

# Attachment III

## 23.2 Conduct Warranting Mitigation

### 23.2.1 Definitions

The following definitions are applicable to this Attachment H:

For purposes of Section 23.4.5 of this Attachment H, “**Additional CRIS MW**” shall mean the MW of Capacity for which CRIS was requested for an Examined Facility pursuant to the provisions in ISO OATT Sections 25, 30, or 32 (OATT Attachments S, X, or Z), including either: (i) all, or a portion, of the MW of Capacity of that Examined Facility for which CRIS had not been obtained in prior Class Years through a prior Class Year process or through a transfer completed in accordance with OATT Section 25 (OATT Attachment S); and/or (ii) all, or a portion, of an increase in the Capacity of that Examined Facility. Additional CRIS MW does not include any MW quantity of CRIS that is exempt from an Offer Floor pursuant to Section 23.4.5.7.7(a) or (b), Section 23.4.5.7.8, or an increase of 2 MW or less in an Examined Facility’s MW quantity of CRIS obtained pursuant to Section 30.3.2.6 of Attachment X to the OATT.

“**Additional SDU Study**” shall mean a deliverability study that a Developer may elect to pursue as that term is defined in OATT Section 25 (OATT Attachment S).

For purposes of Section 23.4.5 of this Attachment H, “**Affiliated Entity**” shall mean, with respect to a person or Entity:

- i) all persons or Entities that directly or indirectly control such person or Entity;
- ii) all persons or Entities that are directly or indirectly controlled by or under common control with such person or Entity, and (1) are authorized under ISO Procedures to participate in a market for Capacity administered by the ISO, or (2) possess, directly or indirectly, an ownership, voting or equivalent interest of ten percent or more in a Mitigated Capacity Zone Installed Capacity Supplier;
- iii) all persons or Entities that provide services to such person or Entity, or for which such person or Entity provides services, if such services relate to the determination or submission of offers for Unforced Capacity in a market administered by the ISO or offers of capacity from a Generator electrically located in a MCZ Import Constrained Locality; or
- iv) all persons or Entities, except if for ISP UCAP MW or an RMR Generator, with which such person or Entity has any form of agreement under which such person or Entity has retained or has conferred rights of (i) Control of Unforced Capacity or (ii) the ability to determine the quantity or price of offers to supply capacity from a Generator that has Capacity Resource Interconnection Service, pursuant to the applicable provisions of Attachment X, Attachment S and Attachment Z and is electrically located in an MCZ Import Constrained Locality, even if such capacity does not meet the requirements to be Unforced Capacity.

In the foregoing definition, “**control**” means the possession, directly or indirectly, of the power to direct the management or policies of a person or Entity, and shall be rebuttably presumed from an ownership, voting or equivalent interest of ten percent or more.

[Annual Transmission Baseline Assessment: means an assessment conducted by the ISO as defined in OATT Section 25 \(OATT Attachment S\).](#)

**Catastrophic Failure:** shall mean a Forced Outage initially suffered by a Generator which would have reasonably required a repair time of at least 270 days, from the date of the event resulting in the Forced Outage, had it, or a comparable Forced Outage been suffered at a generating facility that is reasonably the same as or similar to the Generator’s, the owner of which is intending to return it to service. Repair time includes the reasonable number of days for initial clean up, safety inspections, engineering assessment; damage assessment, cost estimates; site prep and clean up, equipment orders, and actual repair, provided the foregoing are necessitated by the Catastrophic Failure. The determination that a Generator has suffered a Catastrophic Failure shall be based on a technical/engineering evaluation, shall be made by the ISO, and may be made at any time following the event that caused the Forced Outage provided that adequate information is provided to the ISO to support such determination.

“**Class Year Study**” means a Class Year Interconnection Facilities Study as that term is defined in OATT Section 25 (OATT Attachment S).

“**Cleared UCAP**” means the amount of MW (rounded down to the nearest tenth of a MW) that had been subject to an Offer Floor but has cleared in accordance with Section 23.4.5.7.

“**Commenced Construction**” shall mean (a) all of the following site preparation work is completed: ingress and egress routes exist; the site on which the project will be located is cleared and graded; there is power service to the site; footings are prepared; and foundations have been poured consistent with purchased equipment specifications and project design; or (b) the following financial commitments have been made: (i) (A) an engineering, procurement, and construction contract (“EPC”) has been executed by all parties and is effective; or (B) contracts (collectively, “EPC Equivalents”) for all of the following have been executed by all parties and is effective: (1) project engineering, (2) procurement of all major equipment, and (3) construction of the project, and (ii) the cumulative payments made by the Developer under the EPC or EPC Equivalents to the counterparties to those respective agreements is equal to at least thirty (30) percent of the total costs of the EPC or EPC Equivalents.

“**Competitive and Non-Discriminatory Hedging Contract**” shall mean a contract to hedge a risk associated with a product offered in the ISO Administered Markets between a Non-Qualifying Entry Sponsor and an Examined Facility with a term that shall not exceed three years (inclusive of all options to extend and extensions) and that the ISO determines has been executed pursuant to a procurement process that satisfies the requirements enumerated below. Competitive and Non-Discriminatory Hedging Contracts shall not be deemed to be a non-qualifying contractual relationship that would prevent an Examined Facility from obtaining a Competitive Entry Exemption pursuant to 23.4.5.7.9 of Attachment H of this Services Tariff. The ISO shall determine that a contract is a Competitive and Non-Discriminatory Hedging Contract only if it concludes, and the Non-Qualifying Entry Sponsor executes a certification

confirming that, the contract was executed through a procurement process that met all of the following requirements: (A) both new and existing resources satisfy the requirements of the procurement; (B) the requirements of the procurement were fully objective and transparent ; (C) the contract was awarded based on the lowest cost offers of qualified bidders that responded to the solicitation; (D) the procurement terms did not restrict the type of capacity resources that may participate in, and satisfy the requirements of, the procurement; (E) the procurement terms did not include selection criteria that could otherwise give preference to new resources; and (F) the procurement terms did not use indirect means to discriminate against existing resources, including, but not limited to, by imposing geographic constraints, unit fuel requirements, maximum unit heat-rate requirements or requirements for new construction.

“**Constrained Area**” shall mean: (a) the In-City area, including any areas subject to transmission constraints within the In-City area that give rise to significant locational market power; and (b) any other area in the New York Control Area that has been identified by the ISO as subject to transmission constraints that give rise to significant locational market power, and that has been approved by the Commission for designation as a Constrained Area.

For purposes of Section 23.4.5 of this Attachment H, “**Control**” with respect to Unforced Capacity shall mean the ability to determine the quantity or price of offers to supply Unforced Capacity from a Mitigated Capacity Zone Installed Capacity Supplier submitted into an ICAP Spot Market Auction; but excluding ISP UCAP MW or UCAP from an RMR Generator.

For purposes of Section 23.4.5.7 “**CRIS MW**” shall mean the MW of Capacity for which CRIS was assigned to a Generator or UDR project pursuant to ISO OATT Sections 25, 30, or 32 (OATT Attachments S, X, or Z).

“**Developer**” shall have the meaning specified in the ISO’s Open Access Transmission Tariff.

“**Electric Facility**” shall mean a Generator or an electric transmission facility.

For purposes of Section 23.4.5 of this Attachment H, “**Entity**” shall mean a corporation, partnership, limited liability corporation or partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization or other form of legal or juridical organization or entity.

[Beginning with Class Year 2019, subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that are commenced after July 1, 2020, the ISO will establish an “Estimated Initial Decision Period” to be twelve months from the Class Year Study Start Date and three months from the Expedited Deliverability Study Start Date for the purpose of establishing the starting Capability Years for the Part A Mitigation Study Period Years 1 through 3 and Part A Mitigation Study Period Years 4 through 6.](#)

“**Examined Facility**” 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 Study, Additional SDU Study or Expedited Deliverability Study 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”). The term “Examined Facilities” does not include any facility exempt from an Offer Floor pursuant to the provisions of Section 23.4.5.7.7.

**“Exceptional Circumstances”**: shall mean one or more unavoidable circumstances, as determined by the ISO, that individually or collectively render as unavailable the data necessary for the ISO to perform an audit and review of a Market Party, pursuant to Section 23.4.5.6.2 of this Services Tariff. Exceptional Circumstances may include, but are not limited to: the inaccessibility of the physical facility; the inaccessibility of necessary documentation or other data; and the unavailability of information regarding the regulatory obligations with which the Market Party will be required to comply in order to return its Generator to service which regulatory obligations are not yet known but which will be made known by the applicable regulatory authority under existing laws and regulations provided that none of the above described circumstances are the result of delay or inaction by the Market Party. The magnitude of the repair cost, alone, shall not be an Exceptional Circumstance.

**“Exempt Renewable Technology”** shall mean, in all Mitigated Capacity Zones, an Intermittent Power Resource solely powered by wind or solar energy.

**“Expedited Deliverability Study”** shall mean a deliverability study that an eligible Developer may elect to pursue as that term is defined in OATT Section 25 (OATT Attachment S) that may determine the extent to which an existing or proposed facility satisfies the NYISO Deliverability Interconnection Standard at its requested CRIS level without the need for System Deliverability Upgrades. The schedule and scope of the study is defined in Sections 25.5.9.2.1 and 25.7.1.2 of this Attachment S.

**“Final Decision Round”** shall have the meaning specified in Section 25 (Attachment S) of the ISO’s Open Access Transmission Tariff.

For purposes of Section 23.4.5 of this Attachment H, **“Going-Forward Costs”** shall mean: either (a) the costs, including but not limited to mandatory capital expenditures necessary to comply with federal or state environmental, safety or reliability requirements that must be met in order to supply Installed Capacity, net of anticipated energy and ancillary services revenues, as determined by the ISO as specified in Section 23.4.5.3, for each of the following instances, as applicable, of supplying Installed Capacity that could be avoided if an Installed Capacity Supplier otherwise capable of supplying Installed Capacity were either (1) to cease supplying Installed Capacity and Energy for a period of one year or more while retaining the ability to re-enter such markets, or (2) to retire permanently from supplying Installed Capacity and Energy; or (b) the opportunity costs of foregone sales outside of a Mitigated Capacity Zone, net of costs that would have been incurred as a result of the foregone sale if it had taken place.

“Incremental Regulatory Retirement” shall mean, for purposes of Section 23.4.5 of this Attachment H, the loss of ICAP Supply MW identified by the ISO in accordance with Section 23.4.5.7.13.5.3 in Class Year 2019, and subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that start after July 1, 2020 and will be used in the ISO’s calculation of the Renewable Exemption Limit.

For purposes of Section 23.4.5 of this Attachment H, “**Indicative Mitigation Net CONE**” shall mean the capacity price calculated by the ~~NY~~ISO for informational purposes only if there is not an effective ICAP Demand Curve and the Commission (i) has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, in which case, the Indicative Mitigation Net CONE shall be the capacity price on such ICAP Demand Curve for the Mitigated Capacity Zone corresponding to the average amount of excess capacity above the Indicative NCZ Locational Minimum Installed Capacity Requirement, as applicable, expressed as a percentage of that requirement that formed the basis for the ICAP Demand Curve accepted by the Commission; or, (ii) has not accepted an ICAP Demand Curve for the Mitigated Capacity Zone, but the ISO has filed an ICAP Demand Curve for the Mitigated Capacity Zone pursuant to Services Tariff Section 5.14.1.2.2.4.11, in which case the Indicative Mitigation Net CONE shall be the capacity price on such ICAP Demand Curve corresponding to the average amount of excess capacity above the Indicative NCZ Locational Minimum Installed Capacity Requirement, expressed as a percentage of that requirement, that formed the basis for such ICAP Demand Curve.

~~“Incremental Regulatory Retirement” shall mean, for purposes of Section 23.4.5 of this Attachment H, the loss of ICAP Supply MW identified by the ISO in accordance with Section 23.4.5.7.13.5.3 in Class Year 2019, and subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that start after July 1, 2020 and will be used in the ISO’s calculation of the Renewable Exemption Limit.~~

“**Initial Decision Period**” shall have the meaning specified in Section 25 (Attachment S) of the ISO’s Open Access Transmission Tariff.

“**Interconnection Customer**” shall have the meaning specified in Section 32 (Attachment Z) of the ISO’s Open Access Transmission Tariff.

“**Interconnection Facilities Study Agreement**” shall have the meaning specified in Section 30 (Attachment X) of the ISO’s Open Access Transmission Tariff.

“**Market Monitoring Unit**” shall have the same meaning in these Mitigation Measures as it has in Attachment O.

“**Market Party**” shall mean any person or entity that is, or for purposes of the determinations to be made pursuant to Section 23.4.5.7 of this Attachment H proposes or plans a project that would be, a buyer or a seller in; or that makes bids or offers to buy or sell in; or that schedules or seeks to schedule Transactions with the ISO in or affecting any of the ISO Administered Markets including through the submission of bids or offers into any External Control Area, or any combination of the foregoing.

“**Minimum Renewable Exemption Limit**” shall mean, for purposes of Section 23.4.5 of this Attachment H, the UCAP value calculated by the ISO in Class Year 2019 and subsequent Class Year Studies in accordance with Section 23.4.5.7.13.5.1 to be used in the ISO’s calculation of the Renewable Exemption Limit.

~~“**Mitigation Study Period**” shall mean the duration of time extending six consecutive Capability Periods and beginning with the Starting Capability Period associated with a Class Year Study, Additional SDU Study, and/or Expedited Deliverability Study.~~

For purposes of Section 23.4.5 of this Attachment H, “**Mitigated UCAP**” shall mean one or more megawatts of Unforced Capacity that are subject to Control by a Market Party that has been identified by the ISO as a Pivotal Supplier.

For purposes of Section 23.4.5 of this Attachment H, “**Mitigation Net CONE**” shall mean the capacity price on the currently effective ICAP Demand Curve for the Mitigated Capacity Zone corresponding to the average amount of excess capacity above the Mitigated Capacity Zone Installed Capacity requirement, expressed as a percentage of that requirement, that formed the basis for the ICAP Demand Curve approved by the Commission.

“**Mitigation Study Period**” shall mean the duration of time extending six consecutive Capability Periods and beginning with the Starting Capability Period associated with a Class Year Study, Additional SDU Study, and/or Expedited Deliverability Study.

“**NCZ Examined Project**” shall mean any Generator or UDR project that is not exempt pursuant to 23.4.5.7.8 and either (i) is in a Class Year on the date the Commission accepts the first ICAP Demand Curve to apply to a Mitigated Capacity Zone or (ii) meets the criteria specified in 23.4.5.7.3(II). An NCZ Examined Project may be at any phase of development or in operation or an Installed Capacity Supplier.

For purposes of Section 23.4.5 of this Attachment H, “**Net Cost of New Entry**”, or “**Net CONE**” shall mean the localized levelized embedded costs of a peaking unit in a Mitigated Capacity Zone, net of the likely projected annual Energy and Ancillary Services revenues of such unit, as determined in connection with establishing the Demand Curve for a Mitigated Capacity Zone pursuant to Section 5.14.1.2 of the Services Tariff, or as escalated as specified in Section 23.4.5.7 of Attachment H.

“**New Capacity**” shall mean a new Generator, a substantial addition to the capacity of an existing Generator, or the reactivation of all or a portion of a Generator that has been out of service for five years or more that commences commercial service after the effective date of this definition.

For the purposes of Section 23.4.5 of this Attachment H, “**Non-Qualifying Entry Sponsors**” shall mean a Transmission Owner, Public Power Entity, or any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof.

For purposes of Section 23.4.5 of this Attachment H, “**Offer Floor**” for a Mitigated Capacity Zone Installed Capacity Supplier that is not a Special Case Resource shall mean the lesser of (i) a



numerical value equal to 75% of the Mitigation Net CONE translated into a seasonally adjusted monthly UCAP value (“Mitigation Net CONE Offer Floor”), or (ii) the numerical value that is the first year value of the Unit Net CONE determined as specified in Section 23.4.5.7, translated into a seasonally adjusted monthly UCAP value using an appropriate class outage rate, (“Unit Net CONE Offer Floor”). The Offer Floor for a Mitigated Capacity Zone Installed Capacity Supplier that is a Special Case Resource shall mean a numerical value determined as specified in Section 23.4.5.7.5. The Offer Floor for Additional CRIS MW shall mean a numerical value determined as specified in Section 23.4.5.7.6.

~~For the purposes of Section 23.4.5 of this Attachment H, “Non-Qualifying Entry Sponsors” shall mean a Transmission Owner, Public Power Entity, or any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof.~~

“Owner” shall have the meaning specified in Section 31.1.1 of the ISO’s Open Access Transmission Tariff.

“Part A Exemption” shall mean an exemption awarded to an Examined Facility (i) pursuant to the Part A Exemption Test conducted by the ISO prior to Class Year 2019 as described in Section 23.4.5.7.2(a) of the Services Tariff or (ii) pursuant to the Part A Exemption Test described in Section 23.4.5.7.3.1 of the Services Tariff which shall be conducted by the ISO beginning with Class Year 2019, and in all subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that are commenced after July 1, 2020.

“Part A Exemption Test” shall mean (i) for any Class Year Study that was conducted prior to Class Year 2019, the test conducted by the ISO to determine if an Examined Facility would be exempt from an Offer Floor under Section 23.4.5.7.2 (a) of the Services Tariff; or (ii) for Class Year 2019 and any subsequent Class Year Study, Additional SDU Study, and Expedited Deliverability Study that starts after July 1, 2020, the test conducted by the ISO to determine if an Examined Facility shall be exempt from an Offer Floor in accordance with Section 23.4.5.7.3.1 of the Services Tariff.

“Part A Group 1 Examined Facilities” for Class Year 2019 and any subsequent Class Year Study, Additional SDU Study, and Expedited Deliverability Study that starts after July 1, 2020 shall mean the set of Examined Facilities being evaluated for the Part A Exemption Test described in Section 23.4.5.7.3.1 using the Part A Mitigation Study Period Years 1 through 3 as determined by the ISO pursuant to the criteria set forth in Section 23.4.5.7.3.1.3 of the Services Tariff.

“Part A Group 2 Examined Facilities” for Class Year 2019 and any subsequent Class Year Study, Additional SDU Study, and Expedited Deliverability Study that starts after July 1, 2020 shall mean the set of Examined Facilities being evaluated for the Part A Exemption Test described in Section 23.4.5.7.3.1 using the Part A Mitigation Study Period Years 4 through 6 as determined by the ISO pursuant to the criteria set forth in Section 23.4.5.7.3.1.3 of the Services Tariff.



“Part A Mitigation Study Period Years 1 through 3” for Class Year 2019 and any subsequent Class Year Study, Additional SDU Study, and any Expedited Deliverability Study that starts after July 1, 2020 shall mean the evaluation period applied to Part A Group 1 Examined Facilities which shall be considered concurrently to receive a Part A Exemption in accordance with Section 23.4.5.7.3.1 of the Services Tariff. Such evaluation period shall be composed of the three consecutive Capability Years starting with the Capability Year following the Capability Year in which the Estimated Initial Decision Period for the then current Class Year Study or Expedited Deliverability Study falls.

“Part A Mitigation Study Period Years 4 through 6” for Class Year 2019 and any subsequent Class Year Study, Additional SDU Study, and any Expedited Deliverability Study that starts after July 1, 2020 shall mean the evaluation period applied to Part A Group 2 Examined Facilities which shall be considered concurrently to receive a Part A Exemption in accordance with Section 23.4.5.7.3.1 of the Services Tariff. Such evaluation period shall be composed of the three consecutive Capability Years starting with the fourth Capability Year following the Capability Year in which the Estimated Initial Decision Period for the then current Class Year Study or Expedited Deliverability Study falls.

“Part B Exemption Test” shall mean the test conducted by the ISO in accordance with 23.4.5.7.2 (b) and ISO Procedures for an Examined Facility in any Class Year Study, Additional SDU Study, or Expedited Deliverability Study.

For purposes of Section 23.4.5 of this Attachment H, “**Pivotal Supplier**” shall mean (i) for the New York City Locality, a Market Party that, together with any of its Affiliated Entities, (a) Controls 500 MW or more of Unforced Capacity, and (b) Controls Unforced Capacity some portion of which is necessary to meet the New York City Locality Locational Minimum Installed Capacity Requirement in an ICAP Spot Market Auction; (ii) for the G-J Locality, a Market Party that, together with any of its Affiliated Entities, (a) Controls 650 MW or more of Unforced Capacity; and (b) Controls Unforced Capacity some portion of which is necessary to meet the G-J Locality Locational Minimum Installed Capacity Requirement in an ICAP Spot Market Auction; and (iii) for each Mitigated Capacity Zone except the New York City Locality and the G-J Locality, if any, a Market Party that Controls at least the quantity of MW of Unforced Capacity specified for the Mitigated Capacity Zone and accepted by the Commission. Unforced Capacity that are MW of an External Sale of Capacity shall not be included in the foregoing calculations

“**Project Cost Allocation**” shall have the meaning specified in Section 25 (Attachment S) of the ISO’s Open Access Transmission Tariff.

“Public Policy Resource” shall mean for purposes of Section 23.4.5 of this Attachment H, an Examined Facility that is an Energy Storage Resource, or an Intermittent Power Resource solely powered by wind or solar energy, or that is determined by the ISO to be a zero-emitting resource. A resource may request an ex-ante determination from the ISO if they qualify as a zero-emitting resource prior to their entrance into a Class Year Study or Expedited Deliverability Study. The ISO, in consultation with the MMU, shall issue a determination no later than 20 days after the necessary information has been submitted for consideration. This determination will be binding as long as the resource’s technology and characteristics are not modified before issuance of a

final determination to the Examined Facility. The ISO will post such ex-ante determinations to its website concurrent with the response to the resource. Public Policy Resources shall be identified and posted on the ISO website no later than the ISO's posting of the Part A Group 1 Examined Facilities and the Part A Group 2 Examined Facilities for Class Year 2019, and any subsequent Class Year Study, Additional SDU Study, and Expedited Deliverability Study that start after July 1, 2020, as provided in Section 23.4.5.7.3.1.4 of this Services Tariff.

~~For purposes of Section 23.4.5 of this Attachment H, “Responsible Market Party” shall mean the Market Party that is authorized, in accordance with ISO Procedures, to submit offers in an ICAP Spot Market Auction to sell Unforced Capacity from a specified Installed Capacity Supplier.~~

“**Qualified Renewable Exemption Applicant**” shall mean a Renewable Exemption Applicant that the ISO has determined met the requirements to receive a Renewable Exemption as specified in Section 23.4.5.7.13.1.1 and may be awarded a Renewable Exemption as part of Class Year 2019, and any subsequent Class Year Studies, Additional SDU Studies or Expedited Deliverability Studies subject to the Renewable Exemption Limit calculated and implemented by the ISO as described in Sections 23.4.5.7.13.5 and 23.4.5.7.13.6 of this Attachment H to the Services Tariff.

“**Renewable Exemption Applicant**” shall mean, for purposes of Section 23.4.5 of this Attachment H, a Developer of an Examined Facility in Class Year 2019, and any subsequent Class Year Studies, Additional SDU Studies or Expedited Deliverability Studies that has requested that the ISO evaluate the Examined Facility for a Renewable Exemption. A UDR project may not be a Renewable Exemption Applicant.

“**Renewable Exemption Bank**” shall mean the amount of UCAP MW calculated separately for each Mitigated Capacity Zone by the ISO to remain available as described in Section 23.4.5.7.13.5.5 from the most recently completed Class Year Study, Additional SDU Study or Expedited Deliverability Study after deducting the UCAP equivalent MW of awarded Renewable Exemptions in that most recent study from the Renewable Exemption Limit.

“**Renewable Exemption Limit**” shall mean the maximum amount of UCAP MW calculated by the ISO in accordance with Section 23.4.5.7.13.5.5 in Class Year 2019 and any subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that start after July 1, 2020 that is available for Qualified Renewable Exemption Applicants to receive Renewable Exemptions pursuant to section 23.4.5.7.13.

For purposes of Section 23.4.5 of this Attachment H, “Responsible Market Party” shall mean the Market Party that is authorized, in accordance with ISO Procedures, to submit offers in an ICAP Spot Market Auction to sell Unforced Capacity from a specified Installed Capacity Supplier.

“**Revised Project Cost Allocation**” shall have the meaning specified in Section 25 (Attachment S) of the ISO's Open Access Transmission Tariff.

“**Self Supply LSE**” shall mean a Load Serving Entity in one or more Mitigated Capacity Zones that operates under a long-standing business model to meet more than fifty percent of its Load obligations through its own generation and that is a Public Power Entity, “Single Customer

Entity,” or “Vertically Integrated Utility.” For purposes of this definition only: (i) “Vertically Integrated Utility” means a utility that owns generation, includes such generation in a non-bypassable charge in its regulated rates, earns a regulated return on its investment in such generation, and that as of the date of its request for a Self Supply Exemption, has not divested more than seventy-five percent of its generation assets owned on May 20, 1996; and (ii) “Single Customer Entity” means an LSE that serves at retail only customers that are under common control with such LSE, where such control means holding 51% or more of the voting securities or voting interests of the LSE and all its retail customers.

“**Starting Capability Period**” is the Summer Capability Period that will commence three years from the start of the year of the Class Year Study and shall be the start of the Mitigation Study Period for any Examined Facility in a Class Year Study, as well as any Additional SDU Studies and Expedited Deliverability Studies and that are completed while the Class Year Study is ongoing. If no Class Year Study is ongoing when an Expedited Deliverability Study or Additional SDU Study arrives at the Decision Period, the Starting Capability Period used for the purposes of Section 23.4.5 of this Attachment H shall be the Starting Capability Period that applied to the most recently completed Class Year Study.

“**Subsequent Decision Period**” shall have the meaning specified in Section 25 (Attachment S) of the ISO’s Open Access Transmission Tariff.

For purposes of Section 23.4.5 of this Attachment H, “**Surplus Capacity**” shall mean the amount of Installed Capacity, in MW, available in a Mitigated Capacity Zone in excess of the Locational Minimum Installed Capacity Requirement for such Mitigated Capacity Zone.

“**Total Evaluated CRIS MW**” shall mean the Additional CRIS MW requested plus either (i) if the Installed Capacity Supplier previously received an exemption under Sections 23.4.5.7.2(b), 23.4.5.7.6(b), 23.4.5.7.7 or 23.4.5.7.8, all prior Additional CRIS MW since the facility was last exempted under Sections 23.4.5.7.2(b), 23.4.5.7.6(b), or 23.4.5.7.8, or (ii) for all other Installed Capacity Suppliers, all MW of Capacity for which an Examined Facility obtained CRIS pursuant to the provisions in ISO OATT Sections 25, 30, or 32 (OATT Attachments S, X, or Z).

For purposes of Section 23.4.5 of this Attachment H, “**UCAP Offer Reference Level**” shall mean a dollar value equal to the projected clearing price for each ICAP Spot Market Auction determined by the ISO on the basis of the applicable ICAP Demand Curve and the total quantity of Unforced Capacity from all Installed Capacity Suppliers in a Mitigated Capacity Zone for the period covered by the applicable ICAP Spot Market Auction.

“**Unforced Capacity Reserve Margin**” or “**URM**” shall mean the megawatt value calculated by the ISO when converting the (a) the Installed capacity Reserve Margin (IRM) for the NYCA or (b) the Locational Minimum Installed Capacity Requirement (LCR) for a given Locality within the NYCA into UCAP terms using ICAP to UCAP conversion factors consistent with the corresponding resource adequacy study.

For purposes of Section 23.4.5 of this Attachment H, “**Unit Net CONE**” shall mean localized levelized embedded costs of a specified Installed Capacity Supplier, including interconnection costs, and for an Installed Capacity Supplier located outside a Mitigated Capacity Zone including embedded costs of transmission service, in either case net of likely projected annual Energy and

Ancillary Services revenues, and revenues associated with other energy products (such as energy services and renewable energy credits, as determined by the ISO, translated into a seasonally adjusted monthly UCAP value using an appropriate class outage rate. The Unit Net CONE of an Installed Capacity Supplier that has functions beyond the generation or transmission of power shall include only the embedded costs allocated to the production and transmission of power, and shall not net the revenues from functions other than the generation or transmission of power.

~~“Unforced Capacity Reserve Margin” or “URM” shall mean the megawatt value calculated by the ISO when converting the (a) the Installed capacity Reserve Margin (IRM) for the NYCA or (b) the Locational Minimum Installed Capacity Requirement (LCR) for a given Locality within the NYCA into UCAP terms using ICAP to UCAP conversion factors consistent with the corresponding resource adequacy study.~~

### **23.2.2 Conduct Subject to Mitigation**

Mitigation Measures may be applied: (i) to the bidding, scheduling or operation of an “Electric Facility”; or (ii) as specified in Section 23.2.4.2.

### **23.2.3 Conditions for the Imposition of Mitigation Measures**

23.2.3.1 To achieve the foregoing purpose and objectives, Mitigation Measures should only be imposed to remedy conduct that would substantially distort or impair the competitiveness of any of the ISO Administered Markets.

Accordingly, the ISO shall seek to impose Mitigation Measures only to remedy conduct that:

23.2.3.1.1 is significantly inconsistent with competitive conduct; and

23.2.3.1.2 would result in a material change in one or more prices in an ISO Administered Market or production cost guarantee payments (“guarantee payments”) to a Market Party.

23.2.3.2 In general, the ISO shall consider a Market Party's or its Affiliates’ conduct to be inconsistent with competitive conduct if the conduct would not be in the economic interest of the Market Party or its Affiliates in the absence of market power. The categories of conduct that are inconsistent with competitive

conduct include, but may not be limited to, the three categories of conduct specified in Section 23.2.4 below.

#### **23.2.4 Categories of Conduct that May Warrant Mitigation**

23.2.4.1 The following categories of conduct, whether by a single firm or by multiple firms acting in concert, may cause a material effect on prices or guarantee payments in an ISO Administered Market if exercised from a position of market power. Accordingly, the ISO shall monitor the ISO Administered Markets for the following categories of conduct, and shall impose appropriate Mitigation Measures if such conduct is detected and the other applicable conditions for the imposition of Mitigation Measures are met:

23.2.4.1.1 Physical withholding of an Electric Facility, that is, not offering to sell or schedule the output of or services provided by an Electric Facility capable of serving an ISO Administered Market. Such withholding may include, but not be limited to, (i) falsely declaring that an Electric Facility has been forced out of service or otherwise become unavailable, (ii) refusing to offer Bids or schedules for an Electric Facility when such conduct would not be in the economic interest of the Market Party or its Affiliates in the absence of market power; (iii); making an unjustifiable change to one or more operating parameters of a Generator that reduces its ability to provide Energy or Ancillary Services or (iv) operating a Generator in real-time at a lower output level than the Generator would have been expected to produce had the Generator followed the ISO's dispatch instructions, in a manner that is not attributable to the Generator's verifiable

physical operating capabilities and that would not be in the economic interest of the Market Party or its Affiliates in the absence of market power.

For purposes of this Section and Section 23.4.3.2, the term “unjustifiable change” shall mean a change in an Electric Facility’s operating parameters that is: (a) not attributable to the Electric Facility’s verifiable physical operating capabilities, and (b) is not a rational competitive response to economic factors other than market power.

23.2.4.1.2 Economic withholding of an Electric Facility, that is, submitting Bids for an Electric Facility that are unjustifiably high so that (i) the Electric Facility is not or will not be dispatched or scheduled, or (ii) the Bids will set a market clearing price.

23.2.4.1.3 Uneconomic production from an Electric Facility, that is, increasing the output of an Electric Facility to levels that would otherwise be uneconomic in order to cause, and obtain benefits from, a transmission constraint.

23.2.4.2 Mitigation Measures may also be imposed, subject to FERC’s approval, to mitigate the market effects of a rule, standard, procedure or design feature of an ISO Administered Market that allows a Market Party or its Affiliate to manipulate market prices or otherwise impair the efficient operation of that market, pending the revision of such rule, standard, procedure or design feature to preclude such manipulation of prices or impairment of efficiency.

23.2.4.3 Taking advantage of opportunities to sell at a higher price or buy at a lower price in a market other than an ISO Administered Market shall not be

deemed a form of withholding or otherwise inconsistent with competitive conduct.

23.2.4.4 The ISO and the Market Monitoring Unit shall monitor the ISO Administered Markets for other categories of conduct, whether by a single firm or by multiple firms acting in concert, that have material effects on prices or guarantee payments in an ISO Administered Market. The ISO shall: (i) seek to amend the foregoing list as may be appropriate, in accordance with the procedures and requirements for amending the Plan, to include any such conduct that would substantially distort or impair the competitiveness of any of the ISO Administered Markets; and (ii) seek such other authorization to mitigate the effects of such conduct from the FERC as may be appropriate. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.2 of Attachment O.



23.4.5.7.2 An Installed Capacity Supplier, in a Mitigated Capacity Zone for which the Commission has accepted an ICAP Demand Curve, shall be exempt from an Offer Floor if: ~~it has:~~ (i) passed a Part A Exemption Test, as described in subsection (a) below for Offer Floor determinations issued by the ISO as part of any Class Year Study prior to Class Year 2019; or (ii) passed a Part A Exemption Test pursuant to Section 23.4.5.7.3.1 below for Class Year 2019 and subsequently commenced Class Year Studies and Additional SDU Studies, and Expedited Deliverability Studies that are commenced after July 1, 2020; or (iii) passed a Part B Exemption Test as described below in subsection (b); or (iv) otherwise qualifies for the exemptions referenced in subsections (c), (d), or (e) below:

(a) the price that is equal to the (x) average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Starting Capability Period, is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than (y) the numerical value equal to 75 percent of the Mitigation Net CONE that would be applicable to such supplier in the same two (2) Capability Periods (utilized to compute ~~(x)~~, (y)):

(b) the price that is equal to the average of the ICAP Spot Market Auction prices in the Mitigation Study Period is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than the reasonably anticipated Unit Net CONE of the Installed Capacity Supplier ~~;~~ ;

(c) it has been determined to be exempt pursuant to Section 23.4.5.7.9 (the “Competitive Entry Exemption” ~~);~~ );

(d) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.13 (the “Renewable Exemption”); or

(e) for an Examined Facility that participated in either a Class Year Study or an Additional SDU Study, it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.14 (the “Self Supply Exemption”).

For purposes of the determinations pursuant to (a) and (b) of this section, and determinations pursuant to Section 23.4.5.7.3.1 of the Services Tariff, the ISO shall identify Unit Net CONE and the projected ICAP Spot Market Auction prices in accordance with Section 23.4.5.7.15, for each Examined Facility promptly after it (i) has accepted its Project Cost Allocation (as defined below) and deliverable MW, if any, from the Final Decision Round and (ii) along with all other remaining members, has posted any associated Security pursuant to OATT Section 25 (OATT Attachment S) (for purposes of Section 23.4, a project that “remains a member of the completed Class Year Study, Additional SDU Study, or Expedited Deliverability Study”), and it shall do so concurrently for an Expected CRIS Transferee ~~(as defined in 23.4.5.7.3)~~. If an Examined Facility passes the Part A Exemption Test pursuant to Section 23.4.5.7.3.1 and also passes the Part B Exemption Test described above in (b), it will be awarded a Part B Exemption; however, for the sole purposes of evaluating other Examined Facilities under the Part A Exemption Test and Part B Exemption Test, the capacity associated with the Examined Facility will continue to be treated as having received a Part A

Exemption in order to ensure that another Examined Facility will not receive a Part A Exemption for the capacity of the Examined Facility that was awarded the Part B Exemption after having passed both the Part A and Part B Exemption Tests.

For purposes of Section 23.4.5.7 *et seq.*, “Project Cost Allocation” shall mean the singular Project Cost Allocation or two Project Cost Allocations (*i.e.*, one for System Deliverability Upgrades (“SDUs”) and one for System Upgrade Facilities (“SUFs”)), as applicable, from the Final Decision Round.

The first year value of an Examined Facility’s Unit Net CONE calculated pursuant to Section 23.4.5.7 and Section 23.4.5.7.3.2, will be established in accordance with Section 23.4.5.7.3.7 at the time such Examined Facility first offers UCAP, and will be used by the ISO in subsequent mitigation exemption or Offer Floor determinations for Additional CRIS MW. A Unit Net CONE determination received pursuant to Sections 23.4.5.7.2, 23.4.5.7.6 or 23.4.5.7.7 shall only be final for the relevant Examined Facility if the Examined Facility accepts its Project Cost Allocation or deliverable MW, if any, and the Examined Facility remains a member of the completed Class Year Study, Additional SDU Study, or Expedited Deliverability Study on the date the ISO issues a notice to stakeholders that the Class Year Study, Additional SDU Study, Expedited Deliverability Study decisional process of which the Examined Facility is a member has been completed, and as specified in the ISO’s notice to the Examined Facility of the final exemption and Offer Floor determination for the quantity of CRIS MW accepted in such Class Year Study, Additional SDU Study,

or Expedited Deliverability Study at the time of its completion (or transferred CRIS if an Expected CRIS Transferee).

23.4.5.7.2.1 Promptly after Commission acceptance of the first ICAP Demand Curve to apply to a Mitigated Capacity Zone, the ISO shall make an exemption and Offer Floor determination for any NCZ Examined Project that has requested CRIS and remains a member of the completed Class Year Study, Additional SDU Study, or Expedited Deliverability Study, or was an Expected CRIS Transferee and could have been evaluated concurrently with a Class Year Study, , and has received CRIS, unless exempt pursuant to section 23.4.5.7.6 or 23.4.5.7.8.

23.4.5.7.2.2 The ISO shall make an “Indicative Buyer-Side Mitigation Exemption Determination” for any NCZ Examined Project if (i) the Commission has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, or (ii) if the Commission has not accepted the first ICAP Demand Curve to apply specifically to the Mitigated Capacity Zone in which the NCZ Examined Project is located, provided the ISO has filed an ICAP Demand Curve pursuant to Services Tariff Section 5.14.1.2.2.4.11. The Indicative Buyer-Side Mitigation Exemption Determination shall be computed using such ICAP Demand Curve for the Mitigated Capacity Zone concurrent with the determinations the ISO makes for Examined Facilities pursuant to Sections 23.4.5.7.3.2 and 23.4.5.7.3.3. The ISO shall recompute the Indicative Buyer-Side Mitigation Exemption Determination promptly after Commission acceptance of the first ICAP Demand Curve for the applicable Locality provided that such NCZ Examined Project (i) received CRIS

if the Class Year completed at the time the Commission accepts the Demand Curve, or (ii) has not been removed from the Class Year Deliverability Study if the Class Year is not completed. The Indicative Buyer-Side Mitigation Exemption Determination is for informational purposes only. The exemption or Offer Floor for an NCZ Examined Project to which this Section applies shall be determined for such projects receiving CRIS using the Commission-accepted Locality ICAP Demand Curve.

23.4.5.7.2.3 Any NCZ Examined Project not exempt pursuant to 23.4.5.7.8 shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures.

23.4.5.7.2.3.1 The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast in accordance with Section 23.4.5.7.15.

23.4.5.7.2.4 When the ISO is evaluating more than one NCZ Examined Project concurrently, 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 NCZ Examined Project 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 a NCZ Examined Project elects to pursue an Additional SDU Study or an Expedited Deliverability Study and that study is not completed prior to the completion of the current Class Year Study then the NCZ Examined Project shall not be included in the BSM Forecast for the current Class Year Study. If a NCZ Examined Project

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 NCZ Examined Project shall have a separate decisional process utilizing the Mitigation Study Period from the most recently completed Class Year Study.

23.4.5.7.2.5 When evaluating NCZ Examined Projects pursuant to Sections 23.4.5.7.2.1 or 23.4.5.7.2.2, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall inform the NCZ Examined Project of the Offer Floor or Offer Floor exemption determination or Indicative Buyer-Side Mitigation Exemption Determination promptly. The responsibilities of the Market Monitoring Unit that are addressed in this Section 23.4.5.7.2.5 are also addressed in Section 30.4.6.2.13 of Attachment O to this Services Tariff.

23.4.5.7.2.6 If an NCZ Examined Project under the criteria in 23.4.5.7.2.1 or 23.4.5.7.2.2 does not provide all of the requested data by the date specified by the ISO, the MW of CRIS received at that time by the project 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.

23.4.5.7.2.7 An NCZ Examined Project or Examined Facility located in more than one Mitigated Capacity Zone shall be evaluated pursuant to the tests in Section 23.4.5.7.2 (a) [or 23.4.5.7.3.1](#) and (b) or 23.4.5.7.3 (as applicable), calculating Mitigation Net CONE for the smallest Mitigated Capacity Zone that contains the

Load Zone in which such NCZ Examined Project or Examined Facility is electrically located.



23.4.5.7.3 The ISO shall make such exemption and Unit Net CONE determination for each Examined Facility.

**23.4.5.7.3.1 [Reserved for future use]**

23.4.5.7.3.1 For Examined Facilities participating in Class Year 2019, and any subsequent Class Year Study, Additional SDU Study, and Expedited Deliverability Study that are commenced after July 1, 2020, the ISO shall first determine whether any Examined Facility is exempt under Section 23.4.5.7.2 (d). The ISO shall then conduct the Part A Exemption Test for all Examined Facilities in the manner described below prior to making any other exemption determinations under Sections 23.4.5.7.2(b), (c), and (e). If an Examined Facility passes the Part A Exemption Test described below and also passes the Part B Exemption Test described above in 23.4.5.7.2(b), it will be awarded a Part B Exemption; however, for the sole purposes of evaluating other Examined Facilities under the Part A Exemption Test and Part B Exemption Test, the capacity associated with the Examined Facility will continue to be treated as having received a Part A Exemption in order to ensure that another Examined Facility will not receive a Part A Exemption for the capacity of the Examined Facility that was awarded the Part B Exemption after having passed both the Part A and Part B Exemption Tests.

23.4.5.7.3.1.1 The ISO shall begin the Part A Exemption Test by dividing the Examined Facilities into Part A Group 1 Examined Facilities and Part A Group 2 Examined Facilities based upon the factors listed below in Section 23.4.5.7.3.1.3 of this Services Tariff and on the ISO's projection of the time frame when each

Examined Facility will come into service. The ISO will post a list of each group of Examined Facilities on its website in accordance with Section 23.4.5.7.3.1.4 of this Services Tariff. The ISO will rank all Examined Facilities in the Part A Group 1 Examined Facilities based upon the ISO's determination of each Examined Facility's specific Net Cost of New Entry except that all Public Policy Resources included in the Part A Group 1 Examined Facilities will be evaluated before other Part A Group 1 Examined Facilities. The ISO will rank all Examined Facilities in the Part A Group 2 Examined Facilities based upon the ISO's determination of each Examined Facility's specific Net Cost of New Entry except that all Public Policy Resources included in the Part A Group 2 Examined Facilities will be evaluated before other Part A Group 2 Examined Facilities. Each of the Examined Facilities in the Part A Group 1 Examined Facilities will be evaluated for the Part A Exemption Test using the Part A Mitigation Study Period Years 1 through 3. Upon completion of that evaluation, each of the Examined Facilities in the Part A Group 2 Examined Facilities will then be evaluated for the Part A Exemption Test using the Part A Mitigation Study Period Years 4 through 6.

23.4.5.7.3.1.2 For each Capability Year in a Part A Mitigation Study Period Years 1 through 3, the ISO will determine whether, in accordance with Section 23.4.5.7.15, the average ICAP Spot Market Auction price for each Capability Year in the Part A Mitigation Study Period Years 1 through 3 is higher than 75 percent of the Mitigation Net CONE that would be applicable to the Examined Facility during that same Capability Year. For any Capability Year in which this

threshold is met, the Examined Facility will qualify for a Part A Exemption for that Capability Year and any subsequent Capability Years. The Examined Facility, however, will be subject to an Offer Floor for any prior Capability Years in which the threshold was not met unless it otherwise qualifies for an exemption provided in 23.4.5.7.2 (b), (c), (d), (e), or as Cleared UCAP. The Part A Exemption Test will be performed for each Examined Facility sequentially by rank. In its evaluation of each Examined Facility located in the New York City Locality for each Capability Year, the ISO will conduct the Part A Exemption Test for the New York City Locality prior to its evaluation for the G-J Locality. Following completion of review of all three Capability Years in the Part A Mitigation Study Period Years 1 through 3, this process is then conducted for the Part A Group 2 Examined Facilities for each Capability Year in the Part A Mitigation Study Period Years 4 through 6. The ISO will determine if, in accordance with Section 23.4.5.7.15, the average ICAP Spot Market Auction price for each Capability Year in the Part A Mitigation Study Period Years 4 through 6 is higher than 75 percent of the Mitigation Net CONE that would be applicable to the Examined Facility during that same Capability Year. If this threshold is met, the Examined Facility will qualify for a Part A Exemption for that Capability Year and any subsequent Capability Years. The Examined Facility, however, will be subject to an Offer Floor for any prior Capability Years in which the threshold was not met unless it otherwise qualifies for an exemption provided in 23.4.5.7.2 (b), (c), (d), (e), or as Cleared UCAP. The Part A Exemption Test will be performed for each Examined Facility sequentially by

rank. In its evaluation of each Examined Facility located in the New York City Locality for each Capability Year, the ISO will conduct the Part A Exemption Test for the New York City Locality prior to its evaluation for the G-J Locality.

23.4.5.7.3.1.3 An Examined Facility will be in Part A Group 2 Examined Facilities unless: (i) it is already in-service; or (ii) the ISO has determined it (a) falls within a category of resources with a construction timeline of less than three years, including but not limited to small generators sized at or below 20 MW, solar photovoltaic installations, battery installations or uprates to existing generators and (b) is reasonable to project the facility could be in-service prior to the start of the second Winter Capability Period that falls within the Part A Mitigation Study Period Years 1 through 3. Those Examined Facilities that meet either (i) or (ii) above will be in Part A Group 1 Examined Facilities.

23.4.5.7.3.1.4 The ISO will post which Examined Facilities comprise the Part A Group 1 Examined Facilities and Part A Group 2 Examined Facilities [30 days after the effective date of this filing] for Class Year 2019; 120 days after the Annual Transmission Baseline Assessment lock down of any subsequent Class Year Study; and 30 days after the start of any applicable Expedited Deliverability Studies.

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.

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.

#### **23.4.5.7.3.3 [Intentionally Left Blank]**

All 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 decisional 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. The ISO shall determine the reasonably anticipated Unit Net CONE with the costs to be determined in the Project Cost Allocation, as applicable, prior to or contemporaneous with the commencement of the Initial Decision Period, and shall provide to the Examined Facility the ISO's initial determination of an exemption or the Offer Floor.

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.

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 decisional period has been completed, in accordance with methods and procedures specified in ISO Procedures.

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 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 be examined, 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 (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 either (a) enters a new Class Year *and requests* CRIS or (b) intends to receive transferred CRIS rights at the same location. An Expected CRIS Transferee that 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 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**

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).

### **23.4.5.7.13 Renewable Exemption**

#### **23.4.5.7.13.1 Eligibility**

23.4.5.7.13.1.1 A Renewable Exemption Applicant, may request to be evaluated for a Renewable Exemption in the amount of its CRIS MW requested in the Class Year Study or Expedited Deliverability Study or which it expects to receive through a transfer of CRIS at the same location. For purposes of this Section 23.4.5.7.13, references to a Renewable Exemption Applicant's CRIS MW shall be understood to encompass Additional CRIS MW in cases where the Renewable Exemption Applicant is an existing Generator seeking a Renewable Exemption for Additional CRIS MW. An Examined Facility or an NCZ Examined Project that is a member of a Class Year Study or Expedited Deliverability Study may not request a Renewable Exemption in the same Class Year Study or Expedited Deliverability Study that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year Study or Expedited Deliverability Study may not request a Renewable Exemption in respect of the same Class Year Study or Expedited Deliverability Study that it requests a Competitive Entry Exemption. The ISO shall evaluate requests for a Renewable Exemption from (y) members of a Class Year Study or Expedited Deliverability Study for Class Year 2019, subsequent Class Year Studies, Additional SDU Studies and Expedited Deliverability Studies that start after July 1, 2020, provided that the CRIS rights are received no later than the deadline by which the facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of

OATT Attachment S, and (z) expected recipients of transferred CRIS rights at the same location from 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 for the Class Year Study or Expedited Deliverability Study, provided that they are received no later than the Class Year Study Start Date for such Class Year Study and the Expedited Deliverability Study Start Date for such Expedited Deliverability Study. If the ISO does not receive requests from Examined Facilities and NCZ Examined Projects by these deadlines it will not evaluate them for a Renewable Exemption. If the Examined Facility or NCZ Examined Project also submits a request for a Competitive Entry Exemption prohibited by this paragraph it will not be evaluated for a Renewable Exemption.

A Generator that remains a member of a completed Class Year, if such Class Year is Class Year 2017 or a prior Class Year, shall not be eligible for a Renewable Exemption, except for Additional CRIS MW. Renewable Exemption Applicants must be “Qualified Renewable Exemption Applicants,” as described in (i) and (ii) below, in order to receive a Renewable Exemption subject to the applicable Renewable Exemption Limit determined pursuant to Sections 23.4.5.7.13.5 and 23.4.5.7.13.6. Qualified Renewable Exemption Applicants must also remain in the completed Class Year Study, Additional SDU Study or Expedited Deliverability Study (or if the transferee does not notify the ISO that it no longer expects to be the recipient of the transferred CRIS on or before the date the Class Year Study, Additional SDU Study or Expedited Deliverability Study is completed).

The Qualified Renewable Exemption Applicant must:

- (i) have, for its Interconnection Queue position, a proposed design that is a Generator to be powered solely by a device that can qualify as an Intermittent Power Resource, or must be a Limited Control Run-of-River Resource, as such terms are (A) defined on the date by which the ISO must receive the request for a Renewable Exemption in accordance with this Section 23.4.5.7.13.1.1, or (B) in the ISO's judgment, are reasonably expected to be defined at the time that the Generator is first qualified as an Installed Capacity Supplier; and
- (ii) (A) be proposed in a Class Year Study or an Expedited Deliverability Study and be powered solely by a technology that is identified in the Tariff at the time of the start of the Class Year Study or Expedited Deliverability Study to be an Exempt Renewable Technology as defined in Section 23.2 of the Services Tariff; or (B) be proposed in a Class Year Study and be determined by the ISO, in accordance with ISO Procedures, to have (1) high development costs, and (2) a low capacity factor such that there would be limited or no incentive and ability to develop the Generator in order to artificially suppress capacity prices. The ISO shall make this determination only for a Renewable Exemption Applicant participating in a Class Year Study or within an Additional SDU Study. The ISO's determination will be based upon its evaluation of pertinent factors, including whether the reasonably projected costs of new entry and operation of the facility, net of the likely projected revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products, are greater than the reasonably estimated cost savings to Loads due to a reduction in ICAP Market-Clearing Prices

projected to result from the entry of the Renewable Exemption Applicant's requested CRIS MW (or CRIS MW to be transferred at the same location).

#### **23.4.5.7.13.2 Periodic Review and Determination of Exempt Renewable Technologies**

23.4.5.7.13.2.1 In each ICAP Demand Curve Reset Filing Year after 2016, the ISO shall conduct a periodic review, in accordance with this Section and ISO Procedures, to determine the technology types that should be Exempt Renewable Technologies for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year.

- (a) The ISO's periodic review will identify, by Mitigated Capacity Zone, the technologies that, at the time of the periodic review, are technically feasible in the ISO Administered Markets (whether as a single unit, or a plant comprised of more than one unit) and that could qualify as either Intermittent Power Resources or Limited Control Run-of-River Hydro Resources ("candidate intermittent renewable technologies").
- (b): For each candidate intermittent renewable technology, the ISO's periodic review will reasonably project:
  - (i) the costs of new entry and operation;
  - (ii) the revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products by it; and
  - (iii) the cost savings to Loads due to a reduction in ICAP Market-Clearing Prices from the new entry of the candidate intermittent renewable technology.



23.4.5.7.13.2.2 The ISO will utilize pertinent factors including results of the computation in accordance with Section 23.4.5.7.13.2.1(b) to determine, for each Mitigated Capacity Zone, which candidate intermittent renewable technologies have (a) high development costs and (b) a low capacity factor, such that considering (a) and (b) there is limited or no incentive and ability to develop the candidate intermittent renewable technology in order to artificially suppress capacity prices.

**23.4.5.7.13.2.3 The ISO's periodic review shall provide for:**

- (a) The ISO's preliminary identification of candidate intermittent renewable technologies for stakeholder review and comment;
- (b) The ISO's issuance of a draft list of recommended Exempt Renewable Technologies and the basis for the recommendation, for stakeholder and Market Monitoring Unit review and comment; (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.2.13 of Attachment O to this Services Tariff.)

23.4.5.7.13.2.4 On or before the 60th day subsequent to the Commission issuance of an order accepting ICAP Demand Curves based on the ICAP Demand Curve periodic review, the ISO shall file with the Commission the results of its Exempt Renewable Technology periodic review and determination pursuant to Section 23.4.5.7.13.2.2. If the ISO's determination of technology types that satisfy the provisions of Section 23.4.5.7.13.2.2 for any Mitigated Capacity Zone is different than the then-current definition of Exempt Renewable Technology, the ISO shall propose in the filing, for Commission review, a revised definition that is in

accordance with its periodic determination, to be effective for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year. The ISO's filing shall describe the basis for the ISO's determination.

### **23.4.5.7.13.3. Revocation**

23.4.5.7.13.3.1 A Generator that met the requirements of a Qualified Renewable Exemption Applicant and received a Renewable Exemption for any amount of CRIS MW shall notify the ISO in writing within five (5) business days if (a) at the time it first qualifies as an Installed Capacity Supplier, or at any time thereafter, it is not solely powered by the same technology based on which it was evaluated for a Renewable Exemption, or (b) at the time it first qualifies as an Installed Capacity Supplier it is not solely powered by a technology that is defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, even if the Generator was determined to be a Qualified Renewable Exemption Applicant because, at the time it was evaluated, the ISO expected the technology would become defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource. Upon notification, the ISO shall revoke the Renewable Exemption unless the Generator provides documentation with its notice in accordance with the prior sentence that demonstrates, to the ISO's satisfaction, that after the change it will be solely powered by an Exempt Renewable Technology as such term is defined on the date that the Generator first transmits energy using the different technology. The ISO shall provide written notice of its intent to revoke the Generator's Renewable Exemption that specifies

its findings that support revocation within 10 business days of its receipt of the notification from the Generator described above. The ISO will provide an opportunity for the Owner and/or Operator of the Generator to schedule a meeting with the ISO within 20 business days from the date of its notice of intent to revoke the Renewable Exemption. The purpose of the meeting will be to allow the Owner/Operator of the Generator to submit additional documentation and other facts that could rebut the findings of the ISO that were identified in its notice of intent to revoke the Renewable Exemption. The ISO shall determine within 10 business days of the meeting with the Owner/Operator of the Generator whether the revocation of the Renewable Exemption shall be finalized and post on its website its determination to revoke the Renewable Exemption. Upon revocation, the ISO shall apply the Mitigation Net CONE Offer Floor (such value calculated by the ISO based on the date that the Generator (or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) to all offers of UCAP by the Generator or Additional CRIS MW subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Nothing in this paragraph shall relieve a Generator from or alter any obligation it may have under the ISO Tariffs or any other tariff, agreement, or regulation to obtain permissions, authorizations provide notifications, or take any other action in advance of changing the technology which powers it (in whole or in part).

23.4.5.7.13.3.2 The failure to provide the ISO written notice in accordance with Section 23.4.5.7.13.3.1 shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities).

23.4.5.7.13.3.3 If a Generator has not provided notice in accordance with Section 23.4.5.7.13.3.1 and the ISO determines that the Generator is not solely powered by a technology as described Section 23.4.5.7.13.3.1, the ISO shall notify the Generator that its Renewable Exemption may be revoked in writing. The written notice shall provide to the Owner/Operator of the Generator an opportunity to submit documentation to the ISO and meet with the ISO to rebut the ISO's findings within 30 days from the date of the ISO's written notice. The ISO shall determine within 10 business days of the meeting with the Owner/Operator of the Generator whether the revocation of the Renewable Exemption shall be finalized and post on its website its determination to revoke the Renewable Exemption. In the event of a revocation, the Mitigation Net CONE Offer Floor such value calculated by the ISO based on the date that the Generator or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) shall apply to all offers of UCAP subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Prior to the revocation of a Renewable Exemption, the ISO shall provide the Generator an opportunity to respond to the ISO's determination. The ISO cannot revoke the Renewable Exemption until

after the 30 days written notice period has expired, unless ordered to do so by the Commission.

#### **23.4.5.7.13.4 Timing of Requests for a Renewable Exemption, Required Submittals, and Determinations**

23.4.5.7.13.4.1 Requests for a Renewable Exemption must be received by the ISO no later than the deadline specified in Section 23.4.5.7.13.1. If any Examined Facility or NCZ Examined Project submits both a request for a Renewable Exemption and a Competitive Entry Exemption (*i.e.*, seeking to be considered for both exemptions at the same time,) the ISO shall not consider the request for a Renewable Exemption. The ISO may request additional information and updated information at any time regarding eligibility and continued eligibility. The Renewable Exemption Applicant (if after entry, the Generator) shall timely provide the information.

23.4.5.7.13.4.2 The ISO shall determine whether a Renewable Exemption Applicant is eligible for a Renewable Exemption under Section 23.4.5.7.13.1, and whether it is eligible for an exemption pursuant to Section 23.4.5.7.2(a) ~~and (b)~~, [\(b\)](#), [Section 23.4.5.7.3.1](#), and/or Section 23.4.5.7.14, prior to the Initial Decision Period for a Class Year Study, Additional SDU Study, or Expedited Deliverability Study. The CRIS MW of Renewable Exemptions awarded in a Class Year Study, Additional SDU Studies and any Expedited Deliverability Studies will be subject to the Renewable Exemption Limit calculated by the ISO for that study in accordance with Section 23.4.5.7.13.5. In order to subject the requested CRIS MW to the Renewable Exemption Limit, the ISO will convert the requested CRIS MW or Additional CRIS MW for each Qualified Renewable Exemption

Applicant to its UCAP equivalent MW in accordance with Section 23.4.5.7.13.6 and ISO Procedures. If at the time of the ISO's completion of the Class Year Study, Additional SDU Study or Expedited Deliverability Study, the total amount of these UCAP equivalent MW associated with the CRIS MW requests from Qualified Renewable Exemption Applicants exceeds the applicable Renewable Exemption Limit calculated in accordance with Section 23.4.5.7.13.5, the ISO shall (i) first, exclude UCAP equivalent of the CRIS MW of any Examined Facility or NCZ Examined Project that was determined to be exempt pursuant to Sections 23.4.5.7.2 (a), ~~or (b)~~ [\(b\), Section 23.4.5.7.3.1, and/or](#) Section 23.4.5.7.14, and (ii) second, issue an initial determination (prior to the Initial Decision Period or at the time of any Subsequent Decision Period) or a final determination (if a member of the completed Class Year Study, Additional SDU Study or Expedited Deliverability Study, or if a transfer of CRIS rights at the same location unless the transferee has notified the ISO, on or before the date the Class Year Study, Additional SDU Study or Expedited Deliverability Study is completed, that it no longer expects to be the recipient of the transferred CRIS) of the CRIS MW that will be exempt from an Offer Floor, equal to the proportion of the UCAP equivalent MW for the requested CRIS MW each Qualified Renewable Exemption Applicant as determined in accordance with Section 23.4.5.7.13.6.

23.4.5.7.13.4.3 Determinations made pursuant to Section 23.4.5.7.13.4.2 shall be provided to the Renewable Exemption Applicants and Qualified Renewable Exemption Applicants (other than NCZ Examined Projects) concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and for an

NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

23.4.5.7.13.4.4 The ISO shall post on its website its determination of whether the Renewable Exemption Applicant has been determined to be a Qualified Renewable Exemption Applicant and the quantity of the CRIS MW and UCAP equivalent MW for which the Qualified Renewable Exemption Applicant was determined to be exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.13 of Attachment O to this Services Tariff.

#### **23.4.5.7.13.5 Renewable Exemption Limit for Mitigated Capacity Zones**

For Class Year 2019 and subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies commencing after July 1, 2020, a Renewable Exemption Limit will be calculated by the ISO as a UCAP MW value for each Mitigated Capacity Zone. The Renewable Exemption Limit will identify the maximum amount of Renewable Exemption MW that can be granted in each Mitigated Capacity Zone to Qualified Renewable Exemption Applicants that accept their exemption determinations. The Renewable Exemption Limit will be calculated separately for each Mitigated Capacity Zone in UCAP MW, as further specified below, as the greater of (a) the UCAP MW associated with the ISO's calculation of the Minimum Renewable Exemption Limit as described in Section 23.4.5.7.13.5.1 that will lower the market price forecast for the Mitigated Capacity Zone by \$0.50/kW-month or (b) the sum of (i) the UCAP MW associated with the change in forecasted peak Load calculated by the ISO in accordance with Section 23.4.5.7.13.5.2, (ii) the UCAP MW value identified by the ISO

associated with the Incremental Regulatory Retirements calculated by the ISO in accordance with Section 23.4.5.7.13.5.3, (iii) the URM impact of the Qualified Renewable Exemption Applicants in the Class Year Study, Additional SDU Study, or Expedited Deliverability Study calculated by the ISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the Renewable Exemption Bank for each Mitigated Capacity Zone calculated by the ISO in accordance with Section 23.4.5.7.13.5.5. For purposes of the Renewable Exemption Limit calculated for Class Year 2019 the Renewable Exemption Bank for the Mitigated Capacity Zone will be zero.

The ISO will post on its website the assumptions and calculations made for the Renewable Exemption Limit available in each Class Year Study, Additional SDU Study, and Expedited Deliverability Study with its posting of the BSM Forecast inputs in accordance with Section 23.4.5.7.15 of this Services Tariff, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information.

#### **23.4.5.7.13.5.1 Minimum Renewable Exemption Limit**

The Minimum Renewable Exemption Limit is calculated by the ISO in each Class Year Study beginning with Class Year 2019. The Minimum Renewable Exemption Limit equals the equivalent UCAP MW that is forecasted to cause a price decrease to the Installed Capacity Spot Auction Results of \$0.50/kW-Month. The Minimum Renewable Exemption Limit calculated in the preceding Class Year Study carries forward to subsequent Additional SDU Studies and Expedited Deliverability Studies that are completed prior to the start of the Initial Decision Period for the following Class Year Study. Between Class Year Studies, the Minimum Renewable Exemption Limit will be reduced if Qualified Renewable Exemption Applicants are awarded Renewable Exemptions when the Minimum Renewable Exemption Limit is in effect as



the Renewable Exemption Limit (*i.e.*, is the larger value in the Renewable Exemption Limit formula described above.) The Minimum Renewable Exemption Limit that will be applicable to the following Additional SDU Study or Expedited Deliverability Study is reduced by the UCAP equivalent MW of each Qualified Renewable Exemption Applicant awarded a Renewable Exemption.

#### **23.4.5.7.13.5.2 Change in Forecasted Peak Load**

The change in forecasted peak Load used in the Renewable Exemption Limit shall be calculated in each Class Year Study, Additional SDU Study, and Expedited Deliverability Study. For Class Year 2019 the change in forecasted peak Load used in the Renewable Exemption Limit shall be calculated as the UCAP MW change associated with the difference between the 2020 peak Load forecast published in the ISO's 2020 Load and Capacity Report and the forecasted peak Load for the last year of the applicable Mitigation Study Period used to evaluate Examined Facilities in Class Year 2019 pursuant to Section 23.4.5.7.2(b) of this Services Tariff that is identified from the ISO's most recently published Load and Capacity Report. The change in forecasted peak Load used in the Renewable Exemption Limit for all subsequent studies shall be the calculated as the difference between the forecasted peak Load for last year of the applicable Mitigation Study Period used to evaluate Examined Facilities pursuant to Section 23.4.5.7.2(b) of this Services Tariff in the immediately preceding Class Year Study, Additional SDU Study, or Expedited Deliverability Study and the forecasted peak Load that applies to the last year of the Mitigation Study Period used to evaluate Examined Facilities pursuant to Section 23.4.5.7.2(b) of this Services Tariff in the ongoing study that is identified from the ISO's most recently published Load and Capacity Report.

### **23.4.5.7.13.5.3 UCAP MW of Incremental Regulatory Retirements**

Incremental Regulatory Retirements to be used in the calculation of the Renewable Exemption Limit described above shall include the incrementally new MW of Generator Retirements forecasted in accordance with Sections 23.4.5.7.15.6 and 23.4.5.7.15.7 of the Services Tariff that have retired, or are planning to permanently cease operation in order to comply with or in response to new or amended regulations or statutes, or other regulatory or related action, including but not limited to those that impact (i) Generator emissions, (ii) inability to renew or modify the necessary operating permits, (iii) availability of fuel supply, (iv) assessment of property taxes, and (v) compensation or other incentive outside of the ISO markets received by a Generator that is contingent upon its permanently ceasing operation. In order for the ISO to identify UCAP MW of Incremental Regulatory Retirements such regulatory action must be a significant factor in the retirement of the Generator (*i.e.*, a factor that contributes materially to the retirement). When identifying such UCAP MW of Incremental Regulatory Retirements the ISO shall consult with the Market Monitoring Unit when evaluating whether newly enacted or amended regulatory action plays a significant role in the retirement of the Generator. Prior to the ISO making a determination to include or exclude a Generator retirement in this component of the Renewable Exemption Limit calculation, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation. The Market Monitoring Unit shall also include its assessment in its report issued pursuant to Section 23.4.5.7.6.8 of Attachment H to this Services Tariff and as further specified in Section 30.4.6.2.13 of Attachment O to this Services Tariff. In the event that the ISO view on whether to include a Generator retirement in its calculation of the UCAP MW of Incremental Regulatory Retirements is contrary to the recommendation of the Market Monitoring Unit, the ISO will submit the question to FERC for resolution. The ISO's filing with FERC will describe the ISO's opinion and recommendation

and include the Market Monitoring Unit's written opinion and recommendation. The ISO will request FERC to act on this filing within 60 days and will not submit the Class Year Study, Additional SDU Study or Expedited Deliverability Study to the Operating Committee for approval until FERC acts on the ISO's filing. Once FERC acts on the ISO's filing, the ISO will calculate the Renewable Exemption Limit using the UCAP MW of Incremental Regulatory Retirements consistent with the FERC decision.

#### **23.4.5.7.13.5.4 URM Impact of Qualified Renewable Exemption Applicants**

The ISO shall calculate the URM impact of the CRIS MW requested by the Qualified Renewable Exemption Applicants in each Class Year Study, Additional SDU Study, and Expedited Deliverability Study. A URM impact shall be calculated separately for each Mitigated Capacity Zone. If there are no Qualified Renewable Exemption Applicants participating in the study, the URM impact of Qualified Renewable Exemption Applicants shall be zero—otherwise the ISO shall calculate the incremental URM impact for each Mitigated Capacity Zone associated with the Qualified Renewable Exemption Applicants in the study.

#### **23.4.5.7.13.5.5 Renewable Exemption Bank**

The amount of UCAP MW in the Renewable Exemption Bank shall be calculated separately for each Mitigated Capacity Zone as a running total of UCAP MW determined to be available in the calculation of a Renewable Exemption Limit as described above for the most recently completed Class Year Study that was not awarded to a Qualified Renewable Exemption Applicant as part of that Class Year Study or in subsequent Additional SDU Studies and Expedited Deliverability Studies that are completed prior to the start of the Initial Decision Period of the next Class Year Study. The UCAP equivalent MW of CRIS MW that receive exemptions pursuant to Section 23.4.5.7.2(a) [or 23.4.5.7.3.1](#) shall be deducted from the

Renewable Exemption Bank. Renewable Exemptions awarded in a Mitigated Capacity Zone during a Class Year Study, Additional SDU Study or Expedited Deliverability Study pursuant to the Minimum Renewable Exemption Limit for that Mitigated Capacity Zone shall not be subtracted from the Renewable Exemption Bank for that Mitigated Capacity Zone. The Renewable Exemption Bank will further be modified for each Study such that 1) any UCAP MWs from Incremental Regulatory Retirement previously forecast pursuant to Section 23.4.5.7.13.5.3 which did not remove capacity consistent with the forecast or did not retire would be deducted from the Renewable Exemption Bank and 2) any UCAP MWs previously found exempt under Section 23.4.5.7.13.4.2 or Section 23.4.5.7.2(a) [or Section 23.4.5.7.3.1](#) which do not meet the criteria per Section 23.4.5.7.15 to be included into the NYISO forecast shall be added back to the Renewable Exemption Bank.

#### **23.4.5.7.13.5.5.1 Renewable Exemption Bank for the New York City Locality**

The Renewable Exemption Bank for the New York City Locality used in the calculation of the Renewable Exemption Limit for the New York City Locality in accordance with Section 23.4.5.7.13.5 will be a rolling calculation of UCAP MW calculated using the sum of (i) the UCAP MW associated with the Change in Forecasted Peak Load calculated by the ISO in accordance with Section 23.4.5.7.13.5.2, (ii) the UCAP MW value of the Incremental Regulatory Retirements calculated by the ISO in accordance with Section 23.4.5.7.13.5.3, (iii) the URM impact of the Qualified Renewable Exemption Applicants calculated by the ISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the Renewable Exemption Bank for the New York City Locality that carried forward from the immediately prior Class Year Study, Additional SDU Study, or Expedited Deliverability Study, less (v) the UCAP equivalent MW associated with the exempted CRIS MW received by Qualified Renewable Exemption

Applicants pursuant to this Section 23.4.5.7.13 of the Services Tariff in the current study in the New York City Locality. When calculating the initial Renewable Exemption Limit applicable for Class Year 2019 the ISO will use a Renewable Exemption Bank for the New York City Locality of zero.

#### **23.4.5.7.13.5.5.2 Renewable Exemption Bank for the G-J Locality**

The Renewable Exemption Bank for the G-J Locality used in the calculation of the Renewable Exemption Limit for the G-J Locality in accordance with Section 23.4.5.7.13.5 will be a rolling calculation of UCAP MW, calculated using the sum of (i) the UCAP MW associated with the Change in Forecasted Peak Load calculated by the ISO in accordance with Section 23.4.5.7.13.5.2, (ii) the UCAP MW value of the Incremental Regulatory Retirements calculated by the ISO in accordance with Section 23.4.5.7.13.5.3, (iii) the URM impact of the Qualified Renewable Exemption Applicants calculated by the ISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the Renewable Exemption Bank for the G-J Locality that carried forward from the immediately prior Class Year Study, Additional SDU Study, or Expedited Deliverability Study, less the sum of (a) the UCAP equivalent MW associated with the exempted CRIS MW received by Qualified Renewable Exemption Applicants pursuant to this Section 23.4.5.7.13 of the Services Tariff in the current study in both the New York City and the G-J Localities and (b) any positive UCAP MW remaining in the Renewable Exemption Bank for the New York City Locality. When calculating the initial Renewable Exemption Limit applicable for Class Year 2019, the ISO will use a Renewable Exemption Bank for the G-J Locality of zero.

#### **23.4.5.7.13.6 Awarding UCAP MW of Renewable Exemptions Pursuant to Renewable Exemption Limit**

The ISO shall convert the CRIS MW requested for each Qualified Renewable Exemption Applicant in a Class Year Study, Additional SDU Study or Expedited Deliverability Study to a UCAP MW equivalent value in accordance with applicable UCAP Deration Factor (“UCDF”) and in accordance with ISO Procedures. The UCDF shall be based on the specific type of Exempt Renewable Technology being proposed by the Qualified Renewable Exemption Applicant.

The ISO shall award Renewable Exemptions to Qualified Renewable Exemption Applicants in each Mitigated Capacity Zone up to but not to exceed the UCAP MW value calculated by the ISO in the Class Year Study, Additional SDU Study or Expedited Deliverability Study to be the Renewable Exemption Limit for the Mitigated Capacity Zone as provided in Section 23.4.5.7.13.5 of the Services Tariff. If the UCAP MW equivalent value of the total requested CRIS MW received from Qualified Renewable Exemption Applicants in a given Class Year Study, Additional SDU Study or Expedited Deliverability Study exceeds the UCAP MW Renewable Exemption Limit calculated by the ISO for that Class Year Study, Additional SDU Study or Expedited Deliverability, then the ISO shall award Renewable Exemptions on a pro rata basis using the UCAP MW equivalent value it calculated for the requested CRIS MW of each Qualified Renewable Exemption Applicant that remains in that study.

#### **23.4.5.7.15 Forecasts Under the Buyer Side Market Power Mitigation Measures**

The rules set forth in this Section 23.4.5.7.15 apply to (i) the ISO's determinations pursuant to Section 23.4.5.7, *et seq.* of ICAP Spot Market Auction forecast prices ("BSM ICAP Forecast") and (ii) Energy and Ancillary Services revenues when determining Unit Net CONE under Sections 23.4.5.7, *et seq.* (collectively for purposes of this Section, a "BSM Forecast"). The ISO shall post on its website the BSM Forecast inputs determined in accordance with this Section 23.4.5.7.15, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information, on or before the commencement of the Initial Decision Periods for the Class Year Study, Additional SDU Study and the Expedited Deliverability Study. This posting will include sources of or references for publicly available information "demonstrating with reasonable certainty," as defined in Section 23.4.5.7.15.2, used to develop the BSM Forecast.

23.4.5.7.15.1 For the purposes of Section 23.4.5.7.15, a "positive indicator" that a Generator or UDR project will repair and return to service includes indications that a return to service is, in the ISO's judgment, likely and imminent, such as visible site activity, executed labor or fuel supply arrangements, or unit testing.

23.4.5.7.15.2 For the purposes of Section 23.4.5.7.15, publicly available information "demonstrating with reasonable certainty" shall be limited to information that has been released, authorized, capitulated, or endorsed by an individual or entity having the authority or right to take specific, definitive, actions; and – if such information is contested, to take unilateral actions regarding the operational status of the facility.

23.4.5.7.15.3 When establishing a BSM Forecast, the ISO shall incorporate the parameters and inputs identified in the following subsections. The ISO shall make assumptions necessary to account for any other value or input not expressly addressed in the following subsections in accordance with ISO Procedures.

23.4.5.7.15.3.1 When establishing a BSM Forecast, the ISO shall include Existing Units and Additional Units, as defined in Sections 23.4.5.7.15.4 and .5, less Excluded Units, as defined in Section 23.4.5.7.15.6.

23.4.5.7.15.3.2 When establishing a BSM Forecast, the ISO shall utilize the Load forecast as set forth in the most recently published Load and Capacity Data (Gold Book), or as most recently posted to the ISO's public website and in accordance with ISO Procedures.

23.4.5.7.15.3.3 When determining a BSM ICAP Forecast, the ISO shall reflect Special Case Resource enrollment at a level consistent with average enrollment over the 3 prior Capability Years.

23.4.5.7.15.3.4 When determining a BSM ICAP Forecast, the ISO shall identify the projected ICAP Demand Curve by applying the "inflation index" as defined in Section 23.4.5.7.4. When determining a BSM ICAP Forecast for an Indicative Buyer-Side Mitigation Exemption Determination under Sections 23.4.5.7.2.2 and 23.4.5.7.2.4 when the Commission has not yet accepted the first ICAP Demand Curve to apply specifically to the Mitigated Capacity Zone in which the NCZ Examined Project is located, such inflation rate shall be applied to the ICAP Demand Curve the ISO filed pursuant to Services Tariff Section 5.14.1.2.2.4.11.



#### **23.4.5.7.15.4 Existing Units**

Except for the Generators and UDR projects that are excluded without limitation under an exception set forth in Section 23.4.5.7.15.7, the ISO shall identify “Existing Units” as the set of Generators and UDR projects identified in the ISO’s most-recently published Gold Book that have CRIS, and are operating at the time that the ISO determines the forecast; including but not limited to Generators in Forced Outage or Inactive Reserve status.

#### **23.4.5.7.15.5 Additional Units**

Subject to the exceptions set forth in Section 23.4.5.7.15.7, the ISO shall identify “Additional Units” as each Generator and UDR project that: [has been found to be exempt from an Offer Floor as described in Section 23.4.5.7.15.5.2](#) or (i) has previously offered to supply UCAP, (ii) has CRIS, (iii) is not in Existing Units, and (iv) if a Generator, is in an ICAP Ineligible Forced Outage, Mothball Outage, or Retired; if either: (a) the ISO concludes in its sole judgment that there are sufficient positive indicators that the Generator or UDR project will repair and return to service, or (b) the ISO determines that a return to service of the Generator or UDR project would have a positive Net Present Value as set forth in Section 23.4.5.7.15.8.

23.4.5.7.15.5.1 When establishing a BSM Forecast, the inclusion of Generators and UDR projects identified pursuant to Section 23.4.5.7.15.5 (b) as Additional Units shall reflect the persistence of their operation as being contingent on the projected recovery of their forecasted Going Forward Costs.

[23.4.5.7.15.5.2 When the ISO establishes a BSM Forecast to complete the BSM determinations for a Class Year Study, Additional SDU Study or Expedited Deliverability Study, the ISO shall not double-count exemptions. The ISO, in consultation with the Market Monitoring Unit, shall include for each set of](#)

decision round determinations: (i) all Examined Facilities that the ISO has previously exempted from an Offer Floor under Section 23.4.5.7.13 or as a Public Policy Resource under Section 23.4.5.7.3.1 in a Class Year Study, or Additional SDU Study or Expedited Deliverability Study in the first Capability Year in which the Examined Facility was granted such exemption, provided, however, for any exemption granted to an Examined Facility under Section 23.4.5.7.13 or as a Public Policy Resource under Section 23.4.5.7.3.1 prior to the most recently completed Class Year Study, the ISO shall exclude the Examined Facility if it has determined it is reasonable to project the Examined Facility will not enter the market, and (ii) all Examined Facilities that the ISO determines will receive a Renewable Exemption or a Part A Exemption in the currently ongoing Class Year Study, Additional SDU Study or Expedited Deliverability Study until and unless an Examined Facility rejects its cost allocation or otherwise drops out of such Class Year Study, Additional SDU Study or Expedited Deliverability Study. Any Examined Facility that was granted an exemption by the ISO in a previously completed Class Year Study, Additional SDU Study, or Expedited Deliverability Study pursuant to Section 23.4.5.7.2(a) if issued prior to the start of Class Year 2019, Section 23.4.5.7.2(b), Section 23.4.5.7.2(c) or Section 23.4.5.7.2(e) shall also be included in the BSM Forecast for each set of decision round determinations for such Class Year Study, Additional SDU Study or Expedited Deliverability Study if the ISO has determined that 5% or more of its respective total project's costs have been spent.

#### **23.4.5.7.15.6 Excluded Units**

Subject to the exceptions set forth in Section 23.4.5.7.15.7, the ISO shall identify “Excluded Units” as the set of Generators and UDR projects that meet the criteria in the following subsections.

23.4.5.7.15.6.1 Generators and UDR projects (i) that have transferred CRIS; (ii) for which the CRIS has expired; (iii) that have CRIS for which a request has been received by the ISO for an evaluation of a CRIS transfer from another location in the Class Year Facilities Study commencing in a calendar year in or preceding the Mitigation Study Period; or (iv) that are an expected transferor of transferred CRIS at the same location. For any CRIS transfer described in (iii) or (iv) of this Section, the transferor or the transferee must have notified the ISO of the transfer pursuant to OATT Attachment S Section 25.9.4 and the transfer must be reasonably expected to be effective on a date within the Mitigation Study Period.

23.4.5.7.15.6.2 Generators in ICAP Ineligible Forced Outages (even if resulting from Catastrophic Failures), Mothball Outages, or that are Retired; provided they are not identified under Section 23.4.5.7.15.5 as an Additional Unit or an exception under Section 23.4.5.7.15.7.

23.4.5.7.15.6.3 Generators that have submitted a Generation Deactivation Notice, beginning with the proposed deactivation date identified in such notice, provided that: (i) the ISO does not identify sufficient positive indicators that the Generator will repair and return to service and (ii) the ISO determines that a return to service or continued operation of the Generator does not have a positive Net Present Value as set forth in Section 23.4.5.7.15.8.

#### **23.4.5.7.15.7 Exceptions**

The rules set forth in the following subsections take precedence over the rules described elsewhere in Section 23.4.5.7.15 under the facts and circumstances defined therein.

23.4.5.7.15.7.1 Generators that have submitted a Generation Deactivation Notice, for which the ISO has not yet completed its Short-Term Assessment of Reliability or Generation Deactivation Assessment, shall not be identified by the ISO as Excluded Units, unless there is publicly available information demonstrating with reasonable certainty that the Generator or UDR project will indefinitely cease operation.

23.4.5.7.15.7.2 Initiating Generators with an associated Generator Deactivation Reliability Need for which a Short-Term Reliability Process Solution has not yet been identified, RMR Generators, and Interim Service Providers that are required to keep their generating unit(s) in-service, shall be included in Existing Units for the expected duration of such Generator Deactivation Reliability Need with which they are associated. Such Generators shall also be included in Existing Units beyond the expected duration of the Generator Deactivation Reliability Need if either: (a) the ISO determines, in its sole judgment, that a return to service or continued operation of the Generator has a positive Net Present Value as set forth in Section 23.4.5.7.15.8, or (b) there is publicly available information demonstrating with reasonable certainty that the Generator will continue operation.

23.4.5.7.15.7.3 Except for those included in Existing Units pursuant to Section 23.4.5.7.15.7.2, Generators and UDR projects for which there is publicly available information demonstrating with reasonable certainty that they will

indefinitely cease operation, shall be identified as Excluded Capacity beginning with the date determined by the ISO to be consistent with the expected cessation of operations.

23.4.5.7.15.7.4 Generators and UDR projects for which there is publicly available information demonstrating with reasonable certainty that (a) they will return to service shall be included in Additional Units beginning with the date determined by the ISO to be consistent with its expected return to service, or (b) they will continue operations shall be included in Additional Units until the date determined by the ISO to be consistent with its expected continuation of operations.

23.4.5.7.15.7.5 Where determined by the ISO in its sole judgment to be reasonable, the additional capability associated with the repair of a Generator or UDR project that has been operating under a long term partial derate (such as due to the delay or deferral of repairs) may be treated as if it were in and of itself a separate Generator or UDR project in an ICAP Ineligible Forced Outage for the purposes of Section 23.4.5.7.15. In such instances, the net present value of the investment required to for the Generator or UDR facility to return to its original capability or capability prior to the long term partial derate shall be evaluated in place of the cost of returning to service.

23.4.5.7.15.7.6 The ISO shall not be required pursuant to Section 23.4.5.7.15 to determine whether a return to service or continued operation would have a positive Net Present Value as set forth in Section 23.4.5.7.15.8 for: (i) Generators in ICAP Ineligible Forced Outages that the ISO determined to have resulted from

a Catastrophic Failure; and (ii) Generators that are Retired, provided that in the case of (ii), in the ISO's sole judgment, (a) the Generator was subject to actions that rendered it permanently inoperable, (b) the reversal of such actions would be a nontrivial undertaking, and (c) the ISO has received confirmation from it that it has permanently ceased operations.

23.4.5.7.15.7.7           The production and sale of energy from Generators and UDR projects that only have ERIS and no CRIS, or that will have ERIS only after a transfer of CRIS, for which the ISO has received notice or made a determination in the Class Year as described in the next sentence, shall be modeled in the BSM Forecasts, but such units shall be excluded from the BSM ICAP Forecast. In accordance with Attachment S of the OATT, the ISO must have received notice that the transaction is final if a transfer of CRIS at the same location, or have determined the facility receiving the transfer is deliverable and such transferee is either in the Class Year being examined, or remained in a prior Class Year at the time of its completion, if a transfer of CRIS from a different location.

#### **23.4.5.7.15.8 Net Present Value Analysis**

Where required by Section 23.4.5.7.15, the ISO shall determine if a Generator or UDR project that potentially could return to service or continue in operation would have a positive net present value under ISO-predicted market conditions and recognizing the entry of projects in the current Class Year and those that remained in prior Class Years at the time of their completion, in accordance with ISO Procedures. If the ISO-estimated net present value is greater than zero, then the criterion of this Section will be considered to have been met.

23.4.5.7.15.8.1 The ISO's net present value analysis shall consider, at a minimum:

(a) the ISO-estimated costs and opportunity costs associated with returning a Generator or UDR project to service if the unit is not currently operating, and of continued operation through the end of the Mitigation Study Period, or the end of the investment horizon as reasonably determined by the ISO, whichever is of greater length (including, if applicable, the expected lost revenues of the rest of the portfolio of the Installed Capacity Supplier attributable to reductions in ICAP Spot Market Auction prices caused by the Generator or UDR project's return to service); (b) the ISO-estimated revenues, over the same time period, from the production and sale of Energy, Ancillary Services, and capacity, and (c) the effect that additional risk associated with the age, condition, and location of the Generator or UDR project may have on the required return on investment.

23.4.5.7.15.8.2 The ISO's net present value analysis shall be for a period beginning after the reasonably anticipated commencement of the Initial Decision Period but before the starting Capability Period of the Mitigation Study Period, through the end of Mitigation Study Period, or until the investment horizon as reasonably assumed by the ISO, whichever is of greater length.

23.4.5.7.15.8.3 The ISO shall consider data received from the Generator and UDR project for which it is performing a net present value analysis pursuant to this Section 23.4.5.7.15.8, and information received pursuant to Section 30.25 of the OATT, along with any new, updated, or relevant information that the ISO, in its sole judgment and in accordance with ISO Procedures, has verified is reasonable and accurate. If the ISO has not timely received sufficient information from the

owner or representative of a Generator or UDR project, or if the ISO has received information but determined it is not suitable or reliable to be used for the purposes of a net present value analysis pursuant to Section 23.4.5.7.8, the ISO can substitute suitable estimated data, or identify the Generator or UDR project as Excluded Units.