category of Operating Reserves (other than a Supplier that has previously tripped off-line) to generate Energy with part or all of the Capacity that the ISO has scheduled to provide any category of Operating Reserves, and that Supplier fails to provide the amount of Energy requested by the ISO within the time applicable for the scheduled Operating Reserves (ten (10) or thirty (30) minutes), the ISO shall:

- (1) not pay the non-performing Supplier for any shortfall in the amount of Energy provided;
- (2) charge the Supplier for any shortfall in the amount of Energy provided, at the Real-Time LBMP for Energy at that Supplier's location; and
- (3) ~~charge the Supplier a regulation penalty, as described in Rate Schedule 3; and~~
- (4) ~~reduce any Availability payments for the scheduled Operating Reserves, and any~~
Lost Opportunity Cost payments, if applicable, that the Supplier would otherwise have received for the 24-hour billing period in which that Supplier failed to