



Tier 1 Compensation Update

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Tier 1 synch reserves are credited at the synch reserve market clearing price when the non-synch reserve market clearing price is above \$0.

1. The quantity of Tier 1 that should be credited is unclear. It could be interpreted as:
 - The amount of Tier 1 estimated by the market clearing engine on an hour-ahead basis
 - The amount of Tier 1 estimated to be available in the operating hour
 - The amount of Tier 1 calculated to be available in the operating hour based on meter data

What is the appropriate interpretation?

2. Is it appropriate to compensate Tier 1 aside from when it responds to a synch reserve event?

- Seeking MIC guidance on venue for continued discussions
 - Decision was deferred at the time of the issue charge approval, pending first education session (held Jan 5)
 - Sub-group recommends continuing discussions in special sessions of the MIC