## **15.8 Rate Schedule 8 – Payments to RMR Generators**

### **15.8.1 Payment to an RMR Generator Providing Service Pursuant to an RMR Agreement with an Availability and Performance Rate**

The ISO shall make a payment each Billing Period to each RMR Generator providing service pursuant to an RMR Agreement with an Availability and Performance Rate that has been accepted for filing by the Commission, or the ISO may pay subject to refund pending Commission action. The payment shall equal:

*Where*:

*d* = the relevant market day;

*P* = the relevant Billing Period;

*g* = the relevant RMR Generator that is providing service under an Availability and Performance Rate established pursuant to the ISO Tariffs and an RMR Agreement between the ISO and the RMR Generator;

= RMR Avoidable Cost amount for RMR Generator *g* for day *d* that has been accepted for filing by the Commission, or as calculated by the ISO in accordance with Sections 31.2.11.8 and 31.2.11.17 of the OATT pending Commission action, shaped on a Capability Period basis;

*Where:*

= the energy cost of RMR Generator *g* for day *d*. The cost of all energy MWhs that are scheduled and produced in real-time by RMR Generator *g* that do not exceed RMR Generator *g*’s Day-Ahead schedule shall be equal to the lesser of RMR Generator *g*’s Day-Ahead reference levels and RMR Generator *g*’s Day-Ahead Bids. The cost of all energy MWhs that are scheduled and produced in real-time (including Compensable Overgeneration, if any) that exceed RMR Generator g’s Day-Ahead schedule (if any) shall be equal to the lesser of RMR Generator *g*’s real-time reference levels and RMR Generator *g*’s real-time Bids;

= the cost of Operating Reserves and Regulation Service for RMR Generator *g* for day *d*. The cost of all MWhs of Operating Reserves that are scheduled and of Regulation Service that are scheduled and provided in real-time by RMR Generator *g* that do not exceed RMR Generator *g*’s Day-Ahead schedule shall be equal to the lesser of RMR Generator *g*’s Day-Ahead reference levels and RMR Generator *g*’s Day-Ahead Bids. The cost of all MWhs of Operating Reserves and Regulation Service that are scheduled and provided in real-time by RMR Generator *g* that exceed RMR Generator *g*’s Day-Ahead schedule (if any) shall be equal to the lesser of RMR Generator *g*’s real-time reference levels and RMR Generator *g*’s real-time Bids;

= the Voltage Support Service payment for RMR Generator *g* for day *d* pursuant to Rate Schedule 2 of the ISO Services Tariff;

= the Restoration Services payment for RMR Generator *g* for day *d* pursuant to Rate Schedule 5 of the ISO Services Tariff.

### **15.8.2 Payment to an RMR Generator Providing Service Pursuant to an RMR Agreement with a Rate Other Than an Availability and Performance Rate**

The ISO shall make a payment each Billing Period to each RMR Generator providing service pursuant to an RMR Agreement with a rate other than an Availability and Performance Rate that has been accepted for filing by the Commission, or the ISO may pay subject to refund pending Commission action. The payment shall equal:

*Where:*

*g* = the relevant RMR Generator that is providing service under a rate other than an Availability and Performance Rate;

= the costs RMR Generator *g* is authorized to recover for day *d* pursuant to a rate for RMR Generator *g* that has been accepted for filing by the Commission, or that RMR Generator *g* is recovering subject to refund pending Commission action, shaped on a Capability Period basis.

The definitions of the remaining variables in this equation are identical to the definitions for such variables set forth in Section 15.8.1 above.

### **15.8.3 Performance Incentive Payment**

The ISO will pay on a monthly basis an RMR Generator that is providing service pursuant to an RMR Agreement with an Availability and Performance Rate any Performance Incentive payment owed to that RMR Generator for its performance in that month in accordance with the following formulae.

= the amount of the Performance Incentive payment, calculated for each month *m*, and is a dollar value calculated as:

*Where:*

= the maximum annual Performance Incentive payment, calculated as 5% of the RMR Generator’s *Non-CapEx Avoidable Costs;*

= the RMR Avoidable Costs the RMR Generator is authorized to recover annually, pursuant to an Availability and Performance Rate that has been accepted for filing by the Commission, or that the RMR Generator is recovering subject to refund pending Commission action, less the Capital Expenditures included in such RMR Avoidable Costs;

*LBPI* = the Bandwidth Lower Bound, a percentage defined as:

*UBPI* = the Bandwidth Upper Bound, a percentage defined as:

*TLPI* = the Target Limit, a percentage defined as:

*Where:*

*BLPI* = the Baseline percentage determined for the RMR Generator’s performance, as set forth in the RMR Generator’s RMR Agreement.

= the RMR Performance Factor for month m, a percentage defined as:

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*Where:*

= the first RTD interval of month *m*;

*T* =the last RTD interval of month *m*;

= the Real-Time output of the RMR Generator over RTD interval *t*, in MW; and

= the Penalty Limit for Under-Generation of the RMR Generator over RTD interval *t*, expressed in MW, calculated in accordance with the ISO’s Billing and Accounting Manual.

### **15.8.4 Availability Incentive Payment**

The ISO will pay on a Capability Period basis an RMR Generator that is providing service pursuant to an RMR Agreement with an Availability and Performance Rate for any Availability Incentive payment owed to that RMR Generator. The ISO will make the Availability Incentive payment in the Billing Period following the first month of the Capability Period for a payment earned for the previous Capability Period in accordance with the following formulae.

= the amount of the Availability Incentive, calculated for each Capability Period *cp*, and is a dollar value calculated as:

*Where:*

= the maximum Availability Incentive payment, calculated as 20% of the RMR Generators *Non-CapEx Avoidable Costs;*

= the RMR Avoidable Costs the RMR Generator is authorized to recover annually, pursuant to an Availability and Performance Rate that has been accepted for filing by the Commission, or that the RMR Generator is recovering subject to refund pending Commission action, less the Capital Expenditures included in such RMR Avoidable Costs;

*LBAI,cp* = the Bandwidth Lower Bound, a percentage defined as:

*UBAI,cp* = the Bandwidth Upper Bound, a percentage defined as:

*TLAI,cp* = the Target Limit, a percentage defined as:

*Where:*

*BLAI,cp =* the Baseline percentage for Capability Period *cp* determined for the RMR Generator’s availability, as set forth in the RMR Generator’s RMR Agreement;

= the RMR Generator’s equivalent availability factor for Capability Period *cp*, a percentage defined as:

*Where:*

*AH* = the RMR generator’s available hours, calculated for Capability Period *cp* in accordance with ISO procedures;

*PH* = the RMR Generator’s period hours, calculated for Capability Period *cp* in accordance with ISO procedures, as the number of hours that the RMR Generator was in an active state;

*=* the RMR Generator’s unplanned derated hours, calculated for Capability Period *cp* in accordance with ISO procedures, as the product of unplanned derated hours and size of reduction, divided by net maximum capacity;

*=* theRMR Generator’s planned derated hours, calculated for Capability Period *cp* in accordance with ISO procedures, as the product of planned derated hours and size of reduction, divided by net maximum capacity; and

*=* the RMR Generator’s net maximum capacity, determined in accordance with ISO procedures, less net dependable capacity, determined in accordance with ISO procedures, multiplied by available hours in accordance with ISO procedures, and divided by net maximum capacity.

GADS Data used to calculate Availability Incentive payments, as it may be modified by the ISO, shall be subject to review, challenge, and correction in accordance with Section 7.4 of the ISO Services Tariff.

### **15.8.5 Limitation on Total Penalties, Sanctions and Deficiency Charges Assessed to RMR Generators Providing Service Pursuant to an RMR Agreement with an Availability and Performance Rate**

An RMR Generator that is providing service pursuant to an RMR Agreement with an Availability and Performance Rate is subject to all of the penalties, sanctions, deficiency charges and any similar charges, except for under-generation penalties (collectively, for purposes of this paragraph, “penalties”), that may apply to Generators under the ISO Tariffs. *Provided, however*, that the total amount of penalties that can be assessed to an RMR Generator that is providing service pursuant to an RMR Agreement with an Availability and Performance Rate shall be capped at the total, cumulative amount of Performance Incentive payments and Availability Incentive payments computed by the ISO to be due to that RMR Generator through the end of the month in which the penalty or penalties are charged. The ISO shall charge any penalties to the RMR Generator and remit the revenues from each penalty, or any reduced amount, in accordance with the applicable provisions of the ISO Services Tariff.

### **15.8.6 Recovery of Capital Expenditures from RMR Generators**

If, pursuant to the terms of an RMR Agreement, the ISO reimbursed all or a portion of the cost of a Capital Expenditure that was incurred to permit an RMR Generator to provide service during the term of the RMR Agreement, and the Generator is no longer the subject of any RMR Agreement, then before the ISO may permit the Generator to be offered into or be scheduled in the ISO Administered Markets, the cost of all Capital Expenditures (if any) that the ISO paid to enable the RMR Generator to provide service under an RMR Agreement, less depreciation, must be repaid to the ISO in accordance with the following formula.

*Where:*

*i* = a Capital Expenditure in *I*, the set of all Capital Expenditures for the RMR Generator;

*j* = a month in *M*, the set of all months that the RMR Generator received payment for Capital Expenditure *i*;

*k* = a year in *Y*, the set of all years beginning with the year Capital Expenditure *i* entered service or was otherwise integrated into the RMR Generator, or the year the NYISO terminated the RMR Agreement if Capital Expenditure *i* was not completed or did not enter service while the Generator was operating under an RMR Agreement, and continuing to the present year;

= the payment made to the RMR Generator in month *j*, taking into account the time value of money for Capital Expenditure *i*; and

= the annual depreciation expense, determined by the ISO, for Capital Expenditure *i* in year *k*.

The reimbursement obligation specified in this Section 15.8.6 shall remain in effect until all Capital Expenditures that are due (as determined in accordance with the formula set forth above) are fully depreciated, or have been reimbursed. The reimbursement obligation shall remain in effect if an RMR Generator (i) that entered a Mothball Outage, an ICAP Ineligible Forced Outage or Inactive Reserves returns to service from such state, or (ii) becomes Retired and subsequently returns to service as a new Generator.