NEW YORK INDEPENDENT SYSTEM OPERATOR
10 Krey Boulevard ♦ Rensselaer, NY 12144

June 17, 2015

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: New York Independent System Operator, Inc., Compliance Report in Docket No. EL13-62-00_

Dear Secretary Bose:

In accordance with Paragraphs 1 and 71 and Ordering Paragraph (B) of the Commission's March 19, 2015 order[1] on the complaint[2] filed by the Independent Power Producers of New York, Inc. ("IPPNY"), the New York Independent System Operator, Inc. ("NYISO") respectfully submits its compliance report. The filing sets forth the NYISO's analysis of the issues identified by, and describes the outcome of the stakeholder process initiated by, the March 19 Order.

As discussed below, and in detail in Attachments I and II to this filing: (i) the NYISO's analyses to date indicate that buyer-side market power mitigation measures should not be applied to new entry in the "Rest of State"[3] at this time and (ii) although there may be concerns regarding the potential market effects of uneconomic retention and repowering pursuant to "agreements similar to Dunkirk's," it would be premature for the Commission to address these concerns prior to the NYISO's submission of its compliance filing ("RMR Compliance Filing") in response to the Commission's February 19, 2015 Order in Docket No. EL15-37-000 ("RMR

[1] *Independent Power Producers of New York, Inc. v. New York Independent System Operator, Inc.*, 150 FERC ¶ 61,139 (2015) (the "March 19 Order").

[2] *Complaint Requesting Fast Track Processing of the Independent Power Producers of New York, Inc.*, Docket No. EL13-62-000 (filed May 10, 2013) (the "Complaint").

[3] Capitalized terms that are not otherwise defined herein shall have the meaning specified in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"), and if not defined therein, the meaning specified in the Compliance Report of the NYISO, with which this Report is submitted. The NYISO understands the March 19 Order's reference to "rest-of-state" to be referring to the established definition of "Rest of State" in the NYISO's Market Administration and Control Areas Services Tariff ("Services Tariff") Section 23.2.18. Rest of State is defined as the Load Zones that are not Localities; *i.e.*, all Load Zones except Zone the G-J Locality, Load Zone J, and Load Zone K. Therefore, the NYISO's analysis considered the need for the potential buyer-side mitigation rules in Load Zones A through F. *See also* Complaint at 7. (At the time the Complaint was filed "Rest of State" included Load Zones G, H, and I, and the Rest of State definition was Load Zones A through F pursuant to *New York Indep. Sys. Operator, Inc.*, 144 FERC ¶ 61,126 at P 52 (2013).

Order"),[4] and consideration of the results of further analyses and stakeholder discussions which the NYISO plans to conduct. The NYISO proposes to submit a further report in this docket within ninety days of its submission of the RMR Compliance Filing.

I. DOCUMENTS SUBMITTED

The NYISO respectfully submits this filing letter and the following documents:

1. The NYISO's analysis of, and the outcome of stakeholder discussions on, whether buyer-side mitigation rules for new entry are warranted in Rest of State ("Attachment I");

2. The NYISO's analysis of, and the outcome of stakeholder discussions on, whether there is a need for buyer-side mitigation rules to address concerns with repowering and uneconomic retention pursuant agreements ("Attachment II"); and

3. Confirming Affidavit of Lorenzo P. Seirup ("Attachment III").

II. BACKGROUND

The March 19 Order denied IPPNY's complaint on the ground that it had not met its statutory burden of proof. It also found that IPPNY's amendments to its complaint raised "concerns whether changed circumstances in the rest-of-state may necessitate the prospective adoption of market power mitigation rules for the rest-of-state."[5] The NYISO was therefore directed "to establish a stakeholder process to consider (1) whether there are circumstances that warrant the adoption of buyer-side mitigation rules in the rest-of-state; and (2) whether resources under repowering agreements similar to Dunkirk's have the characteristics of new rather than existing resources, triggering a buyer-side market power evaluation because of their potential to suppress prices in the capacity market and what mitigation measures need to be in place to address such concerns." The NYISO was also instructed to report on its "analysis of these issues and the outcome of such stakeholder discussion."[6]

III. THE NYISO'S ANALYSIS OF THE ISSUES

In order to respond to the March 19 Order's directives, the NYISO performed analyses, with assistance from FTI Consulting ("FTI.") The NYISO also sought input from and had multiple discussions with its independent Market Monitoring Unit ("MMU") and stakeholders regarding its analyses and conclusions. In support of its response, the NYISO submits the

[4] *New York Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,116 (2015), with date for compliance extended to October 19, 2015 by Notice of Extension of Time (June 4, 2015), Docket No. EL15-37-000.

[5] March 19 Order at P 71.

[6] *Id*.

confirming affidavit by its subject matter expert on these issues, Lorenzo P. Seirup, Supervisor, NYISO Market Mitigation and Analysis – ICAP.

A. Whether Buyer-Side Mitigation is Warranted in Rest of State

The chief issues that the NYISO explored in evaluating "whether there are circumstances that warrant the adoption of buyer-side mitigation rules in the rest-of-state" were:

- The potential short-term and long-term market impacts of supply subsidized by out-of-market payments;
- What incentives there may be for Load Serving Entities in the Rest of State to subsidize supply;
- The elasticity of Rest of State supply and its relevance to attempts to suppress prices; and
- Historic data and market behavior.

The NYISO's analysis of these issues is set forth in Attachment I. Attachment I also describes the NYISO's discussions with stakeholders, the outcome of those discussions, and the NYISO's conclusions.

B. Applicability of Buyer-Side Mitigation Rules for Resources with Repowering Agreements

As described in Attachment II, the NYISO leveraged the analyses described in Attachment I in its assessment of whether resources under repowering agreements similar to Dunkirk's have "the characteristics of new rather than existing resources, triggering a buyer-side market power evaluation because of their potential to suppress prices in the capacity market and what mitigation measures need to be in place to address such concerns." The NYISO's review of this issue to date suggests that further analysis is needed. The NYISO discussed with stakeholders that it thought additional analysis was warranted and its proposed next steps. As explained in Attachment II, there may be concerns regarding the potential market effects of "agreements similar to Dunkirk's" but the NYISO believes that it would be premature for the Commission (or the NYISO) to take further action prior to the NYISO's submission of its RMR Compliance Filing. In addition, concurrent with considering market power issues as it develops the rules to be proposed in the RMR Compliance Filing, the NYISO plans on conducting further analyses and stakeholder discussions.

IV. STAKEHOLDER PROCESS

The NYISO convened several meetings of the ICAP Working Group during which the analyses described in Attachments I and II were considered. At the April 30, 2015 ICAP Working Group, the NYISO presented to and discussed with stakeholders its proposed analyses

of the issues.[7] On the issue of uneconomic retention and repowering, the NYISO described that it planned to leverage the analyses it was performing on the issue of buyer-side mitigation for Rest of State. The NYISO also informed stakeholders that it was examining concerns with these types of agreements as part of its development of its response to the RMR Order. As part of its discussions with stakeholders, the NYISO's presentation posed these questions:

- Are there specific scenarios, circumstances, or facts that might warrant buyer-side mitigation in Rest of State?
- What would buyer-side mitigation measures for out-of-market repowering-type agreements look like?
- What additional items should the NYISO study consider?

Also at the April 30 meeting, related issues were discussed in the context of the NYISO's consideration of a tariff filing in compliance with the RMR Order.[8]

On May 18, 2015, the NYISO presented to and discussed with stakeholders at a meeting of its ICAP Working Group its study's findings as of that date. The information presented included the cost savings to Load Serving Entities in Rest of State from the addition of supply, the elasticity of Rest of State supply, and the longevity of price fluctuations. The NYISO also explained to and discussed with stakeholders that it was updating the cost of new entry estimates that had been developed during the 2013 ICAP Demand Curve reset.[9] In addition, the NYISO discussed with stakeholders its planned further analysis.

On June 10, 2015, the NYISO presented to and discussed with stakeholders at a meeting of its ICAP Working Group additional findings of its study.[10] The topics presented and discussed included Rest of State capacity obligations, the elasticity of Rest of State supply and the longevity of price fluctuations, interregional liquidity and elasticity, PJM Interconnection

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[7] *FERC's Order on Possible BSM for ROS and for Economic Retention* (April 30, 2015), presented by Lorenzo Seirup, available at: <http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_icapwg>→4/30/2015→Agenda 2.

[8] *NYISO's Proposed Reliability Must Run Framework* (April 30, 2015), presented by David Allen, available at: <http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-04-30/RMR-ICAPWG%20ESPWG-v%204%20Apr%2030%20final.pdf>.

[9] *NYISO Study of ROS BSM and Uneconomic Retention/Repowering* (May 18, 2015), presented by Lorenzo Seirup, available at: http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-05-18/NYISO%20Study%20on%20ROS%20Mitigation.pdf

[10] *NYISO Study of ROS BSM and Uneconomic Retention/Repowering (*June 10, 2015), presented by Lorenzo Seirup, available at: <http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_icapwg/meeting_materials/2015-06-10/ROS%20Mitigation%20Study%203.pdf>.

LLC and ISO-New England, Inc. reconfiguration auction details, and the elasticity of internal supply. The NYISO also presented to and discussed with stakeholders the value of subsidized uneconomic new entry to a Load Serving Entity in Rest of State, including the assumptions and methodology of its analysis, and the net present value of a subsidized new entrant. It also discussed the analysis it had performed to date on uneconomic retention and repowering pursuant to "agreements similar to Dunkirk's," and that it planned to continue its analyses. It also described the relationship between its consideration of repowering issues in this proceeding with its development of the RMR Compliance Filing.

As indicated above, stakeholder feedback and the outcome of the discussions is described in Attachments I and II.

V. NYISO'S RECOMMENDATIONS

The March 19 Order noted that the Commission would review the NYISO's report "to determine whether additional actions need to be taken."[11] The NYISO recommends that the Commission not take any action regarding buyer-side market power mitigation rules for new entry in Rest of State. As described above and in Attachment I, the NYISO has not, to date, observed market behavior that indicates that they are needed, nor does the NYISO see a compelling need to conduct further analyses at this time. If the NYISO were to identify a need for to apply buyer-side mitigation rules in Rest of State it would propose mitigation measures at that time, as it is required to do under the Services Tariff.[12]

The NYISO also recommends that the Commission not take action to address concerns regarding the potential market effects of "resources under repowering agreements similar to Dunkirk's" at this time. As described above and in Attachment II, the Commission should instead allow the NYISO to: (i) propose any necessary measures related to uneconomically retained units and repowering projects that address a reliability need, in its RMR Compliance Filing; and (ii) file a further report in this docket 90 days after filing the RMR Compliance Filing (*i.e.*, by January 19, 2016) addressing further analyses and stakeholder discussions on the uneconomic retention of existing units and repowerings pursuant to agreements that are not principally driven by a reliability need.

The MMU was given an opportunity to review and comment on this filing, including the NYISO's recommendations. The MMU has authorized the NYISO to state that the reports' (Attachments I and II) references to the MMU's views are accurate.

VI. COMMUNICATIONS AND CORRESPONDENCE

All communications and services in this proceeding should be directed to:

[11] March 19 Order at P 71.

[12] *See, e.g.*, Section 23.1.2 of the Services Tariff which obliges the NYISO to file new mitigation measures under Section 205 of the Federal Power Act if it identifies conduct that constitutes an abuse of market power and is not addressed by other tariff provisions.

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VII. SERVICE

This filing will be posted on the NYISO's website at www.nyiso.com. It will serve the parties in the Ordering docket, EL13-62-000. In addition, the NYISO will e-mail an electronic link to this filing to the official representative of each party to this proceeding, to each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

VIII. CONCLUSION

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this report and act consistent with its recommendations.

Respectfully submitted,

/s/ Gloria Kavanah
Gloria Kavanah
Counsel for the
New York Independent System Operator, Inc.

cc: Michael Bardee
Anna Cochrane
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Kathleen Schnorf
Kevin Siqveland
Gregory Berson
Morris Margolis
Daniel Nowak
Jamie Simler

[13] The NYISO respectfully requests waiver of the Commission's regulations (18 C.F.R. § 385.203(b)(3)(2014) to the extent necessary to permit service on counsel for the NYISO in both Miami and Washington, D.C.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Rensselaer, NY this 17th day of June, 2015.

By: */s/ John C. Cutting*

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Attachment I

ATTACHMENT I

THE NYISO'S ANALYSIS OF, AND THE OUTCOME OF STAKEHOLDER DISCUSSIONS ON, WHETHER BUYER-SIDE MITIGATION RULES FOR NEW ENTRY ARE WARRANTED IN REST OF STATE

I. The NYISO's Analyses

The analyses performed by the NYISO sought to answer the question of "whether there are circumstances that warrant the adoption of buyer-side mitigation rules in the rest-of-state." It did so by examining whether there is historic evidence of inappropriate behavior in the Rest of State ("ROS") capacity market, and by determining whether a financial incentive exists for load-side entities to suppress market prices there, *i.e.* whether the benefits of doing so would outweigh the costs. In order to make that determination, the NYISO's analysis included estimating the cost savings that LSEs would experience based on a capacity price reduction, assessing the response of internal and external resources to certain market price changes, and analyzing the value of subsidized new entry to buyer-side entities.

A. Historic Evidence

The NYISO reviewed the new entrants in ROS dating back to 2001. Neither the NYISO's analysis, nor stakeholder discussions, identified any historic behavior that could be considered evidence of inappropriate price suppression by new entry in ROS.

B. Estimating the Cost Savings Associated with a Given Reduction in Unforced Capacity Prices that a Load-Side Entity Would Experience

Based on the slope of the 2015/2016 NYCA[1] Installed Capacity ("ICAP") Demand Curve, the immediate price impact of 100 MW of additional capacity in ROS was found to be an Unforced Capacity ("UCAP") price reduction of $0.23/kW-month.[2] This price reduction is estimated to reduce the cost of procuring ROS UCAP by $46.5M/year, across all Load Serving Entities ("LSEs"). This was calculated by multiplying the reduction in Market-Clearing Price in the ICAP Spot Market Auction ("UCAP Spot prices") by the amount of UCAP electrically located in ROS, taking into account that the additional 100 MW must be purchased as well. In order to estimate the cost savings associated with that reduction in UCAP Spot prices to a load-side entity, the NYISO examined LSEs' UCAP obligations for ROS Load as a percentage of the total UCAP obligations that can be satisfied with UCAP located in ROS. In order to consider the potential for the exertion of market power, the NYISO studied the cost reductions associated

[1] Capitalized terms that are not otherwise defined herein shall have the meaning specified in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"), and if not defined therein, the meaning specified in the Compliance Report of the NYISO, with which this Report is submitted.

[2] UCAP in ROS clears at the NYCA price and can only be used to satisfy NYCA requirements (or be exported to an External Control area.) The ICAP Demand Curve is translated into UCAP terms. (*See* Services Tariff Section 5.14.1.2.) The product sold in the NYISO-administered markets, and the Market-Clearing Price are in terms of UCAP. (*See* Services Tariff Sections 5.10, 5.13, and 5.14.1.)

with the market share of the two largest LSEs, which were found to have 19.8% and 9.0% market share, respectively. The resulting two entity oligopoly with a roughly 30% market share would see a $14Million/year reduction to the cost of purchasing UCAP, per 100 MW addition of UCAP.

C. The Ability of the Market to Respond to a Reduction in UCAP Spot Prices and the Duration of Price Fluctuations

i. Interregional Capacity Sales

Economic theory suggests that interregional sales, *i.e.* capacity imports and exports, seek to arbitrage the markets of neighboring Control Areas by moving capacity from a lower priced region to a higher priced region. However, efficient arbitrage of these price spreads is complicated by differing market structures, and the liquidity of the auctions in each Control Area. In order to determine the ability of a response in interregional trading to counteract price suppression, the NYISO examined the historic response of imports and exports from the PJM Interconnection LLC ("PJM"), ISO-New England, Inc. ("ISO-NE"), and Hydro-Quebec Control Areas.

The NYISO found that imports and exports from PJM and Hydro-Quebec did not have a clear response to changing market prices in ROS. While imports from Hydro-Quebec appeared to have followed a consistent seasonal variation, they do not appear to have responded to the ROS capacity price when normalized on an annual basis.

Initial analysis of the data suggested ROS capacity sold into ISO-NE's Forward Capacity Auction ("FCA") were sensitive to NYCA capacity prices at the time. However, a lack of similarity in realized monthly sales to ISO-NE motivated a closer examination of the ISO-NE reconfiguration sales occurring in the 3 years between the FCA and the NYISO Spot auction. The NYISO initially speculated that the discrepancy between forward and realized sales was partly due to the existence of a price floor in the FCA, but not in the reconfiguration auctions. This difference may have resulted in resources selling into the FCA, and subsequently buying out of their positions in the reconfiguration auctions at a predictably lower price. However, further analysis of ISO-NE's Annual Reconfiguration Auction ("ARA") and Monthly Reconfiguration Auction ("Monthly RA") showed that while ROS capacity transacted in the ARA did not show a distinctive response to the NYCA UCAP Spot prices, ROS capacity transacted in the Monthly RA was responsive to the price spread relative to the NYCA UCAP Spot prices. In particular, it appeared that those sales were primarily responsive to the direction of the spread, rather than to the magnitude, indicating that there is limited liquidity in ISO-NE's Monthly RAs. In addition, significant changes to the market rules and conditions in ISO-NE make it difficult to predict the future responsiveness of imports to and exports from ROS to a potential downward movement of NYCA UCAP Spot prices, especially if future ISO-NE reconfiguration auctions clear at prices that are higher than those preceding the downward movement in the NYCA.

ii. Internal Capacity

Although capacity suppliers may enter price-sensitive offers into the ICAP Spot Market Auction, they may instead choose not to offer some or all of their capacity if they do not expect the Market-Clearing Price to be high enough to justify selling that capacity. (NYISO data on the amount of capacity that is available and not offered in the ICAP Spot Market Auction shows an inverse relationship between the amount of unoffered capacity and the Monthly Auction Market-Clearing Price ("Monthly Auction price".) A regression analysis indicates that a $1 per kilowatt month reduction in Monthly Auction prices is associated with a 30 MW increase in unoffered capacity. This displacement of existing supply would slightly reduce (by about 10%) the price impact of capacity entry.

Capacity prices are a key factor in the decision to mothball or retire existing capacity resources that are near the margin (*i.e.*, the unit's costs in relation to the clearing price.) It is likely that price suppression would not persist indefinitely as resources near the margin choose to cease operation. Indeed, NYISO analysis of historic data showed that large amounts of internal capacity ceased operation following a period of low prices in 2010-2012. The timing of those removals and the subsequent increase of NYCA capacity prices suggested that it was appropriate to make an assumption regarding the longevity of the price suppressing effect of new entry. Although the data is lumpy in nature and a variety of factors can impact ICAP prices, given the limited data available it appears as though 3 years is a reasonable estimate of that longevity.

D. The Value of Subsidized, Uneconomic New Entry to a Buyer-Side Entity in ROS

The NYISO examined whether an incentive to suppress prices exists in ROS by calculating the net-present value of a hypothetical subsidized new entrant. The calculation took into account the forecasted revenues of each hypothetical new entrant based on Energy, Capacity, and Ancillary Services, as well as the costs incurred during its life, plus the upfront capital costs. For each new entrant, two cases were calculated: a base-case; and a case considering, as an after-tax cash flow, the cost savings from its price suppressing effect to a buyer-side entity.

i. Hypothetical Units Examined

The net present value calculations were performed for five of the generator models that were considered in the selection of the 2013 ICAP Demand Curve Reset[3] proxy unit for the NYCA ICAP Demand Curve. In addition to ensuring comprehensive results, this allowed for the use of sound performance and cost data validated during the 2013 ICAP Demand Curve reset. The generator models studied were (i) a station with (2) LMS100 PA gas turbines (GTs), (ii) a Siemens SGT6-5000F(5) Frame GT in 1x1 combined cycle configuration, (iii) a Siemens SGT6-5000F(5) Frame GT in simple cycle configuration with selective catalytic reduction (SCR), (iv) a Siemens SGT6-5000F(5) Frame GT in simple cycle configuration without an SCR, and (v) a station with (2) Siemens SGT6-5000F(5) Frame GTs in simple cycle configuration with SCR.

[3] The "2013 ICAP Demand Curve Reset" as used in this report means the process conducted and the data which result in the 2014/2015 – 2016/2017 ICAP Demand Curves.

Each of these units was studied both in the Central Zone (Load Zone C) and the Capital Zone (Load Zone F).

ii. Capital Costs

In its analysis, a finance structure was chosen for the hypothetical subsidized entrants similar to that of a regulated distribution utility in ROS. It is reasonable to assume that if an entity was to build a generator in ROS and be subsidized by an LSE, the financing structure would more closely resemble that of the subsidizing entity than that of a competitive entrant. The debt to equity structure ratio used for the analysis was an average of the ratios for regulated utilities serving the same area of the study. This average debt to equity ratio was set to 50/50. The return on equity ("ROE") for the hypothetical generators analyzed was set at 9.65%, which reflects the allowed ROE established by New York State Public Service Commission orders for regulated distribution utilities. Additionally, following these assumptions, the debt rate for the financing of the construction of these units was set to 4.8%, which reflects the average current yield for debt of regulated electric distribution companies with similar bond ratings where that debt is issued in the near term. Inputs used for the inflation rate, tax depreciation period, debt period, and residual values were the same as those which were validated in the 2013 Demand Curve Reset. All capital costs were adjusted for inflation (to 2015). They were also adjusted upwards by 10% to reflect the increased development costs associated with stricter performance obligations for the engineering, procurement and construction contractor and the equipment manufacturer due to the developer's obligations to the power purchase counterparty

iii. Estimated Net Energy and Ancillary Services Revenues

In order to ensure that the cost figures for the studied hypothetical units were reflective of current market conditions, the NYISO estimated net Energy and Ancillary Services ("E&AS") revenues for each of the hypothetical generators over a three year period starting May 1, 2018 and ending April 30, 2021. This was done using current energy and gas forwards, along with a straightforward peak/off-peak daily dispatch model to dispatch the generators.

Historic daily volatility was introduced in the natural gas and energy prices. During this study, two gas trading hubs were used as part of the cost basis for generators in both the Capital (C) and Central (F) Load Zones. These trading hubs were Tetco M3 and Iroquois Zone 2, respectively. Although it would be reasonable to assume that a generator interconnecting today in either of these zones could procure more favorably priced gas, from trading hubs other than the two selected by the NYISO, the longevity of spreads that exist between these trading hubs is speculative, and appear likely to be transient. The NYISO made the assumption not to use these currently more favorably priced trading hub, in part, because there was no indication that the markets are treating these spreads between trading hubs as long-term market signals (*e.g.*, there are no proposed projects in the Interconnection Queue for Load Zones C or F). Ancillary Services prices, including Regulation Service and 10-Minute Non-Synchronized Reserves ("10-Minute spinning reserves"), were determined by using three years of historic Day-Ahead Market prices from May 1, 2012 to April 30, 2015. These prices were then adjusted on a daily basis by inflation to the full term used in this study. Whenever practicable, unit specific performance and cost values validated during the 2013 ICAP Demand Curve Reset were used. This includes, but

is not limited to, MW, heat rates, power produced during hot and cold starts, forced outage factors, gas delivery charges, variable O&M rates, and startup costs.

On any given day, the NYISO's model dispatched each hypothetical generator if the cost of running was less than the revenue earned. The model dispatched the generator at either baseload or at its minimum generation level depending on which output maximized the generator's revenue. When operating at baseload, the generator's E&AS revenues included the baseload MW at the applicable Locational Based Marginal Pricing rate ("LBMP"). When operating at minimum generation, the generator's E&AS revenue included the minimum generation MW at the applicable LBMP while additional MW beyond the minimum generation level were paid the higher of the 10-Minute spinning reserve and Regulation Services prices. The model would dispatch the generator overnight in a manner that maximized revenues. If the generator was able to produce revenue during the overnight period, then it stayed online. If remaining online overnight would result in a net cost, that cost was compared to the cost of shutting down and starting back up, and the lowest cost option was selected. The model accounted for planned outages by assuming that seven consecutive days were taken as a planned maintenance outage in both the spring and fall of each year. In addition, forced outages were added randomly so that the rate used was equal to the Equivalent Demand Forced Outage Rate ("EFORd") validated in the 2013 ICAP Demand Curve Reset for the generator type. Each unit's heat rate was degraded over time using the original equipment manufacturer's specification.

The Siemens SGT6-5000F(5) Frame GT without a Selective Catalytic Reduction system was limited to approximately 950 run hours per year due to an assumed run hour limit, identified in the 2013 ICAP Demand Curve Reset, based on an expected a New York State Department of Environmental Conservation Title V air permit. The model dispatched the generator over the most profitable 950 hours during each year. This assumed that the unit's dispatchers had perfect foresight and were able to accurately select the most profitable days of the year. This assumption results in increased revenue for this unit. A more accurate, but significantly more difficult assumption to model, would allow the unit to (1) run more frequently earlier in the year during additional profitable hours not ultimately selected as being in the top 950 most profitable hours, and (2) not run during the least profitable of the 950 most profitable hours occurring toward the end of the year. The impact of the NYISO's assumption is difficult to quantify because it relies on an estimate based on the skill and ability of the unit's dispatchers to accurately identify the most profitable 950 run hours per year. However, since the unit would still have ran the same number of hours and capture nearly all of the revenue predicted by the model by operating on high yield days only, the revenues predicted by the model appear to be reasonable. Further, this slightly increased revenue is offset by the error introduced by using a peak/off-peak daily model for a unit that would likely have been dispatched on an hourly basis. That is to say, the use of a peak/off-peak model to dispatch the unit reduced the flexibility of the unit thereby reducing the modeled revenue that unit would have earned.

The results produced by the model were validated against the revenues published by the independent Market Monitoring Unit ("MMU") in its 2014 *State of the Market Report*.[4] The

[4] Potomac Economics, Ltd., *2014 State of the Market Report for the New York ISO Markets* (May 2015) ("2014 State of the Market Report"), *available at*:

model was calibrated using the 1x1 combined cycle engine type, and used as inputs historic natural gas prices, historic LBMPs, and the generator-specific parameters used by the MMU for the estimates in the *2014 State of the Market Report*. In each of the three calibration years (2012, 2013, and 2014), the net revenues produced by the model were consistently between 5 and 10% less than the values published in the *2014 State of the Market Report*. This difference is likely attributable to the model's lack of a Real-Time Market component, and the NYISO considers it to be an allowable deviation within the accuracy of the analysis.

iv. Fixed Annual Costs

Total Fixed Operations and Maintenance, including but not limited to property taxes, site leasing costs, and insurance were adjusted for inflation. A Payment in Lieu of Taxes ("PILOT") agreement was assumed and property tax costs were set as a flat rate and held constant.

v. ICAP Revenue & Assumptions Motivated by this Analysis

ICAP revenues were assumed to be $42/kW-year, a level reflective of recent market activity, adjusted only for inflation in future years. A straightforward assumption regarding forecasted ICAP revenues was thought to be both desirable, in that it might retain the focus of the analysis and discussions, and also sufficient for its purposes. The cost savings from each hypothetical generator's price suppressive effect were calculated assuming that the buyer-side entity receiving them controlled a 30% market share, motivated by the observation that this was roughly the share of the total UCAP obligations for ROS that would be controlled by a two entity oligopoly comprised of the two LSEs with the largest UCAP obligations in ROS. The initial cost savings were reduced by 10% to reflect the elasticity of internal supply. Specifically, the findings related to the increase in capacity that is available, but not offered, into the ICAP Spot Market Auction as prices decrease. Cash flows from cost savings were assumed to dissipate in a linear fashion over 3 years, to reflect the analysis' finding that an assumption regarding the longevity of price suppression was warranted.

vi. Net Present Value

The net present value of each of the generators was calculated using the amortization periods, tax depreciation schedules, inflation rate, composite tax rate, and residual value assumptions utilized in the 2013 ICAP Demand Curve Reset. Even considering the cost savings from each generator's price suppressive effect, all of the net present values of the generators were negative, suggesting that subsidizing new entry would not be a sound financial strategy for a buyer-side entity.

II. Outcome of Stakeholder Discussions, and NYISO Conclusions Regarding Whether Buyer-Side Mitigation Rules Are Warranted for New Entry in ROS

The analysis performed by the NYISO suggests that the cost of building a subsidized new entrant outweighs the value of cost reductions from the resulting price suppression in the

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<http://www.nyiso.com/public/webdocs/markets_operations/documents/Studies_and_Reports/Reports/Market_Monitoring_Unit_Reports/2014/NYISO2014SOMReport__5-13-2015_Final.pdf>.

capacity market. While some stakeholders suggested that the analysis was sufficient to conclude that BSM Rules should not apply to new entry in ROS, there were others, including the MMU, who contended that different assumptions should have been used, or that there was as of yet insufficient support for the specific values of some of the assumptions used by the NYISO. The assumptions that some stakeholders challenged are discussed below.

A. Historic Information

There was no indication in stakeholder discussions of any historic behavior that could be considered evidence of inappropriate price suppression by new entry in ROS.

B. Assumed Market Share

Some stakeholders questioned the NYISO's assumption of a 30% market share in its net present value calculations. They asserted that an assumption based on the capacity obligations of distribution company customers (*i.e.*, excluding Municipal Electric Systems and Cooperatively Owned Electric Systems, or others that do not pay such charges,) would represent a larger market share and was more appropriate. These stakeholders argued that some buyer-side entities had the ability to use a non-bypassable wires charge to spread costs over their delivery-service customers, and that this would allow those entities to subsidize capacity at a lower cost to their retail customers. Furthermore, they reasoned, even if the NYISO calculated cost savings associated with suppressed ICAP prices using only a buyer-side entity's ROS UCAP obligations, the NYISO should reflect in its study that the entity's retail customers would only pay for a portion of the subsidy used to effectuate those cost savings. Doing so would show that the quantitative benefit to the entities of reduced capacity prices is greater than what was calculated based only on entities' UCAP obligations. This, a stakeholder postulated, was more likely to show that there is an incentive to suppress capacity prices in ROS. Some stakeholders suggested that the market share studied should reflect even larger footprints, such as those spanning multiple distribution companies.

The NYISO considered the larger market shares that appear when examining the capacity obligations of distribution company customers in its decision to assume a 30% market share. A 30% market share reflects a larger share portion of ROS UCAP requirements than is actually controlled by any one LSE. It is true, however, that even this number – based on the UCAP requirements of the two largest LSEs – is smaller than the roughly 40% market share corresponding to the largest distribution company's UCAP obligations for its delivery service customers. The NYISO acknowledges that the study's results are sensitive to this particular assumption. However, it continues to believe that the assumed 30% falls within the range of potential reasonable assumptions.

C. Assumed Longevity of Cost Savings

There was also discussion regarding the assumed longevity of the cost savings to a buyer-side entity from the price suppressive effect of subsidized new entry. While it was generally undisputed that an assumption of finite longevity was appropriate, some stakeholders, and the MMU, contended that the NYISO had not performed enough analysis or identified sufficient evidence to justify its selection of 3 years over some other value. Some stakeholders suggested

that a longer period should have been assumed, especially considering that the NYISO's elasticity analysis showed a notably limited response to changes in the ROS capacity price. While the NYISO generally concedes that more analysis could be justified in pursuit of a more refined assumption, the NYISO also would emphasize, as it noted in its presentation to stakeholders, that – all else being equal – if the longevity of cost savings had been increased to 6 years, the conclusions of its analysis, *i.e.* that subsidizing uneconomic new entry in order to suppress ROS capacity prices is not a sound financing strategy in current market conditions, would have remained unchanged.

III. The NYISO's Conclusions

Neither the NYISO's analyses, nor observed market behavior provide compelling evidence suggesting a need to apply the current BSM rules to new entry in ROS. At the same time, discussions with stakeholders, and the MMU, suggest that the NYISO's analyses performed to date do not constitute a definitive showing that there is not an incentive to suppress prices with subsidized uneconomic entry in ROS. If it was true that such a showing were necessary in order to determine whether there is a need to apply the current BSM Rules to new entry in ROS, then it is likely that additional analyses and discussion would further inform the record. However, the NYISO has not, to date, observed market behavior that indicates that there may be cause for concern regarding the potential for subsidized uneconomic new entry to inappropriately suppress capacity prices in ROS. Recognizing the unlikelihood that any further analysis would show a theoretical incentive to do so that was sufficiently large enough to cause concern even in the absence of actual evidence of problematic behavior, the NYISO does not believe further analysis is necessary at this time to confirm that the application of buyer-side mitigation rules to new entry in ROS is unnecessary.

Attachment II

ATTACHMENT II

THE NYISO'S ANALYSIS OF, AND THE OUTCOME OF STAKEHOLDER DISCUSSIONS ON, WHETHER THERE IS A NEED FOR BUYER-SIDE MITIGATION RULES TO ADDRESS CONCERNS WITH REPOWERING AND UNECONOMIC RETENTION PURSUANT TO AGREEMENTS

I. The NYISO's Analyses

The NYISO leveraged much of the analysis performed regarding the potential incentive to suppress prices with subsidized uneconomic entry in Rest of State ("ROS"), described in Attachment I, to begin considering whether there is an incentive to do so through the retention and repowering of existing uneconomic generators. Strategies to suppress prices by retaining existing resources, however, have characteristics that differ in a number of ways from those that rely on the subsidy of new generation. These differences include the fact that the initial capital cost of uneconomic retention and repowering is likely to be significantly lower than the cost of building new generation, and in some cases may even be negligible. The fixed annual cost of a contract to subsidize the retention of an uneconomic unit is likely to vary substantially depending on the circumstances. This is because the cost of such a contract is likely to be based on the unit-specific costs of the generator being retained, which can vary considerably among individual units and technologies. However, the "pay-as-you-go" nature of a contract to retain existing generation allows for the contracts to be of a much shorter term than the amortization period of new generation. That feature alone reduces the potential for a market response (*i.e.*, in the form of the mothballing or retirement of a different existing generator) to counteract the intended price suppression.

The analysis leveraged by the NYISO for this issue pertained to new entry in ROS. Although the ROS analysis helped to inform the NYISO's evaluation of this issue, the potential for there to be an incentive to suppress prices is greater in Mitigated Capacity Zones, where the current BSM rules already apply to new generation. The analysis performed also served to identify the scope of further analyses needed to complete the NYISO's consideration of repowering and uneconomic retention pursuant to agreements.

Because agreements between buyer-side entities and existing generators can be part of legitimate hedging behavior, further analysis is necessary regarding the costs of repowering and retaining an existing generator, the economic value of hedging to a buyer-side entity, and the characteristics of agreements to retain existing generators that have the potential to inappropriately suppress prices, in order to determine the nature and scope of the issues.

II. Stakeholder Discussions

The NYISO discussed with stakeholders how its analyses of potential incentives to suppress prices in ROS helped inform its evaluation of the uneconomic retention and repowering issue. It also indicated that, based on its assessment to date, there may be concerns regarding the potential market effects of agreements to retain uneconomic generators. It therefore planned to

conduct further analysis which it would discuss with stakeholders. The NYISO also discussed how the uneconomic retention and repowering issue intersected with the issues it was examining and the rules it will propose in, its "reliability must run" ("RMR") compliance filing in Docket No. EL15-37-000 (the "RMR Compliance Filing.")

Some stakeholders expressed concerns that the NYISO's analysis in the RMR Compliance Filing would not address the uneconomic retention or repowering of units pursuant to agreements where units are not needed to address a reliability issue. Other stakeholders commented that with the implementation of rules to be included in the RMR Compliance Filing, it would be difficult to exert market power.

III. The NYISO's Conclusions

Based on the analyses performed to date and discussions with stakeholders, the NYISO believes that there may be concerns regarding the potential market effects of uneconomic retention and repowering pursuant to "agreements similar to Dunkirk's." For the reasons described below, the NYISO recommends that the Commission not take action regarding the applicability of the buyer-side capacity market power mitigation measures ("BSM Rules")[1] to uneconomically retained units or repowering projects at this time. The Commission should instead allow the NYISO to: (i) propose any necessary measures related to uneconomically retained units and repowering projects that address a reliability need, in the RMR Compliance Filing; and (ii) file a further report in this docket 90 days after filing the RMR Compliance Filing (*i.e.*, by January 19, 2016) addressing further analyses and stakeholder discussions on the uneconomic retention of existing units and repowerings pursuant to agreements that are not principally driven by a reliability need.

As described above, the NYISO has conducted analyses as part of its consideration of whether "agreements similar to Dunkirk's" should be subject to mitigation. After reviewing the results with stakeholders and the independent Market Monitoring Unit ("MMU"), the NYISO has determined that further study of the issue is warranted. In addition, the changes to the NYISO's market rules that the Commission directed to be a part of the RMR Compliance Filing will impact the circumstances in which agreements (which could include repowering provisions) will be executed in response to reliability needs. The NYISO therefore believes that it would be premature for the Commission to consider rule changes related to the uneconomic retention or repowering of existing units pursuant to agreements at this time. Any directive issued now would not reflect or be informed by changes resulting from the RMR Compliance Filing.

[1] The BSM Rules are set forth in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff") Section 23.4.5.7, *et seq.*

A. Current Rules and Background

The BSM Rules currently apply to all entrants in Mitigated Capacity Zones[2] that were not "existing facilities" prior to dates specified in the Services Tariff.[3] It is the NYISO's view that the existing rules are already applicable to repowering projects that have certain characteristics that would make them more like new resources than "existing facilities."[4] However, the NYISO has explained that the BSM Rules do not specifically address repowering and that it would be preferable for them to do so more clearly.[5] [6]

B. Evolving Market Rules

The Commission's February 19, 2015 Order in Docket No. EL15-37-000 ("RMR Order")[7] recognized the nexus between uneconomic retention and RMR agreements.[8] It noted

[2] Capitalized terms that are not otherwise defined herein shall have the meaning specified in the in the Compliance Report of the NYISO, with which this Report is submitted, and if not defined therein, the meaning specified in the Services Tariff, and if not defined there, then in the Open Access Transmission Tariff.

[3] *See* Services Tariff Section 23.4.5.7.6 (with renumbering to change to Section 23.4.5.7.6.7 accepted by Commission Delegated Letter Order, issued May 6, 2015 in Docket No. ER15-1281-000, *New York Independent System Operator, Inc*., effective May 12, 2015, subject to the outcome of the tariff revisions to be ultimately accepted in Docket Nos. ER12-2414-000 and -001).

[4] For example, repowerings that trigger the interconnection process and seek Capacity Resource Interconnection Service would currently be subject to the BSM Rules.

[5] New York Independent System Operator, Inc., *Proposed Enhancements to In-City Buyer-Side Capacity Mitigation Measures, Request for Expedited Commission Action, and Contingent Request for Waiver of Prior Notice Requirement*, Docket No. ER10-3043-000, at n.12 (Sept. 27, 2010). *See also* March 19 Order at P 70 (suggesting that "there is no existing policy in NYISO for how buyer-side market power mitigation would apply to repowering agreements, and especially not to an agreement that purportedly resolves, at least in part, a short-term reliability need.")

[6] The NYISO also believes that it would be appropriate to include a provision that exempts certain types of repowering from explicit repowering mitigation rules. The design of the rules would include parameters to establish when uneconomic retention and repowering pursuant to an agreement would be examined, and when a facility that repowers would be eligible for an exemption, and the basis by which the NYISO would determine whether mitigation should be applied. The NYISO notes that it pursued an explicit repowering exemption through its stakeholder process. *See* Presentation to Management Committee, *Proposed ICAP Buyer-Side Mitigation Modifications – Repowering and Increased CRIS*, at 2-8 (May 28, 2014); available at: <http://www.nyiso.com/public/webdocs/markets_operations/committees/mc/meeting_materials/2014-05-28/agenda_05_pres_Repowering%20MC%2014_05_28.pdf>. To date, its proposals have not garnered sufficient stakeholder support to permit a filing under Section 205 of the Federal Power Act.

[7] *New York Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,116 (2015), with date for compliance extended to October 19, 2015 by Notice of Extension of Time (June 4, 2015), Docket No. EL15-37-000.

potential mitigation issues for agreements that may arise to address a short-term reliability need.[9] The Commission directed that the RMR Compliance Filing should include "tariff provisions governing the retention of and compensation to generating units required for reliability, including procedures for designating such resources."[10] Future retention of existing uneconomic units through repowering agreements or otherwise will also likely implicate the generator deactivation-related reliability concerns that the RMR Compliance Filing is meant to address. Accordingly, the uneconomic retention and repowering issues raised in this proceeding should not be considered in isolation from the RMR compliance proceeding.

The NYISO is considering market power mitigation matters as it develops the RMR Compliance Filing. It is designing RMR rules with an eye towards ameliorating potential concerns with the retention of existing uneconomic units and repowering agreements. For example, the NYISO's RMR proposals will be designed to limit the duration of RMR contracts and to only make them available to projects that are the "right" size to address reliability needs. The rules also will address how RMR units will participate in the NYISO-administered markets. Such rules may significantly reduce concerns regarding the potential market impacts of uneconomic retention and repowerings that involve more capacity than is needed to address reliability. These market rules could impact future uneconomic retention and repowering agreements and their potential to affect the capacity market. Rule changes that may be proposed in the RMR Compliance Filing likely will be relevant to retention and repowering agreements not principally driven by reliability needs. Thus, it is appropriate to address uneconomic retention and repowering pursuant to agreements not driven by reliability needs after the NYISO's RMR Compliance Filing.

C. Uneconomic Retention and Repowering Not Driven by Reliability Needs

The NYISO's proposed approach would allow it to consider the potential for uneconomic retention and repowering pursuant to agreements that are not principally driven by reliability needs, in the context of the rules proposed in the RMR Compliance Filing. In addition to conducting further going forward cost and other analyses, the NYISO needs to identify the characteristics of agreements to retain existing generators that give rise to market power concerns, and if so, identify appropriate mitigation and exemption rules. There may be relevant differences based on, for example, the types of repowering, and the genesis and structure of the agreement. The NYISO's further analysis will consider, among other things, whether such agreements address a reliability issue, are justified as a hedge or support a public policy (*e.g.*, environmental reasons.)

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[8] *See* RMR Order at PP 6-8 (discussing procedural history of the two Dunkirk agreements at the Commission and the New York State Public Service Commission, and discussing separate but similar reliability service arrangements involving Cayuga Operating Company, LLC.)

[9] *See* Order at P 70.

[10] RMR Order at 11.

Thus the NYISO believes that it is premature to draw conclusions about the market effects of uneconomic retention and repowering pursuant to agreements similar to Dunkirk's. Instead, it wishes to conduct further analysis and obtain both stakeholder and MMU input, in parallel with its development of the RMR Compliance Filing.[11] Permitting the NYISO to do so would provide the Commission with a more complete and clearer record. It also would not materially delay the Commission's full consideration of the issues. In fact, it seems likely to be more efficient from the Commission's perspective, as well as for the NYISO and stakeholders, to examine the issue in this proceeding with full awareness of the significant and closely related market rules that will be proposed in the RMR Compliance Filing.

[11] The NYISO also notes that the pending complaint in Docket No. EL15-64-000 calls, among other things, for the creation of a broad repowering exemption under the BSM Rules. *See New York Public Service Comm'n, et. al v. New York Indep. Sys. Operator, Inc.* (filed May 8, 2015). Commission action on that complaint may also provide guidance on the repowering issue raised in this docket, which would then be considered in any further report in this proceeding.

Attachment III

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc. **Docket No. EL13-62-00_**

CONFIRMING AFFIDAVIT OF LORENZO P. SEIRUP

Mr. Lorenzo P. Seirup declares:

1. I have personal knowledge of the facts and opinions herein and if called to testify could and would testify competently hereto.

2. I am the Supervisor of Market Mitigation and Analysis – Installed Capacity for the New York Independent System Operator, Inc. ("NYISO"). My business address is 10 Krey Boulevard, Rensselaer, NY 12144.

3. My current responsibilities include supervising and coordinating operation of ICAP Mitigation staff and activities; ensuring administration, implementation and enforcement of the applicable ICAP[1] market provisions of the Market Monitoring Plan,[2] administering the NYISO's supplier-side and buyer-side capacity market power mitigation measures, which are set forth in Services Tariff Section 23; conducting market power analyses; and reviewing market data to determine whether market performance is consistent with a competitive market. Apart from ICAP market mitigation administration, I also am part of a team that evaluated the need for and design of enhancements or revisions to the NYISO's capacity market rules.

4. I received a Bachelor of Science degree in Mathematics from Rensselaer Polytechnic Institute. Since 2012, I have been actively involved in the NYISO's administration of the ICAP mitigation rules and in its market power analyses. My ICAP market administration responsibilities have included performing determinations under buyer-side mitigation rules, calculating Going-Forward Costs, identifying and evaluating possible withholding, and implementing the monthly supply-side mitigation measures (*i.e.*, the Pivotal Supplier tests). Apart from capacity market mitigation administration, I assist in the development of new, and revisions to the existing, market rules (including the ICAP Demand Curve reset) and perform periodic reviews of capacity market auctions. I am responsible for preparing, and have led the team that prepared the annual report to the Commission on the NYISO's ICAP Demand Curves and potential withholding issues in Docket No. ER01-3001, *et. al*. I have participated on the NYISO team that developed filings and

[1] Capitalized terms that are not otherwise defined herein shall have the meaning specified in the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"), and if not defined therein, the meaning specified in the Compliance Report of the NYISO, with which this Report is submitted.

[2] The Market Monitoring Plan is NYISO Market Administration and Control Area Services Tariff ("Services Tariff") Section 30, Attachment O.

responded to Commission Orders in the NYISO proceedings before the Commission that have involved these matters beginning in 2012 to the present. I am participating on the team that is developing the NYISO's "reliability must run" ("RMR") compliance filing in Docket No. EL15-37-000.

5. I submit this affidavit in support of the Compliance Report of the NYISO, which is being filed in accordance with the Commission's March 19, 2015 order[3] on the complaint[4] filed by the Independent Power Producers of New York, Inc. (the "Compliance Report").

6. The Compliance Report informs the Commission of the NYISO's analysis of, and the outcome of stakeholder discussions on, the two questions raised in the March 19 Order. [5]

7. Specifically, the Commission ordered the NYISO to establish a stakeholder process to consider "(1) whether there are circumstances that warrant the adoption of buyer-side mitigation rules in the rest-of-state; and (2) whether resources under repowering agreements similar to [the Dunkirk repowering agreement's] have the characteristics of new rather than existing resources, triggering a buyer-side market power evaluation because of their potential to suppress prices in the capacity market and what mitigation measures need to be in place to address such concerns."[6]

8. The purpose of this Confirming Affidavit is to confirm that I reviewed the March 19 Order, led the team conducting the NYISO's analyses in response to the March 19 Order's questions, made presentations at three stakeholder meetings on the issues and the NYISO's analyses, led stakeholder discussions of the issues, and that my work and work performed under my direction forms the basis of the Compliance Report.

9. I also confirm that all of the statements and facts set forth in the Compliance Report Attachments I and II are true and correct to the best of my knowledge and understanding.

10. Finally, I confirm that I was personally involved with, led the team that conducted the analyses described in the Compliance Report, including those that required the exercise of expert judgment, and fully support the descriptions of the analyses and the description of the stakeholder discussions contained therein,.

11. This concludes my affidavit.

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[3] *Independent Power Producers of New York, Inc. v. New York Independent System Operator, Inc.*, 150 FERC ¶ 61,139 (2015) (the "March 19 Order").

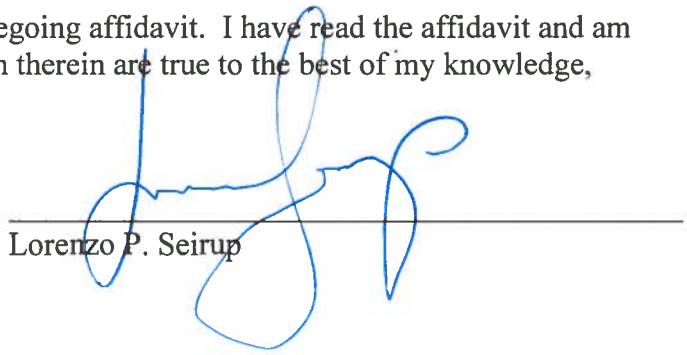
[4] *Complaint Requesting Fast Track Processing of the Independent Power Producers of New York, Inc.*, Docket No. EL13-62-000 (filed May 10, 2013) (the "Complaint").

[5] *Id*. at P 71.

[6] *Id*.

ATTESTATION

I am the witness identified in the foregoing affidavit. I have read the affidavit and am familiar with its contents. The facts set forth therein are true to the best of my knowledge, information, and belief.



Lorenzo P. Seirup

Subscribed and sworn to before me
this 17th day of June 2015

Notary Public

My commission expires: 8/8/2016

GLORIA KAVANAH
Notary Public, State of New York
No. 4941412
Qualified in Schenectady County
Commission Expires 8/8/2016