Module 4: Reserve Market

What is the Reserve Market?

This invoice line item is for the settlement of the Locational Forward Reserve Market (LFRM) and the Real-Time Reserve Market. The Locational Forward Reserve Market is the procurement mechanism for forward delivery of products to meet 10-minute non-synchronous reserve (TMNSR) and 30-minute operating reserve (TMOR) requirements in New England during on-peak hours. Market Participants offer their bids into the Locational Forward Reserve Market Auction which occurs twice annually prior to each Seasonal Capability Period. (The Summer season period is June – September; the Winter period is October – May). Payments for Locational Forward Reserve service are made to Market Participants with LFRM obligations based on the value of the Forward Reserve Clearing price for the appropriate zone and product. In order for Participants to meet their obligations in the market, eligible forward reserve resources must be assigned in advance of the operating day to provide reserves on an hourly basis. Real-Time Reserve Market capability on eligible assets is designated by the ISO during the operating day, and resources that provide these reserves will be paid based on the value of the hourly Real-Time Reserve Clearing Price for the appropriate zone and product.

Who can expect to incur a Reserve Market Credit or Charge?

The Market Participant with an obligation in the Locational Forward Reserve Market will receive credits for service delivered. The Market Participant with ownership in a resource that provides Real-Time Reserves will receive credits for service during hours that the Reserve Clearing Price is not zero; however, payments are adjusted in order to prevent an asset for being compensated for both services at the same time. The hourly totals of the Reserve credits are allocated as charges pro-rata to Market Participants based on Real-Time Load obligations. Participants with Locational Forward Reserve obligations who fail to provide the service will not be paid, and are subject to penalties. Any credit reductions or penalties assessed in the Reserve Market will serve to decrease the charges billed to Market Participants with Real-Time Load obligations.

In what document(s) do I find details about the Reserve Market?

Read Market Rule 1 and ISO – New England Manual 36 for details.

Where are the reference reports located?

Market Information Server (MIS) report data are available to the Market Participants via the ISO New England FTP file server. The MIS Report Description document contains field descriptions of all of the report data, and the templates provide descriptive headers for these data.

The Reserve Market settlement is summarized in daily MIS reports prefixed with the name SR_RSVSTL. Locational Forward Reserve credits and charges are calculated for the on-peak hours of the day (hours ending 8 through 23) excluding weekends and NERC Holidays. Real-time Reserve credits and charges are calculated in any hour when a Reserve Market Clearing Price is non-zero. The MIS report prefixed with the name SD_RSVASTDTL summarizes the activity for each asset for each hour of the day in greater detail.

Is there an ISO New England Training Presentation available?

Yes, the Reserve Market is discussed in detail in the materials provided in our Wholesale Electricity Markets ("WEM 101") classroom course.