Key Principle 1.6 – Ancillary Service Imbalance Settlement

The Real-Time Ancillary Service (AS) imbalance Settlement process for the Operating Reserve Demand Curve (ORDC) will be replaced with a new process for Real-Time Co-Optimization (RTC).

# Principle Concepts

# *Approved Principle Concepts*

None

#  *Principle Concepts for Voting*

1. The new AS imbalance Settlement process will not create new sources of uplift or Make-Whole Charges/Payments for Load Serving Entities (LSEs).
2. AS imbalance calculations will be created for each AS product in the Real-Time Market (RTM); Settlement calculations for AS products in the Day-Ahead Market (DAM) will not change.
3. 15-minute Settlement of non-zero net AS imbalance amounts will be charged/paid to Qualified Scheduling Entities (QSEs) on a Load Ratio Share (LRS) basis; Where a DAM award and self-arrangement MW amount is equal to the corresponding RTM award MW amount, there will be no LRS-based charge/payment.
4. Under RTC, a QSE’s RTM AS Obligation shall equal the RTM LRS multiplied by sum of all RTM AS awards (i.e., there will be no portfolio self-arrangement for the RTM).

Note: For non-consensus items, opposing key principle or principle concept language would be provided in this form to TAC for their review.

# *Future Decision Points and Issues for Developing Principle Concepts*

1. AS Supply Responsibility in the RTM, and removal of unnecessary Settlement provisions and formulas (failure to provide, infeasibility, etc.)

# Applicable Protocol Sections

The following sections of the Protocols will be edited to reflect the new Ancillary Service Imbalance with RTC:

*6.7 Real-Time Settlement Calculations for the Ancillary Services*