

Rate Schedule 3 Insert

When SCR/EDRP is called in the East and it is determined that, but for the Expected Load Reduction, the Available Reserves located East of Central-East would have been less than the requirement for 10-Minute Reserves located East of Central-East the real-time Regulation market clearing prices will be recalculated by inspecting the availability bids and opportunity costs of resources scheduled to provide regulation in real-time.

When SCR/EDRP is called in the NYCA and it is determined that, but for the Expected Load Reduction, the Available Reserves would have been less than the NYCA requirement for total 30-Minute Reserves the real-time Regulation market clearing prices will be recalculated by inspecting the availability bids and opportunity costs of resources scheduled to provide regulation in real-time.

In each case the regulation clearing price is set to the higher of: i) the highest sum of LOC and availability bid of any regulation provider scheduled by RTD; and ii) the original market clearing price.

5.4 Performance-Based Adjustments to Regulation Service Payments

The total amount paid to Generators for providing Regulation Service shall be reduced to reflect the Generator's performance pursuant to the following formula:

$$Total\ Payment_i = (DAMCPreg_i \times DARcap_i) + ((RTRcap_i \times \underline{K_{PI}}) - DAR_{cap}) \times RTMCPreg_i$$

$$\underline{Total\ Payment} = \underline{\sum_i (Total\ Payment_i * (s_i / 3600))}$$

Where:

DAMCPreg_i is the applicable Market Clearing Price for Regulation Service (in \$/MW), from the hour of Day-Ahead Market including interval i as established by the ISO pursuant to Section 4.1 of this Rate Schedule;

DARcap_i is the Regulation Service Capability (in MW) offered by the Generator and selected by the ISO in the hour of the Day-Ahead Market that includes interval i;

RTMCPreg_i is the applicable Market Clearing Price for Regulation Service (in MW), from interval i in the Real-Time Market as established by the

ISO under Section 5.1 of this Rate Schedule;

$RTRcap_i$ is the Regulation Service Capability (in MW) offered by the Generator and selected by the ISO from interval i in the Real-Time Market;

s_i is the number of seconds in interval i ; and

K_{PI} is a factor, with a value between 0.0 and 1.0 inclusive, derived from each Generator's Regulation Service performance, as measured by the performance indices set forth in the ISO Procedures, and determined pursuant to the following equation:

$$K_{PI} = \frac{PI - PSF}{1 - PSF}$$

Where:

PI is the Generator's performance index; and

PSF is the payment scaling factor, established pursuant to ISO Procedures.

The PSF shall be set between 0 and the minimum performance index required for payment of Availability payments. The PSF is established to reflect the extent of ISO compliance with the standards established by NERC, NPCC or Good Utility Practice for Control Performance and System Security. The PSF is set initially at zero. Should the ISO's compliance with these measures deteriorate, in a manner that can be improved if regulation performance improves, the PSF will be increased. Generators providing Regulation Service will be required to increase their performance index to obtain the same total Regulation Service payment as they received during periods of good ISO performance, as measured by these standards.

Rate Schedule 4 Insert

When SCR/EDRP is called in the East and it is determined that, but for the Expected Load Reduction, the Available Reserves located East of Central-East would have been less than the requirement for 10-Minute Reserves located East of Central-East the real-time Eastern Reserve market clearing prices will be recalculated by inspecting the opportunity costs of synchronized resources scheduled for reserves meeting each Eastern requirement. Reserves of lower qualities are also considered to ensure that the cascading of reserve pricing is maintained.

The Eastern spinning reserve clearing price is set to the higher of: i) the highest LOC of any Eastern spinning reserve or synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

The Eastern 10-minute non-synchronized reserve clearing price is set to the higher of: i) the highest LOC of any Eastern synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

The Eastern 30-minute reserve clearing price is set to the higher of: i) the highest LOC of any Eastern synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

Real-time Reserve market clearing prices in the West are not affected

When SCR/EDRP is called in the NYCA and it is determined that, but for the Expected Load Reduction, the Available Reserves would have been less than the NYCA requirement for total 30-Minute Reserves the real-time market clearing prices for reserves will be recalculated by inspecting the opportunity costs of synchronized resources scheduled for reserves meeting each requirement. Reserves of lower qualities are also considered to ensure that the cascading of reserve pricing is maintained.

The Eastern spinning reserve clearing price is set to the higher of: i) the highest LOC of any spinning reserve or synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

The Eastern 10-minute non-synchronized reserve clearing price is set to the higher of: i) the highest LOC of any synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

The Eastern 30-minute reserve clearing price is set to the higher of: i) the highest LOC of any synchronized 30 minute reserve provider scheduled by RTD and not located on Long Island; and ii) the original market clearing price.

The Western spinning reserve clearing price is set to the higher of: i) the highest LOC of any Western spinning reserve or synchronized 30 minute reserve provider scheduled by RTD; and ii) the original market clearing price.

The Western 10-minute non-synchronized reserve clearing price is set to the higher of: i) the highest LOC of any Western synchronized 30 minute reserve provider scheduled by RTD; and ii) the original market clearing price.

The Western 30-minute reserve clearing price is set to the higher of: i) the highest LOC of any Western synchronized 30 minute reserve provider scheduled by RTD; and ii) the original market clearing price.

