

Attachment I

Question 1

Is NYISO seeking to apply its proposed tariff definition of “Retired” to generators with existing interconnection agreements? Please answer with a Yes or No.

Response

Yes.

Question 2

Would the designation of a generating unit with an existing interconnection agreement as “Retired” allow NYISO and the connecting transmission owner to unilaterally terminate the generator’s interconnection agreement, and if so, what effect would such termination have on the generator’s interconnection and future ability to interconnect to the transmission system?

Response

The answer to this question depends on whether the generator’s existing interconnection agreement is a two-party agreement between the generator and the connecting transmission owner or a three-party, NYISO *pro forma* interconnection agreement.¹

Whether the connecting transmission owner may unilaterally terminate (*i.e.*, without the agreement of the generator) an existing, two-party interconnection agreement depends on the terms and conditions of that particular agreement. The NYISO’s classification of a generator as Retired may provide grounds for termination of an existing, two-party interconnection agreement depending on the language of the termination provision in the agreement. The termination provisions in existing two-party agreements vary. As a result, a determination about whether the classification of a generator as Retired triggers the termination rights of a party under the agreement will need to be made on a case-by-case basis. Consistent with existing requirements, to terminate the agreement, the party seeking termination would make a filing with the Commission at least sixty days prior to the proposed termination date.²

For a generator with an existing three-party, NYISO *pro forma* interconnection agreement, being classified as Retired would be grounds for termination under the termination provision of the standardized agreement. Therefore, when a generator is classified as Retired, the NYISO will terminate the agreement and file with the Commission a notice of termination, as applicable. If the agreement is a non-conforming agreement, and, therefore, filed with the Commission, the interconnection agreement will terminate upon the Commission’s acceptance of the notice of termination.

¹ The NYISO’s OATT contains both a Large Generator Interconnection Agreement and a Small Generator Interconnection Agreement. See OATT §§ 30 (Attachment X) and 32 (Attachment Y).

² 18 C.F.R. § 35.15 (2014).

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If the interconnection agreement for the Retired generator is terminated, access to the generator's point of interconnection will be available to proposed projects on a non-discriminatory basis through the generally applicable interconnection or transmission expansion processes, subject to then-current standards and requirements. This will allow other proposed projects to access the transmission system through the point of interconnection that is no longer being used by the Retired generator. As previously discussed, this approach does not impact equipment owned by the Retired generator because the generator does not own facilities that comprise the point of interconnection.³

Under the proposed tariff revisions, all Retired generators must submit an Interconnection Request and go through the interconnection process before the generator may return to service. A Retired generator with a terminated interconnection agreement electing to return to service would have the same ability to access the point of interconnection it utilized pre-retirement as other projects in the interconnection process.

The effect of being a Retired generator with an interconnection agreement that is not terminated is discussed below in response to Question 3.

Question 3

If the “Retired” designation would not mean that NYISO and the connecting transmission owner may terminate the generator’s interconnection agreement, please explain what effect(s) such designation would have on the generator’s interconnection. For example, would the “Retired” generator lose its energy interconnection rights, would it have to undergo a new interconnection study, enter a new Class Year, etc.? Please provide a detailed explanation.

Response

There may be cases, generally with two-party, non-NYISO agreements, where a Retired generator's interconnection agreement is not terminated as a result of the NYISO's designation of the generator as Retired. Under the filed tariff revisions, such a generator—like all generators classified as Retired—would need to submit a new Interconnection Request and undergo the NYISO's interconnection study process to return to commercial operations.⁴ This outcome is consistent with current NYISO procedures that require a generator to submit a new Interconnection Request if three or more years have passed from the date the generator is listed in the Gold Book as retired, in a mothball outage, or on standby, reserves shutdown, or in protective layup.⁵

³ Outage States Filing at 23. Note, a Retired generator, whether or not its interconnection agreement is terminated, is no longer modeled in interconnection studies completed for other projects (*i.e.*, the generator is removed from the Existing System Representation).

⁴ Under the NYISO's interconnection procedures, projects completing the study process enter into a NYISO *pro forma* interconnection agreement.

⁵ *Transmission Expansion and Interconnection Manual*, Section 3.3.4.A.3. Available at: http://www.nyiso.com/public/webdocs/markets_operations/documents/Manuals_and_Guides/Manuals/Planning/tei_mnl.pdf

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In cases where the existing interconnection agreement is not terminated, the Retired generator would retain its right to the specific point of interconnection as provided for in the interconnection agreement and access to this point would not be available for new projects.⁶

The Retired generator would also be required to satisfy the applicable interconnection requirements in order to obtain and retain Energy Resource Interconnection Service and Capacity Resource Interconnection Service (“CRIS”).⁷ This obligation is consistent with existing NYISO tariff provisions providing that a generator will lose its CRIS if it does not participate in the ICAP market for more than three years.⁸

As previously discussed, the NYISO’s ability to designate a generator as Retired as a result of the expiration of its Mothball Outage or ICAP Ineligible Forced Outage and require the submission of a new Interconnection Request for the Retired generator to return to commercial operations assures that the NYISO, Transmission Owners, and Developers have accurate information about the future availability of generators.⁹ This information is essential to planning and maintaining a reliable transmission system. Documenting the situations under which a generator will be considered Retired in the NYISO’s tariffs also provides further transparency of the consequences of long-term outages, allowing Market Participants to incorporate these consequences into their planning as well.¹⁰

⁶ The generator, however, would have an obligation to allow temporary use of the point of interconnection for a transmission project needed to maintain reliability while the generator is not using that interconnection point. *See* proposed Services Tariff § 5.18.5 (requiring a generator to give a Transmission Owner temporary use of the interconnection point for the generator when such generator is out of service and a transmission solution using the generator’s interconnection point during its outage has been selected as either a Gap Solution or to resolve a reliability issue arising on the non-bulk system).

⁷ OATT §§ 25.6 and 25.7.

⁸ *See* OATT § 25.9.3.1 (“CRIS status ... terminates three years after deactivation unless the deactivated Large Facility or Small Generating Facility takes one of the following actions before the end of the three-year period: (1) returns to service and participation in NYISO capacity auctions or bilateral transactions, or (2) transfers capacity deliverability rights to another Large Facility or Small Generating Facility at the same or a different electrical location that becomes operational within three years from the deactivation of the original facility.”)

⁹ NYISO Answer at 8.

¹⁰ Outage States Filing at 17.