

23.4.5.7.3 The ISO shall make such exemption and Unit Net CONE determination

for each ~~“Examed Facility” (collectively “Examed Facilities”) which term shall mean (I) each proposed new Generator and proposed new UDR project, and each existing Generator that has ERIS only and no CRIS, that is a member of the Class Year that requested CRIS, or that requested an evaluation of the transfer of CRIS rights from another location, in the Class Year Facilities Study commencing in the calendar year in which the Class Year Facility Study determination is being made (the Capability Periods of expected entry as further described below in this Section, the “Mitigation Study Period”) and (II) each (i) existing Generator that did not have CRIS rights, and (ii) proposed new Generator and proposed new UDR project, provided such Generator under Subsection (i) or (ii) is an expected recipient of transferred CRIS rights at the same location regarding which the ISO has been notified by the transferor or the transferee of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period (“Expected CRIS Transferee”).~~

23.4.5.7.3.1 [Reserved for future use]

23.4.5.7.3.2 The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price for any Mitigated Capacity Zone in accordance with Section 23.4.5.7.15.

~~In the case of a Bifurcated Class Year, for Examed Facilities that remain a member of the completed Class Year X-1 and Expected CRIS Transferees, the determination issued prior to the commencement of the Bifurcated Decision Period shall be the same as the final determination; therefore, the determinations~~

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~~will reflect all Examined Facilities in the Class Year at the time such first determination is issued. In computations made for Examined Facilities that remain in Class Year X-2, the ISO shall treat Examined Facilities that complete the decision and settlement phase as part of Class Year X-1 in the same manner as Examined Facilities in a prior Class Year that remained a member of the completed Class Year.~~

When the ISO is evaluating more than one Examined Facility concurrently in either a Class Year Study, Additional SDU Study or Expedited Deliverability Study, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR projects will clear from lowest to highest, using for each Examined Facility the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period. However, if an Examined Facility has accepted its determination from a Class Year Study, Additional SDU Study, or Expedited Deliverability Study, then the Examined Facility shall also be included in the BSM Forecast for any subsequently completed Class Year Study, Additional SDU Study or Expedited Deliverability Study that utilized the same Mitigation Study Period that was used to evaluate the Examined Facility. If an Examined Facility completes its Additional SDU Study after the completion of the Class Year Study that it originally entered but before the time the ISO completes a subsequent Class Year's Annual Transmission Baseline Assessment study cases then that Examined Facility shall have a separate decisional process

utilizing the Mitigation Study Period from the most recently completed Class Year Study.

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~~23.4.5.7.3.3.1~~ All ~~d~~Developers, Interconnection Customers, and Installed Capacity Suppliers for any Examined Facility that do not request CRIS shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures.

For any such Examined Facility that is in a Class Year Study, Additional SDU Study or Expedited Deliverability Study on the date the ISO issues a notice to stakeholders that the ~~Class Year~~ decisional process-period of which the Examined Facility is a member has been completed but that only has ERIS rights, the ISO shall utilize the data first provided in its analysis of the

Unit Net CONE in its review of the project in any future Class Year Study, Additional SDU Study, or Expedited Deliverability Study in which the Generator or UDR project requests CRIS.

~~23.4.5.7.3.3.2 In the case of a Class Year for which the ISO issues a Notice of SDUs Requiring Additional Studies, the ISO will issue to the Examined Facilities that are Class Year Project Developers that received a notice under Section 25.5.10.2 of the OATT the following preliminary determinations, as applicable: Unit Net CONE determination and determination of an exemption pursuant to Section 23.4.5.7.2(a) or (b), regarding a request for a Competitive Entry Exemption or the Offer Floor. This preliminary information will be provided to such Examined Facilities on the same date that the ISO issues the notice pursuant to Section 25.5.10.2 of the OATT.~~

~~23.4.5.7.3.3.3 In the case of a Class Year that is Bifurcated, t~~The ISO shall determine the reasonably anticipated Unit Net CONE with the costs as then to be determined in the Project Cost Allocation, ~~and additional SDUs from preliminary Class Year Study results~~, as applicable, prior

to or contemporaneous with the commencement of the ~~Bifurcated~~Initial Decision Period ~~for the Class Year~~, and shall provide to the Examined Facility the ISO's initial determination of an exemption or the Offer Floor.

~~23.4.5.7.3.3.4 For a Class Year that is not Bifurcated and for a Class Year X 2, on or before the three (3) days prior to the ISO's issuance of the Project Cost Allocation or Revised Project Cost Allocation, as applicable, the ISO will issue (or as applicable, revise) its forecast of ICAP Spot Market Auction prices for the Capability Periods in the Mitigation Study Period based on the Examined Facilities that remain in the Class Year for CRIS and the Examined Facilities that meet 23.4.5.7.3 (H).~~ The ISO shall provide to each project its price forecast and an initial determination (incorporating its revised Project Cost Allocation) prior to or contemporaneous with the commencement of the Initial Decision Period for the Class Year Study, Additional SDU Study, and the Expedited Deliverability Study and for each Subsequent Decision Period for the Class Year Study and Additional SDU Study no later than the ISO's issuance of a Revised Project Cost Allocation for the Class Year Study and Additional SDU Study.

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~~23.4.5.7.3.3.5~~ If a project remains a member of the completed Class Year Study, Additional SDU Study, or Expedited Deliverability Study, the ISO shall inform the project of the final determination of the Offer Floor or the Offer Floor exemption as soon as practicable after the date the ISO issues a notice to stakeholders that the ~~Class Year~~ decisional period process has been completed, in accordance with methods and procedures specified in ISO Procedures. ~~If a project remains a member of the completed Class Year X 1 or is an Expected CRIS Transferee, the final determination shall be the same as the initial determination issued prior to the commencement of the Bifurcated Decision Period and shall apply to the quantity of CRIS MW~~

~~that the Examined Facility accepts at the time it remains a member of the completed Class Year X-1 or the MW of the proposed CRIS transfer.~~

~~23.4.5.7.3.3.6~~ When evaluating Examined Facilities pursuant to this Section 23.4.5.7, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.13 of Attachment O to this Services Tariff.

23.4.5.7.3.4 If a ~~Generator or UDR Project that would be an~~ Examined Facility under the criteria ~~provided in (II) of the Examined Facility definition in Section 23.2.1~~ ~~23.4.5.7.3 (II)~~ has not provided written notice to the ISO on or before the ~~Class Year Start Date for the Class Year Study or the Expedited Deliverability Study Start Date for the expedited Delivery Study with which it was eligible to examined, date specified by the ISO,~~ or any Examined Facility required to be reviewed does not provide all of the requested data by the date specified by the ISO, the proposed Capacity shall be subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.3.5 Except as specified in Section 23.4.5.7.6 with respect to Additional CRIS MW, an Examined Facility for which an exemption or Offer Floor determination has been rendered may only be reevaluated for an exemption or Offer Floor determination if it meets the criteria ~~provided in Section 23.4.5.7.3 (I) of the Examined Facility definition in Section 23.2.1~~ and was not previously in a Class Year ~~Study, Additional SDU Study, or Expedited Deliverability Study~~ at the time of their completion ~~and the Examined Facility of the Class Year~~ either (a) enters a

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new Class Year and requests CRIS or (b) intends to receive transferred CRIS rights at the same location. ~~The restriction on redeterminations also means that the Offer Floor or exemption determination for an Examined Facility that remains a member of the Class Year X-1 at the time of its completion will not be revised for any reason.~~ An Examined Facility under the criteria in Section 23.4.5.7.3 ~~(II)~~ Expected CRIS Transferee that ~~did~~ received CRIS will be bound by the determination rendered and will not be reevaluated. An Examined Facility under the criteria that had been set forth in Section 23.4.5.7.3 (III) prior to May 19, 2016, will not be reevaluated.

23.4.5.7.3.6 ~~[Reserved for future use]~~ In order to become an Examined Facility in an Expedited Deliverability Study an eligible project must (1) provide a written request to the ISO's Market Mitigation and Analysis Department; and (2) satisfy all of the applicable data requirements in accordance with ISO Procedures prior to the start of the Expedited Deliverability Study. Once the data submission is deemed complete by the ISO the eligible project will be notified by the ISO that it has satisfied the data requirements to enter an Expedited Deliverability Study.

23.4.5.7.3.7 If the Installed Capacity Supplier first offers UCAP prior to the first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be reduced using the same numerical value for the inflation index that was used in the final determination issued under Section 23.4.5.7.4 (*i.e.*, when the Examined Facility remains a member of the completed Class Year as identified in Section 23.4.5.7.4. If the Installed Capacity Supplier first offers UCAP after the first Capability Year of the Mitigation Study Period for which it

was evaluated, its Offer Floor shall be increased using the inflation rate identified in 23.4.5.7.

23.4.5.7.3.8 Net Energy and Ancillary Services Revenue Projections for UDR Projects

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For the purposes of making an exemption determination or Unit Net CONE determination pursuant to Section 23.4.5.7 for a UDR project, the ISO will determine the likely projected net Energy and Ancillary Services revenues utilizing a methodology that reflects, as applicable, but is not limited to, the guiding principles set forth in Section 23.4.5.7.3.8.1. The ISO will implement this Section 23.4.5.7.3.8 in accordance with Section 23.4.5.7.3.8.2.

23.4.5.7.3.8.1 The methodology used for a specific UDR project shall reflect the following guiding principles, where applicable:

- (a) The design and characteristics of the UDR project as proposed in the Class Year, including whether it is proposed to be uni-directional or bi-directional.
- (b) The market structure, scheduling rules, price formation rules, and other relevant characteristics and rules of the Control Area at each terminus of the UDR project.
- (c) The reasonably projected effects of transactions utilizing the UDR project on NYCA and External Control Areas prices, including proxy bus prices.
- (d) The reasonably projected cost to purchase energy, capacity, and ancillary services that would be transmitted into, and if the UDR project is proposed in the Class Year to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project at the rate determined by: (i) market-based clearing price mechanisms to the extent that the External Control Area uses them, or ISO market prices if an internal UDR project; (ii) a reasonable substitute, in the ISO's judgment, to the extent that the External Control Area does not use market-based

clearing price mechanisms to determine prices. The costs to purchase energy and capacity, and any other products associated therewith, shall not be based on advantages or sources of revenue that would not reflect arm's-length transactions, or that are not in ordinary course of business for a competitive energy market participant.

- (e) The reasonably anticipated fees for transmitting the ISO-projected energy, capacity, and ancillary services transactions utilizing the UDR project. These fees shall include any export fees, transmission services charges, ancillary services fees, scheduling fees, and other fees and costs.
- (f) The reasonably projected opportunity costs (including fees) of selling energy, capacity, and any other products associated with the sale of energy, into an External Control Area in lieu of a sale transaction into the Mitigated Capacity Zone.
- (g) The reasonably projected revenues from the sale of energy and ancillary services that would be transmitted into, and if the UDR project is proposed in the Class Year Study or Additional SDU Study to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project at the rate determined by: (i) market-based clearing price mechanisms to the extent that the External Control Areas uses them, or ISO market prices if an internal UDR project; (ii) a reasonable substitute, in the ISO's judgment, to the extent that the External Control Area does not use market-based clearing price mechanisms to determine prices. The revenues from the sale of energy, capacity, and any other products associated with the sale thereof, into an External Control Area shall not be based on advantages or

sources of revenue that do not reflect arm's-length transactions, or that are not in ordinary course of business for a competitive energy market participant.

- (h) The effect of scheduling uncertainty and imperfect arbitrage on the projected costs and revenues from the purchase and sale of energy and ancillary services that are reasonably projected to be transmitted into, and if the UDR project is proposed in the Class Year Study or Additional SDU Study to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project.

23.4.5.7.3.8.2 Implementation

- (a) The ISO shall seek comment from the Market Monitoring Unit on the methodology the ISO will use to project net Energy and Ancillary Services for each UDR project, and the inputs used to perform the calculation. The responsibilities of the Market Monitoring Unit that are addressed in this section are also addressed in Section 30.4.6.2.13 of Attachment O.
- (b) The ISO shall post on its website a description of the methodology used for each UDR project, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information.
- (c) If a UDR project that is an Examined Facility or an NCZ Examined Project withdraws from a Class Year Study or Additional SDU Study and then enters another Class Year (regardless of whether it has the same or a different interconnection queue position,) the ISO may utilize a different methodology than it previously used, provided it reflects, where applicable, the guiding principles set forth in Section 23.4.5.7.3.8.1 and implemented in accordance with Section 23.4.5.7.3.8.2(a) and (b).