

**Dispute Submittal Guide: Ancillary Service Capacity Payments****Ancillary Service (A/S) Capacity Payments**

Charge Types 1, 2, 5, 6, 51, 52, 55, and 56

Description

This section of the Dispute Submittal Guide describes the information pertinent to payments made to suppliers for the sale of the various Ancillary Services (A/S) into the ISO Day-Ahead and Hour-Ahead markets. The Ancillary Services payments are for the capacity (just for being ready and available), and SCs are paid based on final accepted bids for A/S capacity sold into the D/A and H/A markets separately for each service. If the ISO dispatches the resource to provide energy in the real-time market, payment for that energy is made separately through the Instructed Imbalance Energy charge type (CT4401). For purposes of this guide, Replacement Reserves will not be covered as the ISO typically does not procure that service.

Ancillary Services are reserve generation, load or import capacity that is on “standby”, meaning they are available to be dispatched by the ISO as energy in real-time in order to meet reliability needs and/or to manage the differences between what energy that is scheduled and what is actually consumed/produced in real-time (balancing energy). There are four different types of A/S procured by the ISO through the D/A and H/A markets, Regulation (Reg), Spinning Reserves (Spin), Non-Spinning Reserves (Non-Spin), and Replacement Reserves. Prior to a resource selling A/S into the ISO markets, the ISO must certify the resource’s ability to perform in accordance with the standards of the particular service.

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CT 1 and CT 2 are the D/A Spinning and Non-Spinning Reserve payments, respectively, to SCs for their sales of the services. CT 5 and CT 6 are the D/A AGC/Regulation Up and D/A AGC/Regulation Down payments, respectively, to SCs for their sales of the services. CT 51 and CT 52 are the incremental H/A Spinning and Non-Spinning Reserve payments/charges to the SC. CT 55 and CT 56 are the H/A incremental payments/charges for AGC / Reg Up and AGC / Reg Down.

1. Minimum Supplemental Information Required for Dispute Submittal

In order to support its claim when submitting a dispute, the SC must identify what specific component(s) of the calculation it disagrees with, and provide an explanation of why the SC believes the ISO data is incorrect or the SC’s suggested correction is correct. The SC needs to be very specific, and describe exactly why the dispute is being submitted within the Detailed Description field of the SDS ticket. In addition to this standard

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information required for all disputes, as discussed in Section 3 of the Dispute Submittal Guide, disputes in this charge type category should also include the following additional data elements/information:

- Resource ID
- Evidence in support of the SC's suggested correction, such as
 - Final D/A and H/A Final Schedules reflecting the awarded A/S Capacity

Discussion of Potential A/S Payment Disputes:**Billable Quantity Disputes:**

If an SC disagrees with its Billable Quantity for its sale of any Ancillary Services, it will need to specify what the correct BQ is and explain and/or exhibit how it determined that BQ. For example, did the SC set its self-provision flag to 'Y' thus there should be no payment? Or, did the Final DA Schedules reflect a different quantity than reflected in the Settlement Statement? The SC will need to indicate what this issue is in the Detailed Description field of the SDS ticket. Additionally, the SC should attached supporting evidence to the SDS ticket, such as Final D/A or H/A Schedules reflecting the quantity they are claiming.

Price Disputes:

When selling Ancillary Services capacity, the SC is entitled to receive the MCP for the particular market and service type, which should always be greater than or equal to the SC's bid for that service. If the SC does not believe it was compensated at the correct price, it will need to indicate what price it believed it should have been paid at and why. Again, the Final Schedules from the ISO reflecting the awarded A/S Capacity can be submitted as supporting evidence of the bid price and awarded capacity MW.

2. Calculation Components

The below listed calculation components and the simplified equations provided in the next section are provided to aide SCs in understanding their Settlements charges. By determining the components identified below and plugging them into the simplified formulas in Section 3, a SC should be able to validate its charge, as well as identify where discrepancies exist between its data and the ISO data. If a SC is using a different value for a component, it should describe the difference in a dispute and demonstrate how the SC's value was derived. This explanation is necessary if the SC wishes to disprove the ISO data.

For CT 1, 2, 5, 6, 51, 52, 55, and 56 the components of the calculation are as follows::

Price Components:

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- D/A Zonal MCP (Spin, Non-Spin, Reg. Up, or Reg. Down)
- H/A Zonal MCP (Spin, Non-Spin, Reg. Up, or Reg. Down)
- Bid Price

BQ Components:

- Final Accepted D/A Schedule (Spin, Non-Spin, Reg. Up, or Reg. Down)
- Final Accepted H/A Schedule (Spin, Non-Spin, Reg. Up, or Reg. Down)

3. Explanation of Charge Type Calculations

The below equations are simplified to aid the reader in understanding the various concepts, and are not intended to capture every potential scenario or nuance of each Charge Type algorithm. For the actual detailed calculations, refer to the ISO Settlement Charge Matrix and/or the Settlements Guide documents posted on the ISO Website.

CT 1, 2, 5 and 6:

A/S Capacity Payment = BQ * Price, where:

Price = D/A MCP for applicable A/S

Billable Quantity = Final Accepted D/A bid by unit

CT 51, 52, 55 and 56:

A/S Capacity Payment = BQ * Price, where:

Price = H/A MCP for applicable A/S

Billable Quantity = Final Accepted H/A Schedule - Final Accepted D/A Schedule
– Buy Backs of Self Provided A/S

Buy Backs of Self Provided A/S is determined in the Final Schedule templates. If a participant self provides the A/S in the D/A Market, and reduces its self-provision in the H/A Market, the reduction will result in a H/A Charge for that A/S.

4. Validation Sources

For the Ancillary Service Cost Allocation charge types, the Settlements Guide documents posted on the ISO Website provide a wealth of detail on the validation source information for the various charge components. Rather than repeating the information here, we are referring you to the Settlement Guide documentation at <http://www.caiso.com/clientserv/settlements/SettlementsGuide/index.html>.



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CT Component	Source of the Data	Validation Information that can be found at the Source
All	Multiple	<ul style="list-style-type: none">• See Applicable A/S section in Settlements Guide