

The proposed tariff changes for discussion at the May 20, 2024, MIWG are built on the redlines approved at the December 2022 and March 2024 Management Committee meetings. New changes for discussion are highlighted yellow.

## 15.4 Rate Schedule 4 - Payments for Supplying Operating Reserves

### 15.4.2 General Day-Ahead Market Rules

#### 15.4.2.1 Bidding and Bid Selection

For an Energy Storage Resource or 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 Upper Operating Limit.

For 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 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 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 Generator that is eligible to provide Regulation Service areis scheduled to provide, shall account for the CSR withdrawal Scheduling Limit consistent with ISO Procedures.

The Operating Reserves a Hybrid Storage Resource is scheduled to provide will be limited by an Operating Reserve Limit that is provided with the Resource's Availability Bid. Operating Reserve Limits must reflect expected physical or operational, not economic, limitations.

The ISO shall select Operating Reserve Suppliers for each hour of the upcoming day through a co-optimized Day-Ahead commitment process that minimizes the total bid cost of

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Energy, Operating Reserves and Regulation Service, using Bids submitted pursuant to Section 4.2 of, and Attachment D to, this ISO Services Tariff. As part of the co-optimization process, the ISO shall determine how much of each Operating Reserves product particular Suppliers will be required to provide in light of the Reliability Rules and other applicable reliability standards, including the locational Operating Reserves requirements specified above.

### **15.4.3 General Real-Time Market Rules**

#### **15.4.3.1 Bid Selection**

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 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 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 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.

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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 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.