**III.13.7.2.3 Capacity Balancing Ratio.**

For each five-minute interval in which a Capacity Scarcity Condition exists, the ISO shall calculate a Capacity Balancing Ratio using the following formula:

(Load + Reserve Requirement) / Total Capacity Supply Obligation

(a) If the Capacity Scarcity Condition is a result of a violation of the Minimum Total Reserve Requirement such that the associated system-wide Reserve Constraint Penalty Factor pricing applies, then the terms used in the formula above shall be calculated as follows:

Load = the total amount of Actual Capacity Provided (excluding applicable Real-Time Reserve Designations) from all resources in the New England Control Area during the interval.

Reserve Requirement = the Minimum Total Reserve Requirement during the interval.

Total Capacity Supply Obligation =

1. For each interval that occurs during Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the New England Control Area during the interval.
2. For each interval that occurs outside of Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the New England Control Area during the interval excluding the Capacity Supply Obligations associated with Energy Efficiency measures.

(b) If the Capacity Scarcity Condition is a result of a violation of the Ten-Minute Reserve Requirement such that the associated system-wide Reserve Constraint Penalty Factor pricing applies, then the terms used in the formula above shall be calculated as follows:

Load = the total amount of Actual Capacity Provided (excluding applicable Real-Time Reserve Designations) from all resources in the New England Control Area during the interval.

Reserve Requirement = the Ten-Minute Reserve Requirement during the interval.

Total Capacity Supply Obligation =

1. For each interval that occurs during Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the New England Control Area during the interval.
2. For each interval that occurs outside of Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the New England Control Area during the interval excluding the Capacity Supply Obligations associated with Energy Efficiency measures.

(c) If the Capacity Scarcity Condition is a result of a violation of the Zonal Reserve Requirement such that the associated Reserve Constraint Penalty Factor pricing applies, then the terms used in the formula above shall be calculated as follows:

Load = the total amount of Actual Capacity Provided (excluding applicable Real-Time Reserve Designations) from all resources in the Capacity Zone during the interval plus the net amount of energy imported into the Capacity Zone from outside the New England Control Area during the interval (but not less than zero).

Reserve Requirement = the Zonal Reserve Requirement minus any reserve support coming into the Capacity Zone over the internal transmission interface.

Total Capacity Supply Obligation =

1. For each interval that occurs during Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the Capacity Zone during the interval.
2. For each interval that occurs outside of Demand Resource On Peak or Demand Resource Seasonal Peak Hours, the total amount of Capacity Supply Obligations in the Capacity Zone during the interval excluding the Capacity Supply Obligations associated with Energy Efficiency measures in the Capacity Zone.

(d) The following provisions shall be used to determine the applicable Capacity Balancing Ratio where more than one of the conditions described in subsections (a), (b), and (c) apply in a Capacity Zone.

(i) In any Capacity Zone subject to Reserve Constraint Penalty Factor pricing associated with both the Minimum Total Reserve Requirement and the Ten-Minute Reserve Requirement, but not the Zonal Reserve Requirement, the Capacity Balancing Ratio shall be calculated as described in Section III.13.7.2.3(a) for resources in that Capacity Zone.

(ii) In any Capacity Zone subject to Reserve Constraint Penalty Factor pricing associated with both the Ten-Minute Reserve Requirement and the Zonal Reserve Requirement, but not the Minimum Total Reserve Requirement, the Capacity Balancing Ratio for resources in that Capacity Zone shall be the higher of the Capacity Balancing Ratio calculated as described in Section III.13.7.2.3(b) and the Capacity Balancing Ratio calculated as described in Section III.13.7.2.3(c).

(iii) In any Capacity Zone subject to Reserve Constraint Penalty Factor pricing associated with the Minimum Total Reserve Requirement and the Zonal Reserve Requirement (regardless of whether the Capacity Zone is also subject to Reserve Constraint Penalty Factor pricing associated with the Ten-Minute Reserve Requirement), the Capacity Balancing Ratio for resources in that Capacity Zone shall be the higher of the Capacity Balancing Ratio calculated as described in Section III.13.7.2.3(a) and the Capacity Balancing Ratio calculated as described in Section III.13.7.2.3(c).