

38.1 Definitions

Whenever used in the **Generator Deactivation Process** requirements in this Section 38 with initial capitalization, the following terms shall have the meaning specified in this Section

38.1. Terms used in this Section 38 with initial capitalization that are not defined in this Section 38.1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the ISO OATT or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

Developer: A person or entity, including a Transmission Owner, sponsoring or proposing a solution to a Generator Deactivation Reliability Need pursuant to this Attachment FF.

Generator Deactivation Assessment: The ISO's analysis, in coordination with the Responsible Transmission Owner(s), of whether a Generator Deactivation Reliability Need will result from a Generator becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage.

Generator Deactivation Assessment Start Date: The date on which: (i) the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (ii) a Market Participant's Generator enters into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff.

Generator Deactivation Notice: The form set forth in Section 38.24 (Appendix A) of this Attachment FF.

Generator Deactivation Process: The process set forth in this Attachment FF by which the ISO evaluates and addresses the reliability impacts resulting from: (i) a Market Participant providing notice for its Generator to become Retired or enter into a Mothball Outage or (ii) a Market Participant's Generator entering into an ICAP Ineligible Forced Outage.

Generator Deactivation Reliability Need: A condition identified by the ISO in a Generator Deactivation Assessment as a violation or potential violation of one or more Reliability Criteria and applicable local criteria.

Generator Deactivation Solution: A solution to address a Generator Deactivation Reliability Need, which may include the Initiating Generator, a solution proposed pursuant to Section 38.4, or a Generator identified by the ISO pursuant to Section 38.5.

Generator Owner: (a) the entity or entities that have executed an RMR Agreement and assumed ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets; (b) the entity or entities that have indicated their willingness to execute an RMR Agreement and assume ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets by submitting a filing to FERC proposing

a rate for providing RMR service or seeking to recover the cost of Capital Expenditures; or (c) the entity or entities that possess ultimate responsibility for the operation of an Interim Service Provider and its participation in the ISO Administered Markets. The Generator Owner may be a Market Party and/or a Market Participant, may include one or more Market Parties and/or Market Participants, or may participate in the ISO Administered Markets by and through one or more Market Parties and/or Market Participants.

Initiating Generator: A Generator that submits a Generator Deactivation Notice for purposes of becoming Retired or entering into a Mothball Outage or that has entered into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, which action is being evaluated by the ISO in accordance with its Generator Deactivation Process requirements in this Section 38 of the ISO OATT.

Interim Service Provider: A Generator that must remain in service during the 365 days that follow the Generator Deactivation Assessment Start Date beyond the later of (a) the 181st day of the 365 day period, or (b) the Generator's requested deactivation date. Interim Service Providers are compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.

Market Party: Any person or entity that is, or proposes or plans (including any participant therein,) 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, or any combination of the foregoing.

Near-Term Generator Deactivation Reliability Need: A Generator Deactivation Reliability Need that the ISO determines will arise within three years of the conclusion of the 365 days that follow the Generator Deactivation Assessment Start Date.

Responsible Transmission Owner: The Transmission Owner or Transmission Owners designated by the ISO pursuant to this Attachment FF: (i) to conduct the necessary reliability studies to review the impact of a Generator's proposed deactivation on the reliability of the non-BPTFs that are part of the New York State Transmission System, (ii) to prepare a Generator Deactivation Solution and, if required, a conceptual permanent solution to address a Generator Deactivation Reliability Need, and (iii) to proceed with a Generator Deactivation Solution if directed to do so by the ISO. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the ISO identifies a Generator Deactivation Reliability Need and/or that owns a transmission facility on which a Reliability Need arises.

RMR Service Offer: An offer submitted to the ISO by a Generator to provide RMR service.

RMR Start Date: The date an RMR Generator begins participating, offering, and operating in the ISO Administered Markets pursuant to the ISO Tariff rules that apply to RMR Generators and the terms of an RMR Agreement.

Viable and Sufficient: Term that describes a proposed Generator Deactivation Solution that the ISO has determined in accordance with Section 38.6 to be viable and sufficient to satisfy the identified Generator Deactivation Reliability Need individually or in conjunction with other solutions.

38.2 Scope of Generator Deactivation Process

The Generator Deactivation Process set forth in this Attachment FF establishes the process by which the ISO will address a Generator Deactivation Reliability Need that results from a Generator becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Pursuant to this process, the ISO will first determine through a Generator Deactivation Assessment whether a Generator Deactivation Reliability Need would result from a Generator's deactivation. If the Generator Deactivation Assessment identifies a Generator Deactivation Reliability Need that cannot timely be addressed through the ISO's biennial reliability planning process, the ISO will solicit and evaluate market-based and regulated Generator Deactivation Solutions to address the need, including, but not limited to, entering into an RMR Agreement with the Initiating Generator. Rules addressing cost allocation for Generator Deactivation Solutions are set forth in Section 38.22. Rules addressing cost recovery for Generator Deactivation Solutions are set forth in Section 38.23, Rate Schedules 14 and 16 to the ISO OATT, and Rate Schedule 8 to the ISO Services Tariff.

38.3 Generator Deactivation Requirements

38.3.1 Requirements for Initiating Generator Seeking to Be Retired or Enter into Mothball Outage

38.3.1.1 A Market Participant must provide the ISO with a minimum of 365 days prior notice (such period beginning after its Generator Deactivation Notice has been determined to be complete by the ISO) before its Generator may be Retired or enter into a Mothball Outage; except for Generators reclassified as Retired pursuant to Sections 5.18.2.3.1 or 5.18.3.3.1 of the ISO Services Tariff, or as provided for an RMR Generator under an RMR Agreement.

38.3.1.2 The Market Participant shall provide this notice to the ISO by submitting a Generator Deactivation Notice in the form set forth in Appendix A to this Attachment FF, along with all information required by that form, the supporting certification from a duly authorized officer, and the information required for an Initiating Generator in accordance with Sections 38.25.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF.

38.3.1.3 The Market Participant must specify in the Generator Deactivation Notice its proposed date for its Generator to be Retired or enter into a Mothball Outage.

38.3.1.4 The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run when the ISO issues a written notice to the Market Participant indicating that the Generator Deactivation Notice, including the supporting information and certification, is complete. For purposes of this Attachment FF, “complete” shall mean sufficiently complete for the ISO to begin its review of the reliability impacts that would result from a Generator being Retired or entering into a Mothball Outage under this Attachment

FF, ~~and~~ to review as required by Sections 38.7 and 38.8 the information provided in accordance with Appendix B of this Attachment FF, and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

38.3.1.5 Within ten (10) business days of receiving a Generator Deactivation Notice, the ISO shall review the notice form, along with the supporting information and affidavit submitted with it, and will inform the Market Participant whether its submission is complete or whether additional information is required. The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information to determine whether the Market Participant's notice is complete. Within ten (10) business days of the ISO receiving all additional information it requested, the ISO will inform the Market Participant whether its submission is complete, or whether further information is needed. Upon its determination that a submitted Generator Deactivation Notice is complete, the ISO will concurrently notify the Generator and post a notice on its website that the Generator Deactivation Notice has been determined to be complete.

~~38.3.1.6 The Market Participant has a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment FF, as required by Section 38.25.4 of Appendix B of Attachment FF, and assessment of market impacts under Section 23 of Attachment H of the ISO Services Tariff.~~

38.3.2 Requirements for Initiating Generator that Has Entered into ICAP Ineligible Forced Outage

Within 20 days of a Market Participant's Generator entering into an ICAP Ineligible Forced Outage, the Market Participant shall submit the information required for an Initiating Generator in accordance with Sections 38.25.2 and 38.25.5 through 38.25.7 of Appendix B of

this Attachment FF. It shall also provide the information required by Section 38.25.4 of

Appendix B of this Attachment FF.

38.3.3 Continuing Obligation for Market Participants and Market Parties to Respond to ISO Information Requests

Following the submission of a complete Generator Deactivation Notice or the entry of its Generator into an ICAP Ineligible Forced Outage, the Market Participant (which is also a Market Party) is subject to a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment FF or to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information it receives to determine whether the information provided is sufficient to permit the ISO to perform its duties under this Attachment FF (including but not limited to the calculation of an Interim Service Provider rate and/or an Availability and Performance Rate), and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff. Within ten (10) business days of the ISO receiving all of the additional information it requested, the ISO will inform the Market Participant whether its submission is sufficient, or whether further information is needed.

38.3.34 Immediate Reliability Need

The ISO may take immediate action to implement an interim solution to maintain reliability if the ISO determines that a Generator Deactivation Reliability Need may not be timely addressed through the normal Generator Deactivation Process. To maintain reliability in such circumstances, the ISO may abbreviate, as necessary, the time periods and requirements set forth in this Attachment FF and make any necessary filings with the Commission.

38.3.54 Performance of Generator Deactivation Assessment

38.3.54.1 Following the Generator Deactivation Assessment Start Date, the ISO will perform, in coordination with the Responsible Transmission Owner(s) identified by the ISO, a Generator Deactivation Assessment concerning the Initiating Generator. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs that would result from the Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. The Responsible Transmission Owner(s) will conduct the necessary reliability studies to review the impact on the reliability of the non-BPTFs that are part of the New York State Transmission System, which studies the ISO will review and verify. For the Generator Deactivation Assessment, the ISO will use the most recent base case from the reliability planning process, updated in accordance with ISO Procedures. The study period for the assessment will be the five years following the conclusion of the 365-day notice period. The ISO will review the key study assumptions with its stakeholders.

38.3.54.2 As part of the assessment, the ISO shall review whether any potential Generator Deactivation Reliability Need can be addressed through the adoption of alternative ISO or Transmission Owner operating procedures or by updates to Local Transmission Owner Plans, other than an agreement with the Generator addressed in the Generator Deactivation Notice or a Generator already in a Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015.

38.3.54.3 Within ninety days of the Generator Deactivation Assessment Start Date, the ISO shall concurrently notify the Initiating Generator and post on its website

the results of the Generator Deactivation Assessment. The assessment will specify: (i) whether a Generator Deactivation Reliability Need would arise from an Initiating Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage, and (ii) whether the ISO has determined that any Generator Deactivation Reliability Need can be timely addressed in the current or next planning cycle of the biennial reliability planning process, or must be addressed using this Generator Deactivation Process. The Generator Deactivation Process will conclude if the Generator Deactivation Assessment: (i) does not identify a Generator Deactivation Reliability Need, or (ii) states that a Generator Deactivation Reliability Need identified in the assessment will be addressed in the biennial reliability planning process. The Generator Deactivation Assessment will also state whether the Generation Deactivation Reliability Need is only a reliability need on non-BPTFs for which solely the Responsible Transmission Owner may propose a regulated transmission Generator Deactivation Solution. Any Generator that the ISO determines is Viable and Sufficient may participate as a Generator Deactivation Solution to part or all of a Generator Deactivation Reliability Need, including a reliability need arising only on the non-BPTFs.

38.3.65 Near-Term Generator Deactivation Reliability Needs

38.3.65.1 As part of the Generator Deactivation Assessment, the ISO will determine whether there is a Near-Term Generator Deactivation Reliability Need. Any Generator that the ISO determines is Viable and Sufficient may participate as a Generator Deactivation Solution to part or all of a Near-Term Generator

Deactivation Reliability Need, including a reliability need arising only on non-BPTFs.

38.3.~~65~~.2 If the ISO determines that a Generator Deactivation Reliability Need is a Near-Term Generator Deactivation Reliability Need, the ISO shall:

38.3.~~65~~.2.1 Include an explanation in the Generator Deactivation Assessment of the Near-Term Generator Deactivation Reliability Need in sufficient detail, including the reliability criteria violations and system conditions, to allow stakeholders to understand the need and why it is time sensitive.

38.3.~~65~~.2.2 Provide to stakeholders and post on its website a full and supported written explanation of the ISO's decision to solicit a regulated, non-generation Generator Deactivation Solution solely from a Responsible Transmission Owner, including an explanation of the other transmission and non-transmission options that the ISO considered, but concluded would not sufficiently address the Near-Term Generator Deactivation Reliability Need, the circumstances that generated the need, and an explanation of why the need was not identified earlier.

38.3.~~65~~.2.3 Provide the appropriate stakeholder working group a reasonable opportunity to provide comments to the ISO on the written explanation.

38.3.~~65~~.3 The ISO shall maintain and post on its website a list of all transmission solutions selected by the ISO in prior years to be built in response to Near-Term Generator Deactivation Reliability Needs for which the ISO designated solely the Responsible Transmission Owner to propose a regulated Generator Deactivation Solution. The list must include the Near-Term Generator Deactivation Reliability Need, the identity of the designated Responsible Transmission Owner, the

transmission solution selected by the ISO, its in-service date, and the date on which the Responsible Transmission Owner energized or otherwise implemented the transmission solution. The ISO shall file the list with the Commission as an informational filing in January of each year covering the designations of the prior calendar year, if the ISO selected a Responsible Transmission Owner's regulated transmission solution to a Near-Term Generator Deactivation Reliability Need in the prior year.

38.3.76 Deactivation Prior to the Expiration of the 365-Day Notice Period

If: (i) the ISO determines in the Generator Deactivation Assessment either that a Generator Deactivation Reliability Need would not arise from a Market Participant's Generator being Retired or entering into a Mothball Outage, or that the need can be timely addressed in the ISO's biennial reliability planning process, and (ii) the Market Participant indicated in the Generator Deactivation Notice an interest in deactivating its Generator earlier than the completion of the 365-day notice period, then the ISO will notify the Market Participant when its Generator has completed all required ISO administrative processes and procedures, and may be Retired or enter into a Mothball Outage, which deactivation date shall be no earlier than 91 days after the Generator Deactivation Assessment Start Date. The ISO's issuance of a final physical withholding determination shall occur in accordance with Section 23.4.5.6 of Attachment H of the Market Services Tariff.

38.4 Solicitation of Generator Deactivation Solutions to a Generator Deactivation Reliability Need

38.4.1 If the ISO determines in its Generator Deactivation Assessment that a Generator Deactivation Reliability Need should be addressed in the Generator Deactivation Process, the ISO shall solicit Generator Deactivation Solutions to address the Generator Deactivation Reliability Need. A Developer must submit a proposed Generator Deactivation Solution within sixty (60) days of the ISO's request.

The solicitation process set forth in this Section 38.4 is not the process for offering a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015 as a proposed Generator Deactivation Solution. Such Generator may be offered as a Generator Deactivation Solution by submitting a statement of intent to participate in the Generator Deactivation Process in accordance with Section 38.5 and satisfying the other requirements of that Section.

38.4.2 In response to the ISO's solicitation of proposed Generator Deactivation Solutions:

38.4.2.1 The Responsible Transmission Owner must submit a proposed Generator Deactivation Solution. The proposed solution must, to the extent practicable, completely address the Generator Deactivation Reliability Need and satisfy the project information requirements in Sections 31.2.4.4.1, 31.2.4.4.2, and 31.2.6.5.1.1 of Attachment Y of the ISO OATT. The Responsible Transmission Owner's proposed Generator Deactivation Solution may include transmission, demand response, or generation resources; *provided, however*, only the ISO may

enter into an RMR Agreement with a Generator to address the Generator Deactivation Reliability Need. The Responsible Transmission Owner may only allocate and recover under the ISO OATT the costs of a transmission solution in accordance with the requirements in Sections 38.22 and 38.23. If the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, then the Responsible Transmission Owner must submit a permanent Generator Deactivation Solution. If the ISO determines, after considering input from the Responsible Transmission Owner, that the Responsible Transmission Owner's proposed Generator Deactivation Solution is an interim solution, then the Responsible Transmission Owner must also submit a conceptual permanent solution to address the Generator Deactivation Reliability Need.

38.4.2.2 Any Developer may submit a proposed market-based Generator Deactivation Solution. A market-based Generator Deactivation Solutions may include generation, transmission, or demand response solutions and must satisfy the project information requirements in Section 31.2.4.6 of Attachment Y of the ISO OATT. Market-based solutions are not eligible for cost recovery under Rate Schedule 8 to the ISO Services Tariff, or Rate Schedules 14 or 16 to the ISO OATT.

38.4.2.3 Any Developer may submit a proposed new Generator that requires an RMR Agreement to operate as a temporary Generator Deactivation Solution. A proposed new Generator that requires an RMR Agreement must satisfy the project information requirements in Sections 31.2.4.8.1 and 31.2.4.8.2 of Attachment Y of the ISO OATT.

38.4.2.4 Any Developer that has been determined to be qualified under Section 31.2.4.1.1.2 of Attachment Y to the ISO OATT may submit a proposed regulated transmission Generator Deactivation Solution, unless: (i) the Generator Deactivation Reliability Need is a Near-Term Generator Deactivation Reliability Need, or (ii) the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs as stated by the ISO in the Generator Deactivation Assessment pursuant to Section 38.3.45.3. The proposed regulated transmission solution must satisfy the project information requirements in Sections 31.2.4.8.1, 31.2.4.8.2, and 31.2.6.5.1.1 of Attachment Y of the ISO OATT.

38.4.3 As part of its submission of its proposed Generator Deactivation Solution, a Developer shall provide the information required for each proposed Generator Deactivation Solution in accordance with Sections 38.25.3, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

38.4.4 Generator Deactivation Solutions proposed under this Section 38.4 shall strive to be compatible with permanent market-based solutions and regulated solutions identified in the CSPP, as applicable. A permanent regulated solution may proceed in parallel with an interim solution selected in this Attachment FF.

38.4.5 The ISO may disclose to Market Participants and other interested parties the Generator Deactivation Solution and plans proposed pursuant to this Section 38.4; *provided, however*, that the ISO will maintain as confidential the following information if designated as “Confidential Information”: (i) a Responsible Transmission Owner’s conceptual permanent solution, except for its proposed

project type, general geographic location, and in-service date; (ii) the information required to be maintained as confidential for a market-based solution pursuant to Sections 31.2.12.4 and 31.2.12.5 of Attachment Y to the ISO OATT, and (iii) any non-public financial qualification information submitted in accordance with Section 31.2.4.1.1.1.3 of Attachment Y of the ISO OATT.

38.4.6 Application Fee and Study Deposit

38.4.6.1 When the ISO performs a selection process among regulated transmission solutions, any Developer that proposes a regulated transmission Generator Deactivation Solution to address the Generator Deactivation Reliability Need shall submit to the ISO, at the same time it provides the project information required pursuant to Section 38.4.2, a non-refundable application fee of \$10,000 and a study deposit of \$100,000, which shall be applied to study costs and subject to refund as described in this Section 38.4.6.

38.4.6.2 If the ISO performs a selection process among regulated transmission solutions, the ISO shall charge, and a Developer proposing a regulated transmission Generator Deactivation Solution shall pay, the actual costs of the ISO's evaluation of the Developer's proposed transmission solution for purposes of the ISO's selection among transmission solutions to address the Generator Deactivation Reliability Need, including costs associated with the ISO's use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing the evaluation of a Developer's proposed transmission solution and any supplemental evaluation or re-evaluation of the proposed transmission solution. If the ISO or

its subcontractors perform study work for multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers.

38.4.6.3 The ISO shall invoice the Developer monthly for study costs incurred by the ISO in evaluating the Developer's proposed transmission solution as described above. Such invoice shall include a description and an accounting of the study costs incurred by the ISO and estimated subcontractor costs. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO's issuance of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice; *provided, however*, if a Developer: (i) does not pay its monthly invoice within the timeframe described above, or (ii) does not pay a disputed amount into an independent escrow account as described below, the ISO may draw upon the study deposit to recover the owed amount. If the ISO must draw on the study deposit, the ISO shall provide notice to the Developer, and the Developer shall within thirty (30) calendar days of such notice make payments to the ISO to restore the full study deposit amount. If the Developer fails to make such payments, the ISO may halt its evaluation of the Developer's proposed transmission solution and may disqualify the Developer's proposed transmission solution from further consideration. After the conclusion of the ISO's evaluation of the Developer's proposed transmission solution or if the Developer: (i) withdraws its proposed transmission solution or (ii) fails to pay an invoiced amount and the ISO halts its evaluation of the proposed transmission solution, the ISO shall issue a final invoice and refund to the Developer any

portion of the Developer's study deposit submitted to the ISO under this Section 38.4.6 that exceeds outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution, including interest on the refunded amount calculated in accordance with Section 35.19a(a)(2) of FERC's regulations. The ISO shall refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its subcontractors and involved Transmission Owners.

38.4.6.4 In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its evaluation of the Developer's proposed transmission solution. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) Calendar Days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest calculated in accordance with Section 35.19a(a)(2) of FERC's regulations.

38.5 Review and Notification of Generator(s) Currently in an Outage State

If the ISO determines that a Market Participant's Generator that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015, may be capable of satisfying in whole or in part the Generator Deactivation Reliability Need, the ISO will notify the Market Participant that its Generator is under review to determine whether it can satisfy the Generator Deactivation Reliability Need as a possible Generator Deactivation Solution. Within ten (10) days of the ISO's issuance of a written notification (including an email), a Market Participant that is interested in offering its Generator as a Generator Deactivation Solution to address the Generator Deactivation Reliability Need shall inform the ISO in writing whether it intends to offer its Generator as a Generator Deactivation Solution. A Market Participant that submits a statement of intent to offer its Generator shall provide to the NYISO within twenty (20) days of submitting its statement of intent the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF if it has not previously provided such information to the ISO. If the Market Participant has previously provided such information for the relevant Generator, then it shall update all such information, including, but not limited to, the updates required by Section 38.25.4 of Appendix B of this Attachment FF.

Notwithstanding whether a Market Participant submitted a statement of intent to offer its Generator as a Generator Deactivation Solution, the ISO may request at any time that a Market Participant submit the information required for a Generator identified under this Section 38.5 in accordance with Sections 38.25.3.1, 38.25.3.2, and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF or any updates to previously submitted information addressing its Generator, which information must be submitted within twenty (20) days of the NYISO's request.

When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage is the Generator Deactivation Solution, the return to service procedures set forth in Section 5.18.4 of the ISO Services Tariff shall apply.

38.6 Viability and Sufficiency Evaluation of Generator Deactivation Solutions

- 38.6.1 The ISO shall evaluate all Generator Deactivation Solutions and, if applicable, shall evaluate the conceptual permanent solution provided by the Responsible Transmission Owner pursuant to Section 38.4.2.1 to determine whether each is viable and sufficient to satisfy individually, or in conjunction with other solutions, the Generator Deactivation Reliability Need. The ISO shall perform this viability and sufficiency evaluation consistent with the requirements set forth in Sections 31.2.5.3 and 31.2.5.4 of Attachment Y of the ISO OATT. The ISO shall coordinate with the Responsible Transmission Owner(s), as necessary, in performing its evaluation.
- 38.6.2 If the ISO determines that there are adequate Viable and Sufficient market-based or demand response Generator Deactivation Solutions to satisfy completely the identified Generator Deactivation Reliability Need, the ISO will conclude the Generator Deactivation Process under this Attachment FF, and the ISO will monitor the development of the market-based and demand response Generator Deactivation Solutions in accordance with ISO Procedures. As part of its final Generator Deactivation Process report, the ISO shall present the results of its viability and sufficiency assessment to interested parties if the Generator Deactivation Process has been concluded because there are adequate market-based or demand response Generator Deactivation Solutions to satisfy completely the Generator Deactivation Reliability Need.

38.7 ISO Review of Information Pursuant to Appendix B

38.7.1 **Cost, Revenue and System Impact Information.** The ISO shall review, verify and/or validate to the extent necessary the information provided in accordance with Sections 38.3, 38.4, and 38.5 and Appendix B of this Attachment FF. The ISO's review, verification and/or validation, as applicable, of the financing cost of each capital expense that the ISO determines is necessary in accordance with Good Utility Practice shall consider the market interest rate available to the Market Party.

38.7.2 The ISO may reject, and may require a Market Party to re-submit, or substantiate information (including estimates) that the ISO determines is not adequately supported or otherwise verifiable. The Market Party shall promptly provide any additional information that the ISO may request, and update and revise information previously provided, and provide new information as set forth in Section 38.25.4 of Appendix B of this Attachment FF. Upon the ISO's prior notice, the Market Party shall make qualified representatives available to answer the ISO's question(s) and otherwise facilitate the ISO's review of the information. The NYISO may terminate its consideration of a proposed Generator Deactivation Solution if a Market Party fails to provide requested information.

38.7.3 Market Power Information. The Market Participant shall provide the ISO with any information that the ISO determines it requires in order to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff. The primary focus of the NYISO's review will be Sections 23.4.5.6 (physical

withholding) and/or 23.6 (energy market participation rules) of Attachment H of the ISO Services Tariff.

38.7.4 ISO Notification to Market Participant. The ISO shall notify the Market Participant, in writing, when the ISO has received all of the data and information it requires to perform its duties under both (a) this Attachment FF and (b) Section 23 of Attachment H of the ISO Services Tariff.

38.7.4.1 The notice that the ISO provides to a Market Participant (which is also a Market Party) that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not absolve the Market Party of its affirmative and continuing obligation under Section 38.25.4 of Appendix B of this Attachment FF to supplement and update information and data it has submitted to the ISO when a material change in facts or circumstances occurs that makes the previously submitted information insufficient or inaccurate.

38.7.4.2 The notice that the ISO provides to a Market Participant that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not bar the ISO from asking additional questions of the Market Participant, nor does it excuse the Market Participant from its continuing obligation to promptly respond to ISO requests for information or data in accordance with Sections 38.3.3 and 38.7 of this Attachment FF.

38.8 Determining RMR Avoidable Costs

38.8.1 Determinations pursuant to this section are solely for purposes of determining the RMR Avoidable Cost of Initiating Generators and Generators that are determined to be a Viable and Sufficient Generator Deactivation Solution to a Generator Deactivation Reliability Need. The ISO shall determine the cost (net of estimated revenues, as applicable) of each Initiating Generator and of each Viable and Sufficient Generator Deactivation Solution to a Generator Deactivation Reliability Need that responds to the ISO's request for Generator Deactivation Solutions in accordance with Sections 38.4 and 38.5. The ISO may also determine the costs of Viable and Sufficient Generator Deactivation Solutions that do not respond to the ISO's request for Generator Deactivation Solutions. The ISO's determination for a Generator shall be its "RMR Avoidable Costs." The ISO shall use the costs, revenues, and other information submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8 and Appendix B of this Attachment FF that it verifies and/or validates, as applicable. If the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party, the ISO shall substitute an estimated value. The ISO's cost determinations pursuant to this Section shall be for the shorter of (i) the duration of the Generator Deactivation Reliability Need identified by the ISO in its request for Generator Deactivation Solutions, and (ii) the period identified by the ISO that an Initiating Generator or Viable and Sufficient Generator Deactivation Solution can satisfy the Generator Deactivation Reliability Need.

38.8.1.1 Cost savings due to an Initiating Generator's continuation of service.

Costs submitted in accordance with Sections 38.3, 38.4, 38.5, 38.7, 38.8, or Appendix B of this Attachment FF that arise out of an agreement that contains a cost, premium, or fee to terminate the agreement in whole or in part prior to the anticipated RMR Start Date, or commencement of service as a Generator Deactivation Solution, shall be reduced by the cost, premium or fee that would have been incurred had the Generator ceased operations on a date identified in the Generator Deactivation Notice, or such other date associated with performing service as a Generator Deactivation Solution.

38.8.1.2 For each transmission project that is proposed in accordance with this Attachment FF, the ISO shall calculate the net costs that would be incurred to provide the service identified in the Developer's response to the ISO's request for Generator Deactivation Solutions, considering any costs the Developer otherwise had a contractual or regulatory obligation to incur.

38.8.1.3 The ISO shall identify as "Capital Expenditures" the purchase or non-operational lease of, or modification to real property or assets (including, but not limited to, land, buildings, and equipment) that (a) are necessary to permit an Initiating Generator or Viable and Sufficient Generator Deactivation Solution to provide service to satisfy, in whole or in part, the Generator Deactivation Reliability Need identified in the ISO's request for Generator Deactivation Solutions, (b) have a useful life greater than one year, and (c) are not otherwise included in the ISO's calculation of RMR Avoidable Costs. The ISO shall also

identify the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the Generator Deactivation Solution.

38.8.1.4 Revenue Calculation. As a component to the ISO's calculation of the total net cost of each Initiating Generator and Viable and Sufficient Generator Deactivation Solution, the ISO shall calculate the estimated revenues thereof.

38.8.1.4.1 If an Initiating Generator or other Generator that has been determined to be a Viable and Sufficient Generator Deactivation Solution has a contract pursuant to which it provides energy, capacity, or ancillary services, the ISO shall also, for the period of such contract, calculate the estimated revenues for the provision of energy, capacity or ancillary services thereunder.

38.8.2 The ISO shall seek comment from the Market Monitoring Unit on matters relating to the inputs and the calculations performed pursuant to Section 38.8. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 38.18.1 of this Attachment FF and in Section 30.4.6.8.6 of Attachment O to the ISO Services Tariff.

38.9 RMR Service Offers

38.9.1 If: (i) there is only one Generator that is a Viable and Sufficient Generator Deactivation Solution to a Generator Deactivation Reliability Need, or (ii) there are multiple Generators that are a Viable and Sufficient Generator Deactivation Solution to a Generator Deactivation Reliability Need that are all owned or controlled by the same Generator Owner, then the ISO shall provide to that individual Generator or Generator Owner, as applicable, its RMR Avoidable Cost and an opportunity for it to enter into the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF to the ISO OATT. If there is more than one Generator that is a Viable and Sufficient Generator Deactivation Solution for a Reliability Need and the Generators are not all owned or controlled by the same Generator Owner, the ISO shall notify each such Generator that responded to the ISO's request for Generator Deactivation Solutions that it has been determined to be a Viable and Sufficient Generator Deactivation Solution that the ISO is requesting RMR Service Offers to provide service pursuant to an RMR Agreement.

38.9.2 The ISO shall concurrently post on its website that it has issued a request for RMR Service Offers.

38.9.3 The ISO's notice to each Generator of a request for RMR Service Offers shall include (a) the Generator's RMR Avoidable Costs determined pursuant to Section 38.8, and separately identify the Capital Expenditure amount that is included in the RMR Avoidable Costs and the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the

Generator, (b) the duration of the period for which the ISO determined the Generator was viable and sufficient to meet (in whole or in part) the Generator Deactivation Reliability Need, (c) the deadline by which offers must be received by the ISO, and (d) any other information that must be provided in the Generator's response in accordance with ISO Procedures.

38.9.4 Offers in response to a request for RMR Service Offers shall (A) state the price at which the Generator is willing to enter into an RMR Agreement with (i) an Availability and Performance Rate or (ii) an Owner Developed Rate for which the Generator would be seeking approval from the Commission, (B) separately state the anticipated timing and cost of each Capital Expenditure that is included in the offer, (C) if any provision of the Form of Reliability Must Run Agreement set forth in Appendix C of Attachment FF to the ISO OATT is incompatible with the Generator's ability to provide service absent a modification to a term or condition, provide a blackline marking any and all changes that are necessary to permit the Generator to provide RMR service, and explain why, absent such changes, the Generator would be unable to provide RMR service, (D) state the duration for which the Generator is being made available to provide the RMR service (which shall be no longer than the duration the ISO determined the Generator is a viable and sufficient solution,) and specify whether the offer would be the same for any shorter period of time, and (E) state whether the offer is for less than or equal to the generator's full cost of service. The offer must be executed by a duly authorized officer with authority to bind the Market Party to an RMR Agreement. The ISO will not consider offers that indicate they are for

an amount greater than the Generator's full cost of service. The ISO shall exclude from consideration offers that are received after the deadline.

38.10 ISO Selection of Solution to Address Generator Deactivation Reliability Need

38.10.1 An Initiating Generator and other Viable and Sufficient Generator

Deactivation Solutions are eligible for selection by the ISO to address a Generator Deactivation Reliability Need. In selecting a solution to address a Generator Deactivation Reliability Need the ISO will first consider the expected impact of any Viable and Sufficient market-based or demand response Generator Deactivation Solutions it identifies on the scope of the need. Prior to the ISO making its selection pursuant to this Section 38.10, the ISO may enter into an RMR Agreement with one or more Generators, if necessary, to provide the ISO sufficient time to complete the selection process.

A Viable and Sufficient transmission solution selected by the ISO shall be eligible for cost allocation in accordance with Section 38.22 and cost recovery in accordance with Section 38.23. An Initiating Generator or another Viable and Sufficient generation solution selected by the ISO shall be eligible to enter into an RMR Agreement with the ISO in accordance with Section 38.11.

38.10.1.1 If the ISO determines that there is a Viable and Sufficient permanent transmission solution that completely satisfies the Generator Deactivation Reliability Need, the ISO may select that solution.

38.10.1.2 If the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs, in addition to selecting any interim solution it determines is necessary, the ISO will select a Viable and Sufficient permanent transmission Generator Deactivation Solution.

38.10.1.3 If, following completion of the identification of solutions pursuant to Sections 38.10.1 and 38.10.1.1 or 38.10.1.2, there remains a Generator Deactivation Reliability Need, then the ISO shall perform the selection process set forth in Sections 38.10.2 through 38.10.5.

38.10.2 Selection Process if a Viable and Sufficient Transmission Solution Is Available

38.10.2.1 This solution selection process is designed to ensure that executing an RMR Agreement with a Generator is a last resort to addressing a Generator Deactivation Reliability Need. The ISO will select a Viable and Sufficient transmission solution to address the Generator Deactivation Reliability Need if: (i) there are one or more Viable and Sufficient transmission solutions, and (ii) none of the Viable and Sufficient generation solutions have a “distinctly higher net present value” than a transmission solution. If the ISO is selecting between and among Viable and Sufficient transmission solutions, the ISO will perform its selection based on the degree to which each transmission solution satisfies the metrics set forth in Section 38.10.4.

38.10.2.2 Determining if a Solution has a “Distinctly” Higher Net Present Value

A Generator Deactivation Solution has a “distinctly” higher net present value if it is the Viable and Sufficient solution with the lowest reasonably calculated net cost to consumers to meet the identified Reliability Need until the permanent solution can be implemented. A generation solution has a “distinctly” higher net present value than a transmission solution if, after accounting for the accuracy range of each transmission project cost estimate and generation revenue estimate using the confidence interval the ISO selects, the ISO determines that the range

of net present values of the generation solution is higher than the range of the net present values of the transmission solution. If there is an overlap between the ranges of net present values between a generation solution and a transmission solution, then the generation solution does not have a distinctly higher net present value than the transmission solution. If the ISO determines that a generation solution has a distinctly higher net present value than a transmission solution, then both solutions will be considered in accordance with Section 38.10.2.4 of this solution selection process.

The net present value of a generation solution is the present value of the difference between the generation solution's offered service cost and its expected market revenues for the expected duration of an RMR Agreement. The net present value of a transmission solution is the present value of the difference between the transmission solution's estimated costs and its expected market revenues (if any).

To account for the accuracy of cost estimates in comparing the net present values of Viable and Sufficient generation and transmission solutions, the NYISO will:

1. Undertake reasonable efforts to validate the information submitted in the time available; and
2. Determine an accuracy range for each solution's estimated, submitted and verified costs, including the assumptions used to develop the cost estimate based on (i) the age, operating status and technology type of each generation or transmission solution, (ii) the assumptions used to develop each cost estimate, and (iii) data from credible independent resources, including but not limited to consultants hired by the ISO.

38.10.2.3 Multi-Element Solutions

If there are no Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution, but the transmission solution or combination of transmission solutions selected by the ISO only partially satisfy the duration or the size of the Generator Deactivation Reliability Need, then the ISO may supplement the partial transmission solution with one or more Viable and Sufficient generation solutions that will be eligible to enter into an RMR Agreement with the ISO. The ISO will select the supplemental Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service Offers from more than one Generator, results in the highest net present value solution to the Generator Deactivation Reliability Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT when selecting a generation solution. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance, and market impacts and the size of the Generators when selecting the generation component of a multi-element solution.

Alternatively, the ISO may select a Viable and Sufficient generation solution in place of a multi-element solution that includes transmission if it determines that the generation solution has a distinctly higher net present value than the combination of partial transmission and generation solutions the ISO might otherwise select under this Section 38.10.2.3. The ISO shall choose between a multi-element solution that includes transmission and a generation solution that has a distinctly higher net present value than the multi-element solution using the selection criteria specified in Section 38.10.2.4.

38.10.2.4 Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution will be

considered when the ISO selects the solution or combination of solutions to address the Generator Deactivation Reliability Need based on: (i) the net present value of each solution calculated in accordance with Section 38.8 and 38.9, and (ii) the degree to which each solution satisfies the metrics set forth in Section 38.10.4.

38.10.3 Selection Process if a Viable and Sufficient Transmission Solution Is Not Available

If there is not a Viable and Sufficient transmission solution, the ISO will select among the Viable and Sufficient generation solutions as follows. The ISO will select the Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service Offers from more than one Generator, results in the highest net present value solution to the Generator Deactivation Reliability Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance and market impacts, and the size of the Generators.

38.10.4 Metrics for Evaluating Solution to Address Generator Deactivation Reliability Need

The ISO will consider the following metrics in its evaluation of each Viable and Sufficient solution, as applicable:

38.10.4.1 The capital cost estimates for the proposed transmission Generator Deactivation Solution or the cost information submitted by the Initiating Generator or the generation Generator Deactivation Solution, including the accuracy of the proposed estimates.

38.10.4.2 The cost per MW ratio of the proposed transmission Generator

Deactivation Solution or the RMR Service Offers of the Initiating Generator or the generation Generator Deactivation Solution. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed solution in current year dollars. The ISO will then determine the MW value of the solution by summing the Generator Deactivation Reliability Need, in MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Generator Deactivation Reliability Need. The ISO will then determine the cost per MW ratio by dividing the present worth of the total capital cost by the MW value.

38.10.4.3 The expandability of the proposed solution. The ISO will consider the impact of the proposed solution on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed solution within the context of system expansion.

38.10.4.4 The operability of the proposed solution. The ISO will consider how the proposed solution may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed solution may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions.

38.10.4.5 The performance of the proposed solution. The ISO will consider how the proposed solution may affect the utilization of the system (e.g. interface flows, percent loading of facilities).

38.10.4.6 The extent to which the Developer of a proposed transmission Generator Deactivation Solution or each generation Generator Deactivation Solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider, as applicable, whether the Developer or Market Participant: (i) already possesses property rights or the rights of way necessary to implement the solution; (ii) has completed a transmission routing study or Generator siting study, which (a) identifies, for transmission, a specific routing plan with alternatives, (b) includes a schedule indicating the timing for obtaining siting and permitting, and (c) provides specific attention to sensitive areas (*e.g.*, wetlands, river crossings, protected areas, and schools); or (iii) has specified a plan or approach for determining routing or siting and for acquiring property rights.

38.10.4.7 The potential issues associated with delay in constructing the proposed transmission Generator Deactivation Solution or in entering or in returning to service the Initiating Generator or a generation Generator Deactivation Solution, consistent with the major milestone schedule and the schedule for obtaining any permits and other certifications as required to timely meet the need.

38.10.4.8 The impact on other pending Generator Deactivation Reliability Needs, other system reliability needs, and pending solutions to those needs.

38.10.5 Generation Deactivation Process Report

The ISO shall post on its website a written determination indicating its selection of a solution or combination of solutions, along with a reasoned explanation regarding why particular generation and/or transmission solutions were selected. The ISO will review the results of its determination with stakeholders.