

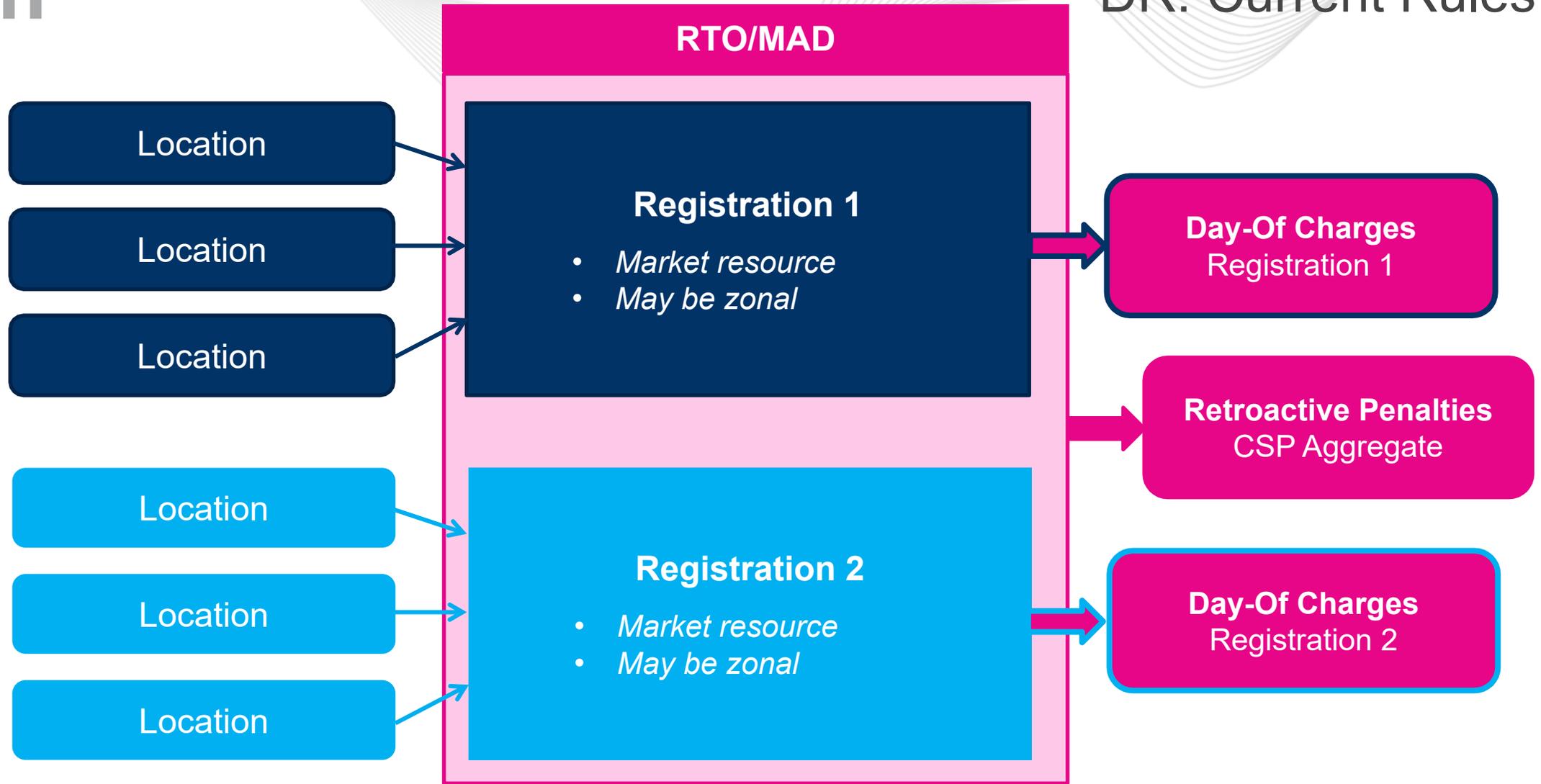


# Clarification of RCSTF Proposed Penalty Changes for DR/DER Aggregation Resources

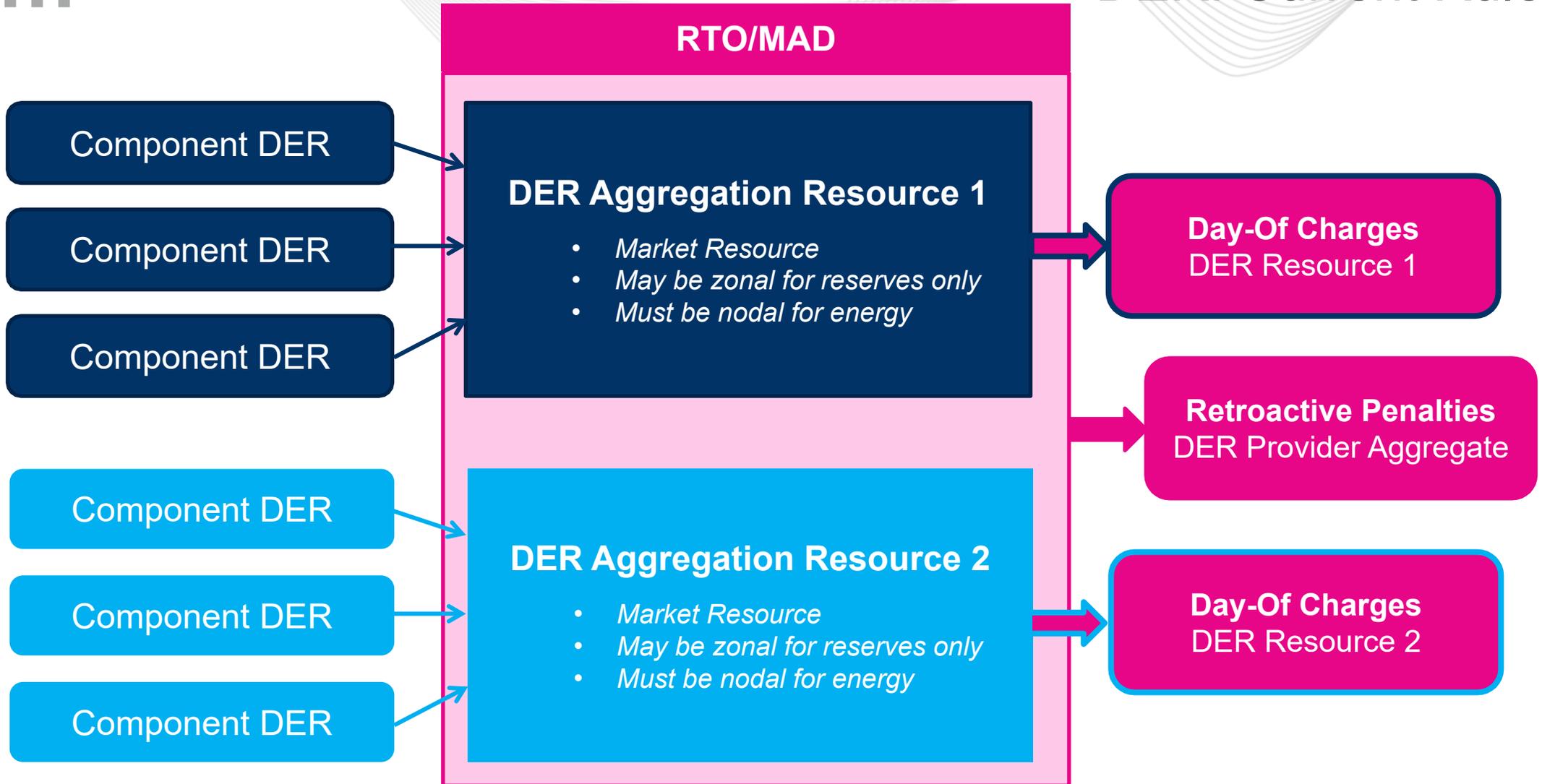
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April 17, 2024

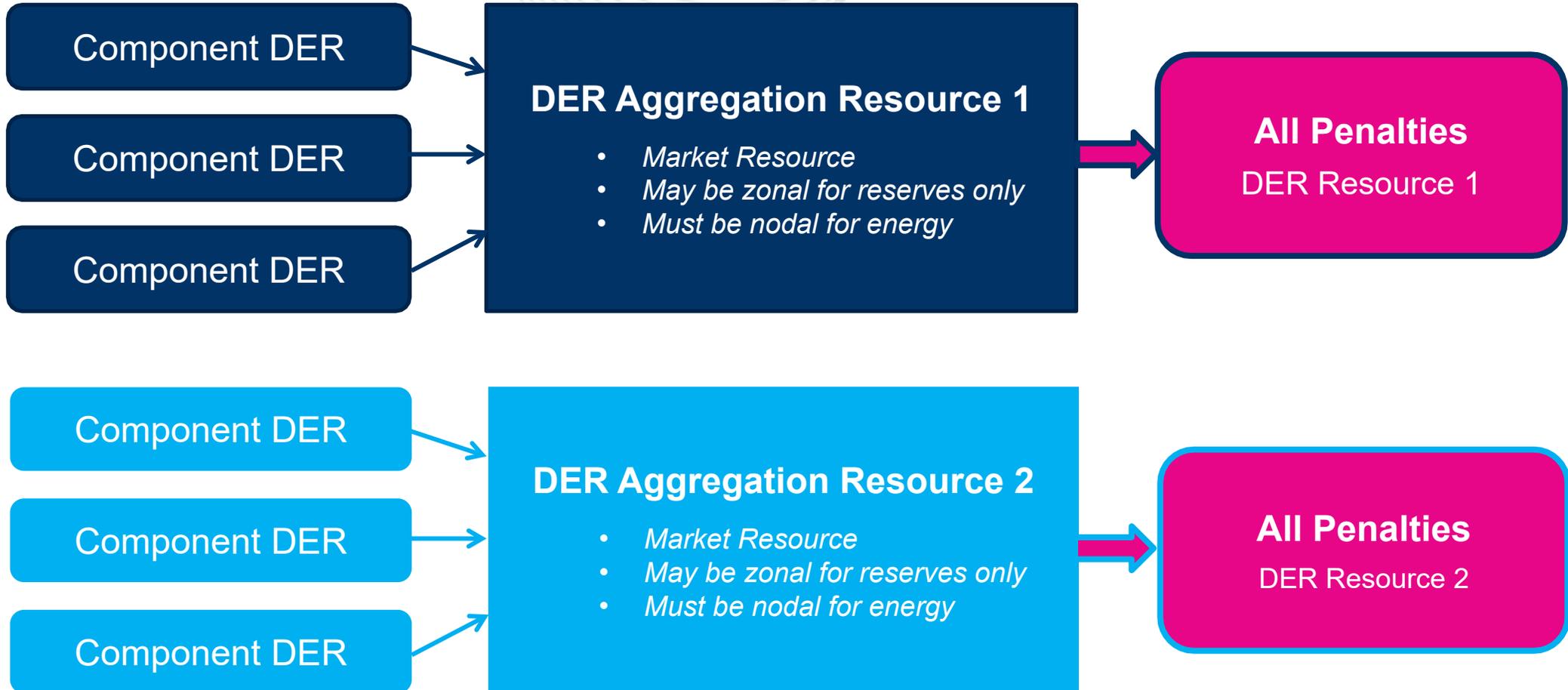
Market participants that fail to respond to a reserve event with their assigned or self-scheduled amount of reserves have an obligation to repay all or a portion of the credits received on both:

- The day-of the event (including five-minute intervals outside of the event). Performance is assessed and penalties are incurred at the market resource level.
  - *No changes are proposed.*
- Over the immediate past interval, which is equal to the lesser of: 1) the average number of days between events OR 2) the number of days since resource's last non-performance. Performance is assessed at the market resource level, but is then aggregated to the CSP in order to assign penalties.
  - *Proposal is to transition to a fixed \$/MW penalty rate and levy penalties at the market resource level, aligning this new penalty with the manner in which the day-of penalty is levied.*









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