

Effective Date	
Impacted Manual #(s)/Manual Title(s):	
M11: Energy and Ancillary Service market Operations M28: Operating Agreement Accounting	
Conforming Order(s):	
N/A	
Associated Issue Tracking Title:	Tier 1 Compensation
Committee Approval Path - What committee(s) have already seen these changes?	
MIC	
MRC 1st read date:	
MRC voting date:	
Impacted Manual sections:	
<p>Manual 11:</p> <ul style="list-style-type: none"> - 4.1 – Added overview of compensation for Tier 1 Synchronized Reserve Resources that do not opt out of a Tier 1 Performance Obligation - 4.2.1 – Updated business rules for determining a resource’s Tier 1 estimate and communication of its availability - 4.2.4 – Referenced ability to update Synchronized Reserve Availability for Tier 1 resources in eMKT - 4.2.6 – Updated business rules for how Tier 1 reserves are estimated and communicated to resource owners and how Tier 1 Performance Obligations are determined - 4.2.10 – Updated business rules to state that Tier 1 resources accepting a Performance Obligation are compensated for their Tier 1 MW estimate whenever the Non-Synchronized Reserve Market Clearing Price is greater than \$0. - 4.2.12 – Updated business rules to include penalties for non-performance of Tier 1 resources with a Performance Obligation that match penalties for non-performance of Tier 2 resources - Other minor revisions for clarity and to clean up formatting <p>Manual 28:</p> <ul style="list-style-type: none"> - 6.1 – Updated overview of how Tier 1 reserves are compensated - 6.2 – Specified that only Tier 1 resources that accept a Performance Obligation will receive the Synchronized Reserve Market Clearing Price when NSRMCP > \$0. Moved the refund payment for 	

underperformance during a synchronized reserve event from section 6.3 to this section.

Reason for change:

These changes support a proposal developed by the MIC. The proposal addresses more clearly defining the amount of Tier 1 Synchronized Reserve resources that should be compensated when the Non-Synchronized Reserve Market Price is greater than \$0 and the tying of a Performance Obligation to that compensation.

Summary of the changes:

Tier 1 Compensation Proposal:

- Outside of a spin event, Tier 1 resources that do not opt-out will accept a Performance Obligation when the NSRMCP is greater than \$0 and will be paid for the amount of their Tier 1 estimate from RT SCED at the SRMCP.
- Tier 1 estimates for resources that are self-scheduled and economically dispatched at their economic minimum will equal zero.
- During a spin event, resources with no Tier 1 estimate or resources that opt-out of accepting a Performance Obligation will be paid the synch reserve premium price (status quo) if they do respond. Resources that accept a Tier 1 Performance Obligation will be paid for the amount of their Tier 1 estimate from RT SCED at the SRMCP.
- Tier 1 Synchronized Reserve resources that respond to a spin event will be made whole to their cost to respond to the event unless self-scheduled for energy and dispatched at economic minimum.
- Apply the current Tier 2 compensation refund structure to any resource that accepts a Performance Obligation and does not provide the full amount of their Tier 1 estimate during a spin event.
- A Tier 1 resource will be allowed to update its Spin Max value at any point during the operating hour to allow a more accurate reflection of a resource's reserve capability and a more reliable Tier 1 MW estimate.