

The proposed tariff changes for discussion at the 12/15/23 MIWG are built on the redlines approved at the December 2022 Management Committee meeting. New changes for discussion are highlighted yellow

15.4 Rate Schedule 4 - Payments for Supplying Operating Reserves

15.4.3 General Real-Time Market Rules

15.4.3.1 Bid Selection

The ISO will automatically select Operating Reserves Suppliers in real-time from eligible Resources, that submit Real-Time Bids pursuant to Section 4.4 of, and Attachment D to, this ISO Services Tariff. Each Supplier will automatically be assigned a real-time Operating Reserves Availability bid of \$0/MW for the quantity of Capacity that it makes available to the ISO in its Real-Time Bid. The ISO may schedule Suppliers that make themselves available to provide Operating Reserves up to the following maximum Operating Reserve levels: (i) for Spinning Reserves, the least of the Resource's emergency response rate multiplied by ten and the Resource's applicable Upper Operating Limit (UOL_N or UOL_E); (ii) for 10-Minute Non-Synchronized Reserves, or for non-synchronized 30-Minute Reserves, the Resource's UOL_N or UOL_E , whichever is applicable at the relevant time (the Resource may offer one product or the other depending on the time required for it to start-up and synchronize to the grid); and (iii) for synchronized 30-Minute Reserves, the least of the Resource's emergency response rate multiplied by twenty and the Resource's applicable Upper Operating Limit (UOL_N or UOL_E).

However, (a) the sum of the amount of Energy or Demand Reduction, that each Resource is scheduled to provide, the amount of Regulation Service it is scheduled to provide, and the amount of each Operating Reserves product it is scheduled to provide shall not exceed its UOL_N or UOL_E , whichever is applicable, and (b) the quantity of Operating Reserves a Hybrid Storage Resource is scheduled to provide may be further limited by an Operating Reserve Limit that is considered by the NYISO's Real-Time Commitment or its Real-Time Dispatch (as appropriate).

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For an Energy Storage Resource or a Hybrid Storage Resource that is withdrawing Energy, the sum of the Resource's Energy Schedule, the amount of Regulation Capacity it is scheduled to provide and the amount of Operating Reserves product it is scheduled to provide shall not exceed its UOL. The ISO may limit the availability of a Withdrawal-Eligible Generator to provide Operating Reserves based on its Energy Level constraints.

For ~~a~~Co-located Storage Resources the sum of the amount of Energy each Generator is scheduled to provide, the amount of Regulation Service the Energy Storage Resource and any Fast Start Resource other participating Generator that is eligible to provide Regulation Service ~~are~~is scheduled to provide, and the amount of each Operating Reserves product the Energy Storage Resource and any other participating Fast Start Resource Generator that is eligible to provide Operating Reserves ~~are~~is scheduled to provide, shall account for the CSR injection Scheduling Limit consistent with ISO Procedures. The net amount of Energy that the CSR Generators are scheduled to withdraw, plus the amount of Regulation Service the Energy Storage Resource and any other participating Fast Start Resource Generator that is eligible to provide Regulation Service ~~are~~is scheduled to provide, shall account for the CSR withdrawal Scheduling Limit consistent with ISO Procedures.

Operating Reserve Limits must reflect physical or operational, not economic, limitations, and must be updated consistent with Section 4.4.1.2 of the Services Tariff.

Suppliers will thus be selected on the basis of their response rates, their applicable upper operating limits, applicable Operating Reserve Limits, and their Energy Bids (which will reflect their opportunity costs) through a co-optimized real-time commitment process that minimizes the total bid cost of Energy, or Demand Reduction, Regulation Service, and Operating Reserves. As part of the process, the ISO shall determine how much of each Operating Reserves product

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particular Suppliers will be required to provide in light of the Reliability Rules and other applicable reliability standards, including the locational Operating Reserves requirements and Scarcity Reserve Requirements specified above.