

## Attachment IV

### **23.4.5 Installed Capacity Market Mitigation Measures**

- 23.4.5.1 If and to the extent that sufficient installed capacity is not under a contractual obligation to be available to serve load in New York and if physical or economic withholding of installed capacity would be likely to result in a material change in the price for installed capacity in all or some portion of New York, the ISO, in consideration of the comments of the Market Parties and other interested parties, shall amend this Attachment H, in accordance with the procedures and requirements for amending the Plan, to implement appropriate mitigation measures for installed capacity markets.
- 23.4.5.2 Offers to sell Mitigated UCAP in an ICAP Spot Market Auction shall not be higher than the higher of (a) the UCAP Offer Reference Level for the applicable ICAP Spot Market Auction, or (b) the Going-Forward Costs of the Installed Capacity Supplier supplying the Mitigated UCAP. Where an Installed Capacity Supplier is a Pivotal Supplier in some, but not all, Mitigated Capacity Zones in which it has Resources, such Installed Capacity Supplier's offer to sell Mitigated UCAP in any ICAP Spot Market Auction for any Resource for which it is a Pivotal Supplier shall not be higher than the higher of (a) the lowest of the UCAP Offer Reference Levels for each Mitigated Capacity Zone in which such Installed Capacity Supplier has Resources; or (b) if an Offer for a Resource has an applicable Going-Forward Cost, such Going-Forward Cost.
- 23.4.5.3 An Installed Capacity Supplier's Going-Forward Costs for an ICAP Spot Market Auction shall be determined upon the request of the Responsible Market Party for that Installed Capacity Supplier. The Going-Forward Costs shall be

determined by the ISO after consultation with the Responsible Market Party, provided such consultation is requested by the Responsible Market Party not later than 50 business days prior to the deadline for offers to sell Unforced Capacity in such auction, and provided such request is supported by a submission showing the Installed Capacity Supplier's relevant costs in accordance with specifications provided by the ISO. Such submission shall show (1) the nature, amount and determination of any claimed Going-Forward Cost, and (2) that the cost would be avoided if the Installed Capacity Supplier is taken out of service or retired, as applicable. If the foregoing requirements are met, the ISO shall determine the level of the Installed Capacity Supplier's Going-Forward Costs and shall seasonally adjust such costs not later than 7 days prior to the deadline for submitting offers to sell Unforced Capacity in such auction. A Responsible Market Party shall request an updated determination of an Installed Capacity Supplier's Going-Forward Costs not less often than annually, in the absence of which request the Installed Capacity Supplier's offer cap shall revert to the UCAP Offer Reference Level. An updated determination of Going-Forward Costs may be undertaken by the ISO at any time on its own initiative after consulting with the Responsible Market Party. Any redetermination of an Installed Capacity Supplier's Going-Forward Costs shall conform to the consultation and determination schedule specified in this paragraph. The costs that an Installed Capacity Supplier would avoid as a result of retiring should only be included in its Going-Forward Costs if the owner or operator of that Installed Capacity Supplier

actually plans to mothball or retire it if the Installed Capacity revenues it receives are not sufficient to cover those costs.

23.4.5.4 Mitigated UCAP shall be offered in each ICAP Spot Market Auction in accordance with Section 5.14.1.1 of the ISO Services Tariff and applicable ISO procedures, unless (a) it has been exported to an External Control Area or sold to meet Installed Capacity requirements outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located in a transaction that does not constitute physical withholding under the standards specified below, or (b) it is Net Unforced Capacity of a Behind-the-Meter Net Generation Resource that is sold to its Host Load in a transaction that does not constitute physical withholding under the standards specified in Section 23.4.5.4.1(b).

23.4.5.4.1 (a) An export to an External Control Area or sale to meet an Installed Capacity requirement outside the Mitigated Capacity Zone in which the ICAP Supplier or Generator with CRIS MW is electrically located (either of the foregoing being referred to as “External Sale of Capacity”) may be subject to audit and review by the ISO to assess whether such action constituted physical withholding of UCAP from a Mitigated Capacity Zone. “External Sale UCAP” shall mean the UCAP equivalent of the External Sale of Capacity if known, or otherwise the reasonably projected UCAP equivalent as determined by the ISO. External Sale UCAP shall be deemed to have been physically withheld on the basis of a comparison between the net revenues from UCAP sales that would have been earned by the sale of the External Sale UCAP in a Mitigated Capacity Zone and the net revenues earned from the External Sale of Capacity. The comparison shall be made for the period for which capacity is committed (the “Comparison

Period”) in each of the shortest term organized capacity markets (the “External Reconfiguration Markets”) for the area and during the period in which the External Sale of Capacity occurred. External Sale UCAP shall be deemed to have been withheld from a Mitigated Capacity Zone if: (1) the Responsible Market Party for the External Sale UCAP could have made all or a portion of the External Sale UCAP available to be offered in the Mitigated Capacity Zone by buying out of its external capacity obligation through participation in an External Reconfiguration Market and timely meeting the requirements to be qualified as an Installed Capacity Supplier; (2) the net revenues over the Comparison Period from sale in the Mitigated Capacity Zone of the External Sale UCAP that could have been made available for sale in that Locality would have been greater by 15% or more, provided that the net revenues were at least \$2.00/kilowatt-month more than the net UCAP revenues from that portion of the External Sale UCAP over the Comparison Period; and (3) the Responsible Market Party for the External Sale UCAP is a Pivotal Supplier, or would otherwise have been deemed a Pivotal Supplier if the External Sale UCAP had been available to be offered in the Mitigated Capacity Zone for the Comparison Period.

(b) Any Mitigated UCAP that is Net Unforced Capacity of a Behind-the-Meter Net Generation Resource that is not offered into the ICAP Spot Market Auction in accordance with Section 23.4.5.2 may be subject to audit and review by the ISO, and shall be deemed to have been physically withheld unless (i) the Responsible Market Party has obtained a determination from the ISO pursuant to Section 23.4.5.4.3(b) that the sale to its Host Load would not constitute physical

withholding, and (ii) the Mitigated UCAP that was the subject of the determination pursuant to Section 23.4.5.4.3(b) is actually sold to its Host Load.

23.4.5.4.2 If Mitigated UCAP or External Sale UCAP is not offered or sold as specified above, the Responsible Market Party for such Installed Capacity Supplier or Generator electrically located in a MCZ Import Constrained Locality shall pay the ISO an amount equal to the product of (A) 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auction with and without the inclusion of the Mitigated UCAP or External Sale UCAP and (B) the total of (1) the amount of Mitigated UCAP or External Sale UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP or External Sale UCAP. If the failure to offer was associated with the same period as an External Sale of Capacity, and the failure caused or contributed to an increase in UCAP prices in the Mitigated Capacity Zone of 15 percent or more, provided such increase is at least \$2.00/kilowatt-month, the Responsible Market Party for such Generator or UDR project electrically located in a MCZ Import Constrained Locality shall be required to pay to the ISO an amount equal to 1.5 times the difference between the average Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions for the relevant Comparison Period with and without the External Sale of Capacity in those auctions, times the total of (1) the amount of External Sale UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common

Control with such External Sale UCAP. The ISO will distribute any amounts recovered in accordance with the foregoing provisions among the LSEs serving Loads in regions affected by the withholding in accordance with ISO Procedures.

23.4.5.4.3 (a) Reasonably in advance of the deadline for submitting offers in an External Reconfiguration Market the Responsible Market Party for External Sale UCAP may request the ISO to provide a projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market. Such requests, and the ISO's response, shall be made in accordance with the deadlines specified in ISO Procedures. Prior to completing its projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market, the ISO shall consult with the Market Monitoring Unit regarding such price projection. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2, below, if at the time of the deadline for submitting offers in an External Reconfiguration Market its offers, if accepted, would reasonably be expected to produce net revenues from the External Sale of Capacity that exceed the net revenues that would have been realized from sale of the External Sale UCAP in the Mitigated Capacity Zone at the ICAP Spot Auction prices projected by the ISO. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.8(a) of Attachment O to this Services Tariff.

(b) At least fifteen business days in advance of the opening of the ICAP Spot Market Auction, a Behind-the-Meter Net Generation Resource can request that the ISO make a determination that the sale of Net Unforced Capacity in a Mitigated Capacity Zone to its Host Load does not constitute physical withholding. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2 if the ISO determines that the Behind-the-Meter Net Generation Resource has demonstrated that the Host Load's actual consumption is planned to exceed its Adjusted Host Load, and it has a documented transaction to provide Net Unforced Capacity to its Host Load. Prior to reaching its decision on a request by a Behind-the-Meter Net Generation Resource that its sale of Net Unforced Capacity to its Host Load would not constitute physical withholding, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.8(b) of Attachment O to this Services Tariff.

23.4.5.5 Control of Unforced Capacity shall be rebuttably presumed from (i) ownership of an Installed Capacity Supplier, or (ii) status as the Responsible Market Party for an Installed Capacity Supplier, but may also be determined on the basis of other evidence. For purposes of determining if a Responsible Market Party is a Pivotal Supplier in a Mitigated Capacity Zone, the presumption of Control of Unforced Capacity can be rebutted by demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers



to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition, but cannot be rebutted by the sale of Unforced Capacity in a Capability Period or Monthly Auction. For any Mitigated Capacity Zone, if the presumption has not been rebutted, and if two or more Market Parties each have rights or obligations with respect to Unforced Capacity from an Installed Capacity Supplier that could reasonably be anticipated to affect the quantity or price of Unforced Capacity transactions in an ICAP Spot Market Auction, the ISO may attribute Control of the affected MW of Unforced Capacity from the Installed Capacity Supplier to each such Market Party. Prior to reaching its decision regarding whether the presumption of control of Unforced Capacity has been rebutted, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.9 of Attachment O to this Services Tariff.

**23.4.5.6 Audit, Review, and Penalties for Physical Withholding to Increase Market-Clearing Prices; [Alignment with Generator Deactivation Process](#)**

**23.4.5.6.1 Audit and Review of Proposals or Decisions to Remove or Derate Installed Capacity from a Mitigated Capacity Zone**

Any proposal or decision by a Market Participant to retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone Unforced Capacity market, or to derate the amount of Installed Capacity available from such supplier, may be subject to audit and review by the ISO if the ISO determines that such action could reasonably be expected to affect Market-Clearing Prices in one or more ICAP Spot Market Auctions for a Mitigated Capacity

Zone in which the Resource(s) that is the subject of the proposal or decision is located, subsequent to such action; provided, however, no audit and review shall be necessary if the Installed Capacity Supplier is a Generator that is being retired or removed from a Mitigated Capacity Zone as the result of a Forced Outage that began on or after May 1, 2015 that was determined by the ISO to be a Catastrophic Failure. Such an audit or review shall assess whether the proposal or decision has a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

#### **23.4.5.6.2 Audit and Review of the Reclassification of a Generator in a Mitigated Capacity Zone From a Forced Outage to an ICAP Ineligible Forced Outage**

This Section 23.4.5.6.2 shall apply to a Market Party whose Installed Capacity Supplier is a Generator that began a Forced Outage on or after May 1, 2015.

23.4.5.6.2.1 Any reclassification of an Installed Capacity Supplier that is a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage by a Market Party or otherwise, pursuant to the terms of Section 5.18.2.1 of this Services Tariff, may be subject to audit and review by the ISO if the ISO determines that such reclassification could reasonably be expected to affect the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Generator(s) that is the subject of the reclassification is located, subsequent to such action; provided, however, if the Market Party's Generator experienced the Forced Outage as a result of a Catastrophic Failure, the

reclassification of a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage shall not be subject to audit and review pursuant to this Section 23.4.5.6.2.

The audit and review pursuant to the above paragraph shall assess whether the reclassification of the Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage had a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

23.4.5.6.2.2 The audit and review pursuant to Section 23.4.5.6.2.1 shall be deferred by the ISO beyond the time period established in ISO Procedures for the audit and review of a reclassification of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage if the Generator was in a Forced Outage for at least 180 days before the reclassification and one or more Exceptional Circumstances delayed the acquisition of data necessary for the ISO's audit and review.

The ISO shall conduct the audit and review after its receipt of data that it determines is necessary for the audit and review; provided, however, if, at the time the ISO acquires the necessary data, the Market Party has Commenced Repair of the Generator, or the Generator is determined by the ISO to have had a

Catastrophic Failure, the Market Party shall not be subject to an audit and review pursuant to Section 23.4.5.6.2.1 of this Services Tariff. A Generator that Commenced Repair while in an ICAP Ineligible Forced Outage but that ceased or unreasonably delayed that repair shall be subject to audit and review by the ISO pursuant to Section 23.4.5.6.2.1 of this Services Tariff.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O.

23.4.5.6.2.3 The audit and review of the removal of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage, and the determinations of Catastrophic Failure and Exceptional Circumstances, will be pursuant to specific timelines established in ISO Procedures.

23.4.5.6.2.4 The audit and review pursuant to Sections 23.4.5.6.2.1, and 23.4.5.6.2.2 shall be conducted to determine whether the decision not to repair a Generator had a legitimate economic justification, consistent with competitive behavior; that is, whether the cost of repair, including the risk-adjusted cost of capital, could not reasonably be expected to be recouped over the reasonably anticipated remaining life of the generator. The elements of such audit and review may include, as appropriate, the historical revenue and maintenance cost data for the purpose of the baseline, the duration of the repair, the costs including, but not limited to, capital expenditures necessary to comply with federal or state environmental, safety or reliability requirements that must be met in order to operate the

Generator, the anticipated capacity, energy and ancillary services revenues following the repair, the projected costs of operating the Generator following the repair, any benefits that would be foregone from using the site for a purpose other than as the existing Generator (e.g., repowering), and other relevant data.

The criteria for the audit and review provided in this Services Tariff Section 23.4.5.6.2.4 may be incorporated, as appropriate, in an audit and review required to be conducted pursuant to other provisions in this Services Tariff Section 23.4.

23.4.5.6.2.5 For a requesting Market Party, a determination that the Market Party has experienced Exceptional Circumstances shall be made by the ISO by the 160<sup>th</sup> day of the Generator's Forced Outage. The ISO shall use reasonable efforts to issue a determination that a Market Party has experienced Exceptional Circumstances after it has Commenced Repair and requests reclassification to an ICAP Ineligible Force Outage by the 40<sup>th</sup> day after the ISO's receipt of data necessary to conduct the analysis.

For a requesting Market Party, a determination that a Generator has experienced a Catastrophic Failure shall be made by the ISO by the 160<sup>th</sup> day of the Forced Outage. If the ISO has determined that Exceptional Circumstances will delay the submission of data necessary for the ISO to perform an audit and review pursuant to Section 23.4.5.6.2.1 or 23.4.5.6.2, the ISO shall use reasonable efforts to issue a determination that the Generator has experienced a Catastrophic Failure by the 40<sup>th</sup> day after receipt of data necessary to conduct the analysis.

### **23.4.5.6.3 Penalties for Withholding Installed Capacity Physically In Order To Affect Prices**

If the ISO determines that either: i) pursuant to Section 23.4.5.6.1, the proposal or decision by a Market Party to retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone, or to de-rate the amount of Installed Capacity available from such supplier, or ii) pursuant to Section 23.4.5.6.2, the ISO determines that the reclassification of an Installed Capacity Supplier that is a Generator from a Forced Outage to an ICAP Ineligible Forced Outage constitutes physical withholding, and would increase the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone by five percent or more, provided such increase is at least \$.50/kilowatt-month, for each such violation of the above requirements the Market Party shall be assessed an amount equal to the product of (A) 1.5 times the difference between the Market Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions with and without the inclusion of the withheld UCAP in those auctions, and (B) the total of (1) the number of megawatts withheld in the month and (2) all other megawatts of Installed Capacity in the Mitigated Capacity Zone under common Control with such withheld megawatts in the month. The requirement to pay such amounts shall continue until the Market Party demonstrates that the removal from service, retirement, or de-rate, as described in Section 23.4.5.6.1, or reclassification as described in Section 23.4.5.6.2 is justified by economic considerations other than the effect of such action on Market-Clearing Prices in the ICAP Spot Market Auctions for the Mitigated Capacity Zone. The ISO will distribute any amount recovered in accordance with the foregoing provisions among the LSEs serving Loads in the Mitigated Capacity Zone(s) wherein the Market-Clearing Price was affected for the month corresponding to the penalty accordance with ISO Procedures.

#### **23.4.5.6.4 Aligning Physical Withholding Audits and Reviews with the Generator Deactivation Process**

The rules in this Section 23.4.5.6.4 apply to Market Participants that initiate the Generator Deactivation Process that is set forth in Attachment FF to the ISO OATT by submitting a Generator Deactivation Notice for a Generator. They provide an opportunity for such a Market Participant to receive a final physical withholding determination from the ISO before the Market Participant deactivates the Generator. Nothing in Attachment FF to the OATT or in this Section 23.4.5.6.4 of the ISO Services Tariff should be read as limiting the ISO's authority to impose a physical withholding penalty on a Generator that deactivates. Capitalized terms that appear in this Section 23.4.5.6.4 that are not defined in Article 2 to the ISO Services Tariff are defined in Section 38.1 of Attachment FF to the ISO OATT.

23.4.5.6.4.1 If the ISO has issued notice to the Market Participant in accordance with Section 38.7.4 of Attachment FF to the ISO OATT that it has received all of the data and information it requires to perform its duties under both the Generator Deactivation Process that is set forth in Attachment FF to the ISO OATT and Section 23 of the ISO Services Tariff, then the ISO shall complete a physical withholding review of the proposed deactivation, if needed, in accordance with Section 23.4.5.6 of the ISO Services Tariff and issue a final physical withholding determination to the Market Party in accordance with the process set forth in Sections 23.4.5.6.4.2.1 or 23.4.5.6.4.2.2 of the ISO Services Tariff.

If the ISO has not issued a notice to the Market Participant in accordance with Section 38.7.4 of Attachment FF to the ISO OATT that it has received all of the data and information it requires to perform its duties under both Attachment FF to the ISO OATT and Section 23 of the ISO Services Tariff, then the ISO is

not required to issue a final physical withholding determination to the Market Party for the Generator prior to the Generator's deactivation.

**23.4.5.6.4.2 Aligning Issuance of Final Physical Withholding Determination with the Generator Deactivation Process**

**23.4.5.6.4.2.1 Based on deactivation date.** At least sixty days before the date the Generator determines it will timely (consistent with Section 38.14.1 of Attachment FF to the ISO OATT) deactivate, the Market Participant (which is also a Market Party) may notify the ISO in writing of the updated deactivation date and request that the ISO issue a final physical withholding determination to the Market Party. The ISO shall issue its final determination at least 30 days before the updated deactivation date specified in the Market Participant's written notice.

Exception: The earliest date the ISO shall be required to issue a final physical withholding determination is 90 days after the Generator Deactivation Assessment Start Date.

The ISO's final physical withholding determination shall only be valid if the Generator becomes Retired or enters into a Mothball Outage within a window that starts five days before the date specified in the Market Participant's notice to the ISO and concludes ten days after the date specified in the Market Participant's notice to the ISO.

**23.4.5.6.4.2.2 Based on date of irrevocable action or inaction.** If the Market Participant identifies and the ISO, in consultation with the Market Monitoring Unit, agrees that there is a point in the process of deactivating a Generator after which the deactivation process will become, essentially and practicably,



irreversible, then the ISO shall inform the Market Participant in writing of the first such act, decision not to act, or event that the ISO agrees will have irreversible consequences.

The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.6.4.2.2.1 At least sixty days before the date the irreversible action, inaction or event specified by the ISO in its notice to the Market Participant will be taken, occur or come to pass (the “trigger date”), the Market Participant may notify the ISO in writing of the trigger date and request that the ISO issue a final physical withholding determination to the Market Party. The Market Participant’s notice must explain why the date it selected is the appropriate trigger date. If the ISO determines that the trigger date specified by the Market Participant is reasonable, then the ISO shall issue its final physical withholding determination at least 30 days before the trigger date specified in the Market Participant’s notice.

Exception: The earliest date the ISO shall be required to issue a final physical withholding determination is 90 days after the Generator Deactivation Assessment Start Date.

23.4.5.6.4.2.2.2 If the ISO determines that the trigger date the Market Participant specified is not reasonable, then the ISO shall promptly notify the Market Participant of its determination and the reasons therefor in writing. The ISO is not required to issue a final physical withholding determination unless the Market

Party provides additional information within two business days of the issuance of the ISO's written determination that causes the ISO to change its decision.

23.4.5.6.4.2.2.3 The ISO's final physical withholding determination shall only be valid if (a) the specified irreversible action, inaction or event is taken or occurs within a window that starts five days before the trigger date specified in the Market Participant's notice to the ISO and concludes ten days after the trigger date specified in the Market Participant's notice to the ISO, and (b) the Generator timely (consistent with Section 38.14.1 of Attachment FF to the ISO OATT) enters into a Mothball Outage or becomes Retired. Except where the ISO possesses contrary information, the ISO shall accept the Market Participant's reasonable assessment of the date by which an irrevocable failure to act occurs.

23.4.5.6.4.3 The Market Party shall promptly send a written notice to the ISO rescinding a written notice that it previously submitted under Sections 23.4.5.6.4.2.1 or 23.4.5.6.4.2.2.1 of the ISO Services Tariff if it determines that the deactivation date or trigger date it specified in its written notice to the ISO is no longer accurate.

#### **23.4.5.7 Buyer-Side Market Power Mitigation Measures for Installed Capacity**

Unless exempt as specified below, offers to supply Unforced Capacity from a Mitigated Capacity Zone Installed Capacity Supplier: (i) shall equal or exceed the applicable Offer Floor; and (ii) can only be offered in the ICAP Spot Market Auctions. Except for Offer Floors applied pursuant to Section 23.4.5.7.9.5.2 (*i.e.*, after the revocation of a Competitive Entry Exemption,) Section 23.4.5.7.13.3 (*i.e.*, after the revocation of a Renewable Exemption) or Section 23.4.5.7.14.5 (*i.e.*, after the revocation of Self Supply Exemption), the ISP UCAP MW, or when

the Installed Capacity Supplier is an RMR Generator, the Offer Floor shall apply to offers for Unforced Capacity from the Installed Capacity Supplier, if it is not a Special Case Resource, starting with the Capability Period for which the Installed Capacity Supplier first offers to supply UCAP. Offer Floors applied pursuant to Section 23.4.5.7.9.5.2 shall apply to offers for Unforced Capacity from an Installed Capacity Supplier starting with all ICAP auction activity subsequent to the date of the revocation. Offer Floors shall cease to apply to that portion of a resource's UCAP (rounded down to the nearest tenth of a MW) that has cleared for any twelve, not-necessarily-consecutive, months (such cleared amount, "Cleared UCAP") in which the resource's MW were not ISP UCAP MW or MW of an RMR Generator. Offer Floors shall also cease to apply for the period an Installed Capacity Supplier is an Interim Service Provider but only in the amount of its ISP UCAP MW, or an RMR Generator in which case the Installed Capacity Supplier's offers of UCAP shall be as set forth in Section 23.4.5.7.12. Offer Floors shall be adjusted annually using the most recent inflation rate that is the twelve month percentage change in the index for the general component of the escalation factor ("Inflation Rate") that is the most recent of (a) the Inflation Rate identified in the index accepted by the Commission after a periodic review in an ICAP Demand Curve Reset Filing Year, as of October 1 of the ICAP Demand Curve Reset Filing Year, and (b) the Inflation Rate in the Annual Update of the relevant effective ICAP Demand Curves published under Section 5.14.1.2.2.1 of the Services Tariff.

23.4.5.7.1      Unforced Capacity from an Installed Capacity Supplier that is subject to an Offer Floor may not be used to satisfy any LSE Unforced Capacity Obligation for Mitigated Capacity Zone Load unless such Unforced Capacity is obtained through participation in an ICAP Spot Market Auction.

23.4.5.7.2 An Installed Capacity Supplier, in a Mitigated Capacity Zone for which the Commission has accepted an ICAP Demand Curve, shall be exempt from an Offer Floor if: (a) the price that is equal to the (x) average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the year of the Class Year (the “Starting Capability Period”) is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than (y) the numerical value equal to 75 percent of the Mitigation Net CONE that would be applicable to such supplier in the same two (2) Capability Periods (utilized to compute (x)), (b) the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than the reasonably anticipated Unit Net CONE of the Installed Capacity Supplier, (c) it has been determined to be exempt pursuant to Section 23.4.5.7.9 (the “Competitive Entry Exemption”), (d) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.13 (the “Renewable Exemption”), or (e) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.14 (the “Self Supply Exemption”). For purposes of the determinations pursuant to (a) and (b) of this section, (I) if the Class Year is not bifurcated under OATT Section 25.5.10 (referred to herein as “not Bifurcated”) or if the Class Year is so bifurcated (referred to herein a “Bifurcated Class Year”, “Class Year X-1”, and “Class Year X-2”) and the Examined Facility remains in

the Class Year through Class Year X-2, the ISO shall identify Unit Net CONE and the projected ICAP Spot Market Auction prices in accordance with Section 23.4.5.7.15, for each Examined Facility promptly after it (i) has accepted its Project Cost Allocation (as defined below) and deliverable MW, if any, from the Final Decision Round and (ii) along with all other remaining members, has posted any associated Security pursuant to OATT Section 25 (OATT Attachment S) (for purposes of Section 23.4, a project that “remains a member of the completed Class Year”), and if a Class Year that is not Bifurcated, it shall do so concurrently for an Expected CRIS Transferee (as defined in 23.4.5.7.3); and (II) if the Examined Facility is a member of a Bifurcated Class Year and the Examined Facility (i) completes the decision and settlement phase as part of Class Year X-1 and has accepted its Project Cost Allocation and deliverable MW, if any, and (ii) along with all other members of Class Year X-1 has posted any associated Security pursuant to OATT Section 25 (OATT Attachment S), the ISO shall include in the Unit Net CONE of an Examined Facility with a Project Cost Allocation for shared upgrade facilities the amount required if all the Class Year projects accept their Project Cost Allocations and post Security, and identify the Unit Net CONE and the relevant projected ICAP Demand Curve price to be used no later than the date the ISO reports to all Class Year Developers all of the Acceptance Notices and Non-Acceptance Notices that were received from all of the Developers in the Class Year X-1.

For purposes of Section 23.4.5.7 *et seq*, “Project Cost Allocation” shall mean the singular Project Cost Allocation or two Project Cost Allocations (*i.e.*,

one for System Deliverability Upgrades (“SDUs”) and one for System Upgrade Facilities, as applicable, from the Final Decision Round.

The first year value of an Examined Facility’s Unit Net CONE calculated pursuant to Section 23.4.5.7 and Section 23.4.5.7.3.2 will be established in accordance with Section 23.4.5.7.3.7 at the time such Examined Facility first offers UCAP, and will be used by the ISO in subsequent mitigation exemption or Offer Floor determinations for Additional CRIS MW. A Unit Net CONE determination received pursuant to Sections 23.4.5.7.2, 23.4.5.7.6 or 23.4.5.7.7 shall only be final for the relevant Examined Facility (A) if the Examined Facility accepts its Project Cost Allocation or deliverable MW, if any, and the Examined Facility remains a member of the completed Class Year (whether it is Bifurcated, Class Year X-1, or Class Year X-2 or at the time of the completion of its applicable Class Year is an Expected CRIS Transferee, (B) on the date the ISO issues a notice to stakeholders that the Class Year decisional process of which the Examined Facility is a member has been completed, and (C) as specified in the ISO’s notice to the Examined Facility of the final exemption and Offer Floor determination for the quantity of CRIS MW accepted in such Class Year at the time of its completion (or transferred CRIS if an Expected CRIS Transferee).

23.4.5.7.2.1 Promptly after Commission acceptance of the first ICAP Demand Curve to apply to a Mitigated Capacity Zone, the ISO shall make an exemption and Offer Floor determination for any NCZ Examined Project that remains a member of the completed Class Year, or was evaluated concurrently for transferred CRIS

at the same location, and has received CRIS, unless exempt pursuant to section 23.4.5.7.6 or 23.4.5.7.8.

23.4.5.7.2.2 The ISO shall make an “Indicative Buyer-Side Mitigation Exemption Determination” for any NCZ Examined Project if (i) the Commission has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, or (ii) if the Commission has not accepted the first ICAP Demand Curve to apply specifically to the Mitigated Capacity Zone in which the NCZ Examined Project is located, provided the ISO has filed an ICAP Demand Curve pursuant to Services Tariff Section 5.14.1.2.2.4.11. The Indicative Buyer-Side Mitigation Exemption Determination shall be computed using such ICAP Demand Curve for the Mitigated Capacity Zone concurrent with the determinations the ISO makes for Examined Facilities pursuant to Sections 23.4.5.7.3.2 and 23.4.5.7.3.3.2 through 23.4.5.7.3.3.5. The ISO shall recompute the Indicative Buyer-Side Mitigation Exemption Determination promptly after Commission acceptance of the first ICAP Demand Curve for the applicable Locality provided that such NCZ Examined Project (i) received CRIS if the Class Year completed at the time the Commission accepts the Demand Curve, or (ii) has not been removed from the Class Year Deliverability Study if the Class Year is not completed. The Indicative Buyer-Side Mitigation Exemption Determination is for informational purposes only. The exemption or Offer Floor for an NCZ Examined Project to which this Section applies shall be determined for such projects receiving CRIS using the Commission-accepted Locality ICAP Demand Curve.

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

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

23.4.5.7.2.4 When the ISO is evaluating more than one NCZ Examined Project concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR projects will clear from lowest to highest, using for each NCZ Examined Project the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

23.4.5.7.2.5 When evaluating NCZ Examined Projects pursuant to Sections 23.4.5.7.2.1 or 23.4.5.7.2.2, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall inform the NCZ Examined Project of the Offer Floor or Offer Floor exemption determination or Indicative Buyer-Side Mitigation Exemption Determination promptly. The responsibilities of the Market Monitoring Unit that are addressed in this Section 23.4.5.7.2.5 are also addressed in Section 30.4.6.2.13<sup>2</sup> of Attachment O to this Services Tariff.

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



Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

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

23.4.5.7.3 The ISO shall make such exemption and Unit Net CONE determination for each “Examined Facility” (collectively “Examined Facilities”) which term shall mean (I) each proposed new Generator and proposed new UDR project, and each existing Generator that has ERIS only and no CRIS, that is a member of the Class Year that requested CRIS, or that requested an evaluation of the transfer of CRIS rights from another location, in the Class Year Facilities Study commencing in the calendar year in which the Class Year Facility Study determination is being made (the Capability Periods of expected entry as further described below in this Section, the “Mitigation Study Period”) and (II) each (i) existing Generator that did not have CRIS rights, and (ii) proposed new Generator and proposed new UDR project, provided such Generator under Subsection (i) or (ii) is an expected recipient of transferred CRIS rights at the same location regarding which the ISO has been notified by the transferor or the transferee of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period (“Expected CRIS Transferee”).

23.4.5.7.3.1 **[Reserved for future use]**

23.4.5.7.3.2 The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price for any Mitigated Capacity Zone in accordance with Section 23.4.5.7.15. In the case of a Bifurcated Class Year, for Examined Facilities that remain a member of the completed Class Year X-1 and Expected CRIS Transferees, the determination issued prior to the commencement of the Bifurcated Decision Period shall be the same as the final determination; therefore, the determinations will reflect all Examined Facilities in the Class Year at the time such first determination is issued. In computations made for Examined Facilities that remain in Class Year X-2, the ISO shall treat Examined Facilities that complete the decision and settlement phase as part of Class Year X-1 in the same manner as Examined Facilities in a prior Class Year that remained a member of the completed Class Year.

When the ISO is evaluating more than one Examined Facility concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR projects will clear from lowest to highest, using for each Examined Facility the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

**23.4.5.7.3.3 [Intentionally Left Blank]**

23.4.5.7.3.3.1 All developers, Interconnection Customers, and Installed Capacity Suppliers for any Examined Facility that do not request CRIS shall provide data and information requested by the ISO by the date specified by the ISO, in

accordance with the ISO Procedures. For any such Examined Facility that is in a Class Year on the date the ISO issues a notice to stakeholders that the Class Year decisional process of which the Examined Facility is a member has been completed but that only has ERIS rights, the ISO shall utilize the data first provided in its analysis of the Unit Net CONE in its review of the project in any future Class Year in which the Generator or UDR project requests CRIS.

23.4.5.7.3.3.2 In the case of a Class Year for which the ISO issues a Notice of SDUs Requiring Additional Studies, the ISO will issue to the Examined Facilities that are Class Year Project Developers that received a notice under Section 25.5.10.2 of the OATT the following preliminary determinations, as applicable: Unit Net CONE determination and determination of an exemption pursuant to Section 23.4.5.7.2(a) or (b), regarding a request for a Competitive Entry Exemption or the Offer Floor. This preliminary information will be provided to such Examined Facilities on the same date that the ISO issues the notice pursuant to Section 25.5.10.2 of the OATT.

23.4.5.7.3.3.3 In the case of a Class Year that is Bifurcated, the ISO shall determine the reasonably anticipated Unit Net CONE with the costs as then determined in the Project Cost Allocation, and additional SDUs from preliminary Class Year Study results, as applicable, prior to the commencement of the Bifurcated Decision Period for the Class Year, and shall provide to the Examined Facility the ISO's initial determination of an exemption or the Offer Floor.

23.4.5.7.3.3.4 For a Class Year that is not Bifurcated and for a Class Year X-2, on or before the three (3) days prior to the ISO's issuance of the Project Cost Allocation

or Revised Project Cost Allocation, as applicable, the ISO will issue (or as applicable, revise) its forecast of ICAP Spot Market Auction prices for the Capability Periods in the Mitigation Study Period based on the Examined Facilities that remain in the Class Year for CRIS and the Examined Facilities that meet 23.4.5.7.3 (II). The ISO shall provide to each project its price forecast and an initial determination (incorporating its revised Project Cost Allocation) prior to the commencement of the Initial Decision Period and each Subsequent Decision Period no later than the ISO's issuance of a Revised Project Cost Allocation.

23.4.5.7.3.3.5 If a project remains a member of the completed Class Year, the ISO shall inform the project of the final determination of the Offer Floor or the Offer Floor exemption as soon as practicable after the date the ISO issues a notice to stakeholders that the Class Year decisional process has been completed, in accordance with methods and procedures specified in ISO Procedures. If a project remains a member of the completed Class Year X-1 or is an Expected CRIS Transferee, the final determination shall be the same as the initial determination issued prior to the commencement of the Bifurcated Decision Period and shall apply to the quantity of CRIS MW that the Examined Facility accepts at the time it remains a member of the completed Class Year X-1 or the MW of the proposed CRIS transfer.

23.4.5.7.3.3.6 When evaluating Examined Facilities pursuant to this Section 23.4.5.7, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation

Measures are also addressed in Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.

23.4.5.7.3.4 If an Examined Facility under the criteria in 23.4.5.7.3 (II) has not provided written notice to the ISO on or before the date specified by the ISO, or any Examined Facility required to be reviewed does not provide all of the requested data by the date specified by the ISO, the proposed Capacity shall be subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.3.5 Except as specified in Section 23.4.5.7.6 with respect to Additional CRIS MW, an Examined Facility for which an exemption or Offer Floor determination has been rendered may only be reevaluated for an exemption or Offer Floor determination if it meets the criteria in Section 23.4.5.7.3 (I) and was not previously in a Class Year at the time of the completion of the Class Year either (a) enters a new Class Year and requests CRIS or (b) intends to receive transferred CRIS rights at the same location. The restriction on redeterminations also means that the Offer Floor or exemption determination for an Examined Facility that remains a member of the Class Year X-1 at the time of its completion will not be revised for any reason. An Examined Facility under the criteria in Section 23.4.5.7.3 (II) that did receive CRIS will be bound by the determination rendered and will not be reevaluated. An Examined Facility under the criteria that had been set forth in Section 23.4.5.7.3 (III) prior to May 19, 2016, will not be reevaluated.

23.4.5.7.3.6 **[Reserved for future use]**

23.4.5.7.3.7 If the Installed Capacity Supplier first offers UCAP prior to the first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be reduced using the same numerical value for the inflation index that was used in the final determination issued under Section 23.4.5.7.4 (*i.e.*, when the Examined Facility remains a member of the completed Class Year as identified in Section 23.4.5.7.4. If the Installed Capacity Supplier first offers UCAP after the first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be increased using the inflation rate identified in 23.4.5.7.

**23.4.5.7.3.8 Net Energy and Ancillary Services Revenue Projections for UDR Projects**

For the purposes of making an exemption determination or Unit Net CONE determination pursuant to Section 23.4.5.7 for a UDR project, the ISO will determine the likely projected net Energy and Ancillary Services revenues utilizing a methodology that reflects, as applicable, but is not limited to, the guiding principles set forth in Section 23.4.5.7.3.8.1. The ISO will implement this Section 23.4.5.7.3.8 in accordance with Section 23.4.5.7.3.8.2.

23.4.5.7.3.8.1 The methodology used for a specific UDR project shall reflect the following guiding principles, where applicable:

- (a) The design and characteristics of the UDR project as proposed in the Class Year, including whether it is proposed to be uni-directional or bi-directional.
- (b) The market structure, scheduling rules, price formation rules, and other relevant characteristics and rules of the Control Area at each terminus of the UDR project.

- (c) The reasonably projected effects of transactions utilizing the UDR project on NYCA and External Control Areas prices, including proxy bus prices.
- (d) The reasonably projected cost to purchase energy, capacity, and ancillary services that would be transmitted into, and if the UDR project is proposed in the Class Year to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project at the rate determined by: (i) market-based clearing price mechanisms to the extent that the External Control Area uses them, or ISO market prices if an internal UDR project; (ii) a reasonable substitute, in the ISO's judgment, to the extent that the External Control Area does not use market-based clearing price mechanisms to determine prices. The costs to purchase energy and capacity, and any other products associated therewith, shall not be based on advantages or sources of revenue that would not reflect arm's-length transactions, or that are not in ordinary course of business for a competitive energy market participant.
- (e) The reasonably anticipated fees for transmitting the ISO-projected energy, capacity, and ancillary services transactions utilizing the UDR project. These fees shall include any export fees, transmission services charges, ancillary services fees, scheduling fees, and other fees and costs.
- (f) The reasonably projected opportunity costs (including fees) of selling energy, capacity, and any other products associated with the sale of energy, into an External Control Area in lieu of a sale transaction into the Mitigated Capacity Zone.

- (g) The reasonably projected revenues from the sale of energy and ancillary services that would be transmitted into, and if the UDR project is proposed in the Class Year to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project at the rate determined by: (i) market-based clearing price mechanisms to the extent that the External Control Areas uses them, or ISO market prices if an internal UDR project; (ii) a reasonable substitute, in the ISO's judgment, to the extent that the External Control Area does not use market-based clearing price mechanisms to determine prices. The revenues from the sale of energy, capacity, and any other products associated with the sale thereof, into an External Control Area shall not be based on advantages or sources of revenue that do not reflect arm's-length transactions, or that are not in ordinary course of business for a competitive energy market participant.
- (h) The effect of scheduling uncertainty and imperfect arbitrage on the projected costs and revenues from the purchase and sale of energy and ancillary services that are reasonably projected to be transmitted into, and if the UDR project is proposed in the Class Year to be bi-directional also from, the Mitigated Capacity Zone, utilizing the UDR project.

#### 23.4.5.7.3.8.2 Implementation

- (a) The ISO shall seek comment from the Market Monitoring Unit on the methodology the ISO will use to project net Energy and Ancillary Services for each UDR project, and the inputs used to perform the calculation. The responsibilities of the Market Monitoring Unit that are addressed in this section are also addressed in Section 30.4.6.2.1~~3~~<sup>2</sup> of Attachment O.



- (b) The ISO shall post on its website a description of the methodology used for each UDR project, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information.
- (c) If a UDR project that is an Examined Facility or an NCZ Examined Project withdraws from a Class Year and then enters another Class Year (regardless of whether it has the same or a different interconnection queue position,) the ISO may utilize a different methodology than it previously used, provided it reflects, where applicable, the guiding principles set forth in Section 23.4.5.7.3.8.1 and implemented in accordance with Section 23.4.5.7.3.8.2(a) and (b).

23.4.5.7.4 For purposes of Sections 23.4.5.7.2(b) and 23.4.5.7.6(b), the ISO shall identify the Unit Net CONE projected for a Mitigation Study Period using: the most recent inflation index. For purposes of Section 23.4.5.7.4, the inflation index shall mean the average of the most recently published median Headline Consumer Price Index (CPI) and Headline Personal Consumption Expenditures (PCE) long-term annual averages for inflation over the ten years that includes the last year of the Mitigation Study Period, as reported by the Survey of Professional Forecasters, unless this index is eliminated, replaced or otherwise terminated by the publisher thereof. In such circumstance, the ISO shall utilize the replacement or successor index established by the publisher, if any, or, in the absence of a replacement or successor index, shall select as a replacement a substantially similar index.

23.4.5.7.5 A Special Case Resource in New York City or the G-J Locality that was determined to be subject to an Offer Floor prior to February 3, 2017 shall be

subject to the Offer Floor beginning with the month of its initial offer to supply Installed Capacity, and until its offers of Installed Capacity have been accepted in the ICAP Spot Market Auction at a price at or above its Offer Floor for a total of twelve, not necessarily consecutive, months. Offers by a Responsible Interface Party at a PTID shall be not lower than the highest Offer Floor applicable to a Special Case Resource providing Installed Capacity at that PTID. Such offers may comprise a set of points for which prices may vary with the quantity offered. If this set includes megawatts from a Special Case Resource(s) with an Offer Floor, then at least the quantity of megawatts in the offer associated with each Special Case Resource must be offered at or above the Special Case Resource's Offer Floor. Offers by a Responsible Interface Party shall be subject to audit to determine whether they conformed to the foregoing Offer Floor requirements. If a Responsible Interface Party together with its Affiliated Entities submits one or more offers below the applicable Offer Floor, and such offer or offers cause or contribute to a decrease in UCAP prices in the Mitigated Capacity Zone of 5 percent or more, provided such decrease is at least \$.50/kilowatt-month, the Responsible Interface Party shall be required to pay to the ISO an amount equal to 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Auction for which the offers below the Offer Floor were submitted with and without such offers being set to the Offer Floor, times the total amount of UCAP sold by the Responsible Interface Party and its Affiliated Entities in such ICAP Spot Auction. If an offer is submitted below the applicable Offer Floor, the ISO will notify the Responsible Market Party and the

notification will identify the offer, the Special Case Resource, the price impact, and the penalty amount. The ISO will provide the notice reasonably in advance of imposing such penalty. The ISO shall distribute any amounts recovered in accordance with the foregoing provisions among the entities, other than the entity subject to the foregoing payment requirement, supplying Installed Capacity in regions affected by one or more offers below an applicable Offer Floor in accordance with ISO Procedures.

**23.4.5.7.6 Exemption and Offer Floor Determinations for Additional CRIS MW:**

All requests for Additional CRIS MW located in a Mitigated Capacity Zone, in a Class Year or through a transfer, shall be evaluated for a buyer-side mitigation exemption or Offer Floor in accordance with this Section. Additional CRIS MW obtained in a Class Year or obtained through a transfer at the same location shall be exempt from an Offer Floor (a) if the price that is equal to (x) the average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the Class Year (the “Starting Capability Period”) is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than (y) the highest Offer Floor based on the Mitigation Net CONE that would be applicable to such Additional CRIS MW in the same two (2) Capability Periods (utilized to compute (x)); (b) if the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO, in accordance with Section 23.4.5.7.15, to be higher than the reasonably anticipated Unit Net CONE computed in accordance with (i) and

(ii) of Section 23.4.5.7.6.1 for the Installed Capacity Supplier's Additional CRIS MW or (c) for the quantity of MW determined to be exempt pursuant to Section 23.4.5.7.13 or 23.4.5.7.14 (*i.e.*, a Self Supply Exemption can be received for some Additional CRIS MW and a Renewable Exemption for other Additional CRIS MW that comprise all or part of the same request for Additional CRIS MW in a given Class Year.

23.4.5.7.6.1 For Additional CRIS MW that have an exemption or Offer Floor determined pursuant to this Section 23.4.5.7.6, the ISO shall compute Unit Net CONE as follows:

(i) Unit Net CONE for the Additional CRIS MW shall be based on the Additional CRIS MW and the costs and revenues of and associated with the Additional CRIS MW if:

(a) the most recent prior determination concluded that the Capacity for which the Examined Facility accepted CRIS was exempt from the Offer Floor pursuant to Section 23.4.5.7.2(b), 23.4.5.7.6(b), 23.4.5.7.7, or 23.4.5.7.8; or

(b) at the time of an Examined Facility's request for Additional CRIS MW: (1) it has accepted CRIS MW equal to, or greater than, 95 percent of the Examined Facility's maximum MW of electrical capability, net of auxiliary load, at an ambient temperature of 93° F as determined in accordance with ISO Procedures and (2) the amount of Cleared UCAP is greater than or equal to the amount of UCAP calculated pursuant to Section 23.4.5.7.6.3; or

(c) the Examined Facility's Total Evaluated CRIS MW includes exempted CRIS MW for which the Examined Facility did not receive a Unit Net CONE

determination and thus did not provide data to the ISO because the determination for the exempt CRIS MW received was not based on Unit Net CONE and was made prior to November 27, 2010.

(ii) or in all other cases, Unit Net CONE, shall be the greater of two values, one based on the Total Evaluated CRIS MW, and the costs and revenues of the Total Evaluated CRIS MW, and one based on the Additional CRIS MW, and the costs and revenues of the Additional CRIS MW.

23.4.5.7.6.2 When calculating the Unit Net CONE of the Total Evaluated CRIS MW for an Examined Facility, the ISO shall utilize the Examined Facility's first year Unit Net CONE determined pursuant to Section 23.4.5.7 and Section 23.4.5.7.3.2, adjusted to the year's dollars at the time of an Examined Facility's request for Additional CRIS MW using: (i) the relevant value from the price index for non-farm business output published in the Survey of Current Business by the Department of Commerce's Bureau of Economic Analysis ("BEA Non-Farm Price Index"), or its successor; or (ii) the most recent inflation rate determined pursuant to Section 5.14.1.2.2.4.11 for any future year which is beyond the published BEA Non-Farm Price Index, or its successor.

23.4.5.7.6.3 For purposes of making the determination pursuant to Section 23.4.5.7.6.1(i)(b)(2), the amount of Cleared UCAP shall be compared to an amount of UCAP calculated as the product of the CRIS MW held by the Examined Facility immediately prior to its request for Additional CRIS MW and (1-EFORd). Except as specified in the next paragraph, for purposes of this calculation, if the Examined Facility is a Generator, its EFORd shall be derived

using the data in the 5-year average NERC-GADS Generating Availability Report, or its successor, for the main class of the unit (hereinafter the “Class Average EFORD”) that is current at the time of the request for Additional CRIS MW, when available. If the Examined Facility is an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, the ISO shall apply a 5-year average derating factor based on ISO data to establish the EFORD to be utilized in the calculation pursuant to this paragraph. In all other cases, the ISO will apply the 5-year average derating factor from the ICAP/UCAP translation, for the smallest Mitigated Capacity Zone in which the resource is located at the time of the request. The EFORD applied by the ISO at the time that the Examined Facility first offers or certifies UCAP in an Installed Capacity auction (“Initial Entry EFORD”) shall be used instead of Class Average EFORD when it is higher (*i.e.*, a greater outage rate) than the Class Average EFORD calculated at the time of the Examined Facility’s request for Additional CRIS MW.

23.4.5.7.6.4 Additional CRIS MW shall be subject to the Mitigation Net CONE Offer Floor for the period specified in Section 23.4.5.7, for any Examined Facility whose Total Evaluated CRIS MW includes CRIS MW that are or have ever been subject to the Mitigation Net CONE Offer Floor, pursuant to Section 23.4.5.7.3.4.

23.4.5.7.6.5 The Offer Floor for Additional CRIS MW shall be equal to the lesser of:

- (a) the Unit Net CONE for the Additional CRIS MW; or (b) a numerical value equal to 75 percent of the Mitigation Net CONE translated into a seasonally adjusted monthly UCAP value for the Additional CRIS MW.

23.4.5.7.6.6 The results of this exemption determination shall apply only to the Additional CRIS MW and shall not alter or affect any prior exemption or Offer Floor determination for the Examined Facility. The Additional CRIS MW for which CRIS is received shall be bound by the determination rendered and will not be reevaluated unless the Examined Facility enters a new Class Year for the Additional CRIS MW.

23.4.5.7.6.7 When the ISO makes a mitigation exemption or Offer Floor determination for an Examined Facility's Additional CRIS MW for an Installed Capacity Supplier other than that to which the Unit Net CONE determination for the Examined Facility was rendered, the ISO shall provide such Installed Capacity Supplier with the Examined Facility's first year Unit Net CONE value if the Installed Capacity Supplier (a) requests that information, and (b) represents that it: (i) will use that information solely for purposes of considering a request for Additional CRIS MW for the Examined Facility, and (ii) will not share that information with or make it available to any other person except those that are assisting it in considering a request for Additional CRIS MW.

23.4.5.7.6.8 The ISO shall post on its website the determination of whether the project is exempt or non-exempt from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.

23.4.5.7.7 (a) An In-City Installed Capacity Supplier that is not a Special Case Resource shall be exempt from an Offer Floor if it was an existing facility on or

before March 7, 2008. (b) A Generator or UDR project that was an existing facility on or before June 29, 2012, which: (i) is in a Mitigated Capacity Zone except New York City, and (ii) was grandfathered from the deliverability requirement at a certain quantity of MW of CRIS pursuant to Section 25.9.3.1 of OATT Attachment S (“Deliverability Grandfathering Process”) shall be exempt from an Offer Floor for the MW quantity of CRIS that was provided through the Deliverability Grandfathering Process plus an additional 2 MW obtained through Section 30.3.2.6 of Attachment X to the OATT. If the Generator or UDR project subsequently received CRIS above the quantity established through the Deliverability Grandfathering Process, this exemption shall not apply to any such increase above the 2 MW allowed in Section 30.3.2.6 of Attachment X to the OATT.

23.4.5.7.8 For any Mitigated Capacity Zone except New York City:

(I) Any existing or proposed Generator or UDR project that has the characteristics specified in this Section 23.4.5.7.8(I) shall be exempt from an Offer Floor with respect to the MW of CRIS that it received at the time, or for which it satisfied the specific CRIS transfer requirements stated in this Section. To be eligible for an exemption under this Section: (a) the existing or proposed Generator or UDR project’s location must be included in the ISO’s March 31 Filing in the ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location; (b) prior to that March 31 Filing the existing or proposed Generator or UDR project must have both: (i) Commenced Construction and (ii) either (1) received the MW of CRIS in a Class



Year that was completed or (2) submitted to the ISO an Interconnection Request that specifically states that the Generator or UDR project will be requesting or has requested a transfer of a specific MW quantity of CRIS at the same location in accordance with Section 25.9.4 of OATT Attachment S (provided that the transfer is ultimately approved by the ISO and consummated); and (c) the existing or proposed Generator or UDR project must demonstrate to the ISO no later than the deadline established by the ISO that it satisfies the requirements of (b) (i) and (ii) above; and

(II) An existing or proposed Generator or UDR project that is not subject to a deliverability requirement (and therefore, is not in a Class Year and does not receive CRIS MW) shall be exempt from an Offer Floor if it meets the following requirements prior to the ISO's March 31 Filing in an ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location: (a) has Commenced Construction, (b) has an effective interconnection agreement, and (c) provides specific written notification to the ISO that it meets requirements (a) and (b) of this subsection 23.4.5.7.8(II) no later than the deadline established by the ISO.

The ISO shall consult with the Market Monitoring Unit prior to determining whether an existing or proposed Generator or UDR project has Commenced Construction. Prior to the ISO making its determination, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation regarding whether an existing or proposed Generator or UDR project Commenced Construction. The responsibilities of the Market Monitoring Unit that are

addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.132 of Attachment O. The ISO shall only make a determination pursuant to this Section for an existing or proposed Generator or UDR project for the Mitigated Capacity Zone's first application to the location of the project. The Market Monitoring Unit shall also provide a public report on its assessment of an ISO determination that an existing or proposed Generator or UDR project is exempt from an Offer Floor pursuant to this Section 23.4.5.7.8.

### **23.4.5.7.9 Competitive Entry Exemption**

#### **23.4.5.7.9.1 Eligibility**

23.4.5.7.9.1.1 A proposed new Generator or UDR project that becomes a member of a Class Year after Class Year 2012 may request to be evaluated for a "Competitive Entry Exemption" for its CRIS MW and shall qualify for such exemption if the ISO determines that the proposed Generator or UDR project meets each of the following requirements: (a) does not have, and at no time before the Generator first produces or the UDR project first transmits energy (for purposes of this Section 23.4.5.7.9, the "Entry Date") shall have, (i) a direct or indirect "non-qualifying contractual relationship," as defined in Section 23.4.5.7.9.1.2, with a Transmission Owner, Public Power Entity, or any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof, (collectively "Non-Qualifying Entry Sponsors"); or (ii) an unexecuted agreement, written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the project, except those agreements that would not constitute a "non-qualifying contractual

relationship,” as set forth in Section 23.4.5.7.9.1.3(i) – (viii), (b) is not itself, and is not an Affiliate of, a Non-Qualifying Entry Sponsor.

23.4.5.7.9.1.2 For purposes of Section 23.4.5.7.9, a direct “non-qualifying contractual relationship” shall include but not be limited to any contract, agreement, arrangement, or relationship (for the purposes of this Section 23.4.5.7.9, a “contract”) that: (a) directly relates to the planning, siting, interconnection, operation, or construction of the Generator or UDR project that is the subject of the request for the Competitive Entry Exemption; (b) is for the energy or capacity produced by or delivered from or by the Generator or UDR project, including an agreement for rights to schedule or use a UDR; or (c) provides services, financial support, or tangible goods to a Generator or UDR project. For purposes of Section 23.4.5.7.9, an indirect “non-qualifying contractual relationship” is any contract between the Generator or UDR project and an entity (for purposes of this Section 23.4.5.7.9, a “third party”) if the third party has a non-qualifying contractual relationship with a Non-Qualifying Entry Sponsor, the recital, purpose, or subject of which includes, or has the effect of including, this Generator or UDR project.

23.4.5.7.9.1.3 A contract with a Non-Qualifying Entry Sponsor shall not constitute a “non-qualifying contractual relationship” if it is (i) an Interconnection Agreement; (ii) an agreement for the construction or use of interconnection facilities or transmission or distribution facilities, or directly connected joint use transmission or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to

Articles VII or 10); (iii) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property; (iv) a contract for the sale or lease of real property to or from a Non-Qualifying Entry Sponsor at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations; (v) an easement or license to use real property; (vi) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a “PILOT” agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities; (vii) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or (viii) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff. Notwithstanding the foregoing, a contract with a Non-Qualifying Entry Sponsor that includes a provision that is a non-qualifying contractual relationship will render the entire contract described in (i) through (viii) of this Section a non-qualifying contractual relationship.

23.4.5.7.9.1.4 The ISO shall determine whether a Generator or UDR project is eligible for a Competitive Entry Exemption based on its review of the certifications required by Section 23.4.5.7.9.2, below, and any other supporting data requested by the ISO. When evaluating eligibility for a Competitive Entry Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.1<sup>32</sup> of Attachment O to this Services Tariff.

#### **23.4.5.7.9.2 Certifications and Acknowledgements**

23.4.5.7.9.2.1 A Generator or UDR project requesting a Competitive Entry Exemption shall submit to the ISO in accordance with ISO Procedures, and shall be legally bound by, the following Certification and Acknowledgement form executed by a duly authorized officer:

##### **CERTIFICATION AND ACKNOWLEDGMENT**

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").
2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.
3. I hereby [REQUEST ON BEHALF OF/ACKNOWLEDGE THE PRIOR SUBMISSION IN THIS CLASS YEAR BY] the Developer a Competitive Entry Exemption for the Project.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff (“Services Tariff”) related to a “Competitive Entry Exemption” pursuant to Section 23.4.5.7.9.
5. I have personal knowledge of the facts and circumstances supporting the Project’s request and eligibility for a Competitive Entry Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.
6. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there [ARE/ARE NOT ANY] direct or indirect contractual relationships for the Project with a “Non-Qualifying Entry Sponsor,” as those terms are defined in Section 23.4.5.7.9 of the Services Tariff. I have listed all contracts with Non-Qualifying Entry Sponsors on Schedule 1 to this Certification.
7. If the Answer to (6) is that there are one or more direct or indirect contractual relationships for the Project with a Non-Qualifying Entry Sponsor, then I certify that to the best of my knowledge and having conducted due diligence that they are “allowable contracts” as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff.
8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification, (a) no unexecuted agreements, written or unwritten, with a Non-Qualifying Entry Sponsor exist that would support the development of the Project except those agreements that would not constitute a non-qualifying contractual relationship, as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff, and (b) all agreements that would not constitute a non-qualifying contractual relationship are on Schedule 1 to this certification.
9. To the best of my knowledge and having conducted due diligence, the Project is not a Non-Qualifying Entry Sponsor, and it is not an “Affiliate” (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Non-Qualifying Entry Sponsor.
10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project’s request for a Competitive Entry Exemption.
11. All parents or Affiliates of the Project shall provide any information or cooperation requested by the ISO.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

- a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project’s request for a Competitive Entry Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to

the Commission’s review, a violation of the Commission’s regulations and Section 316A of the Federal Power Act.

- b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Competitive Entry Exemption and, if the Project has already received a Competitive Entry Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the date of the revocation pursuant to Section 23.4.5.7.9.5.3 of the Services Tariff.
  
- c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission’s rules, and/or Section 316A of the Federal Power Act.

\_\_\_\_\_  
[PRINT NAME]  
[DATE]

Subscribed and sworn to before me  
this [ ] day of [MONTH] [YEAR].

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**PROJECT NAME] SCHEDULE 1 CERTIFICATION AND ACKNOWLEDGEMENT**  
**[DATE]**

**Parties to agreement   Date Executed   Effective Date   Date Performance Commences**

23.4.5.7.9.2.2 A duly authorized officer of the Generator or UDR project shall also submit a certification acknowledging that parents or Affiliates shall provide any information or cooperation requested by the ISO.

23.4.5.7.9.2.3 The certifying officers must have knowledge of the facts and circumstances supporting the request and qualification for a Generator's or UDR project's Competitive Entry Exemption.

23.4.5.7.9.2.4 Such certifications shall be submitted concurrent with the request for a Competitive Entry Exemption and each time the ISO requests a resubmittal of a certification, until the Generator's or UDR project's Entry Date.

23.4.5.7.9.2.5 The Generator or UDR project must notify the ISO if information in a certification ceases to be true, promptly upon such occurrence or learning information previously provided was not true.

23.4.5.7.9.2.6 Failure to provide, without prior notification, information or cooperation consistent with any certification shall be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5.

23.4.5.7.9.2.7 Where a notification is provided to the ISO, within 2 business days of receipt of a request from the ISO for information or cooperation, that the information or cooperation requested will not be provided, such refusal will not be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5 as long as the information is provided by the earlier of a mutually agreed upon deadline or thirty (30) calendar days. A refusal to provide information or any other failure to provide information by that deadline will make



the Generator or UDR project requesting a Competitive Entry Exemption ineligible for such exemption, and such Generator or UDR project shall be subject to the Mitigation Net CONE Offer Floor (such value based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.)

### **23.4.5.7.9.3 Timing for Requests, Required Submittals, and Withdrawals**

23.4.5.7.9.3.1 The executed Certification and Acknowledgement form required by Section 23.4.5.7.9.2 shall be submitted concurrent with a request for a Competitive Entry Exemption. The ISO may request additional information and updated certifications at any time prior to a Generator's or UDR project's Entry Date. A Generator or UDR project that is granted an exemption pursuant to this Section 23.4.5.7.9, shall be required to submit an executed Certification and Acknowledgement form set forth in Section 23.4.5.7.9.2 of the Services Tariff, updated as appropriate, upon its Entry Date.

23.4.5.7.9.3.2 Requests for Competitive Entry Exemptions for Generators or UDR projects in Class Years subsequent to Class Year 2012 must be received by the ISO no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S. A Generator or UDR project that requests a Competitive Entry Exemption in a Class Year may not also request a Renewable Exemption or Self Supply Exemption. A Generator or UDR project that remains a member of the completed Class Year if such Class Year is Class Year 2012 or prior Class Year, shall not be eligible to request or receive a Competitive Entry Exemption. The

ISO shall determine whether a Generator or UDR project is exempt, subject to any required further submissions of information, or not exempt under the Competitive Entry Exemption, prior to the Initial Decision Period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Developer.

23.4.5.7.9.3.3 A Generator or UDR project that submits a request for a Competitive Entry Exemption, including the required Certification and Acknowledgement, responses to information requests, and resubmittal, but (a) enters into a “non-qualifying contractual relationship” or (b) enters into an unexecuted agreement, written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the Project, except those agreements identified in 23.4.5.7. 9.1.3 that would not constitute a “non-qualifying contractual relationship, may withdraw such request, provided that it notifies the ISO that it has entered into such “non-qualifying contractual relationship” within 2 business days of doing so. A Generator or UDR project seeking to withdraw its request pursuant to this Section 23.4.5.7.9.3.3 shall be subject to the Mitigation Net CONE Offer Floor (such value calculated based on its the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) but will not be subject to the provisions of Section 23.4.5.7.9.5.

#### **23.4.5.7.9.4 Notifications**

23.4.5.7.9.4.1 The ISO shall post on its website a list of each Generator or UDR project that requests a Competitive Entry Exemption that becomes a member of the Class Year, promptly after the deadline set forth in Section 30.8.1 of the OATT (Attachment X) (by which the ISO must receive the Developer's executed Class Year Interconnection Facilities Study Agreement and deposit.) The ISO shall update the list as necessary. The ISO shall also post on its website whether a request for a Competitive Entry Exemption was denied, or granted, as soon as its determination is final.

23.4.5.7.9.4.2 Concurrent with the ISO posting of its final determination, the Market Monitoring Unit shall publish a report on the ISO's determination in accordance with Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.

#### **23.4.5.7.9.5 Revocation**

23.4.5.7.9.5.1 The submission of false, misleading, or inaccurate information, or the failure to submit requested information in connection with a request for a Competitive Entry Exemption shall constitute a violation of the Services Tariff. Such violation shall be reported, by the ISO, to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities).

23.4.5.7.9.5.2 Where the ISO reasonably believes that a request for a Competitive Entry Exemption was granted based on false, misleading, or inaccurate information, the ISO shall notify the Generator or UDR project that its Competitive Entry Exemption may be revoked, and provided 30 days written notice has been given to the Generator or UDR project (such notice to the extent practicable,) the ISO

may revoke the Competitive Entry Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.) Prior to the revocation of a Competitive Entry Exemption and the submission of a report to the Commission's Office of Enforcement (or any successor to its responsibilities,) the ISO shall provide the Generator or UDR project an opportunity to explain any statement, information, or action. The ISO cannot revoke the Competitive Entry Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5.7.10 The ISO shall post on its website the identity of the project in a Mitigated Capacity Zone and the determination of either exempt or non-exempt as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determinations, as further specified in Section 30.4.6.2.1~~3~~<sup>2</sup> of Attachment O to this Services Tariff.

23.4.5.7.11 Mitigated UCAP that is subject to an Offer Floor shall remain subject to the requirements of Section 23.4.5.4, and if the Offer Floor is higher than the applicable offer cap shall submit offers not lower than the applicable Offer Floor, except as set forth in 23.4.5.7.12.

23.4.5.7.12 An Interim Service Provider that has UCAP subject to an Offer Floor shall offer all ISP UCAP MW in each ICAP Spot Market Auction at \$0.00/kW-month. For an RMR Generator that has UCAP subject to an Offer Floor, the UCAP subject to the Offer Floor shall be offered at \$0.00/kW-month.

**23.4.5.7.12 Reserved for future use.**

**23.4.5.7.13 Renewable Exemption**

**23.4.5.7.13.1 Eligibility**

23.4.5.7.13.1.1 An Examined Facility or an NCZ Examined Project, may request to be evaluated for a Renewable Exemption in the amount of its CRIS MW requested in the Class Year or which it expects to receive through a transfer of CRIS at the same location. For purposes of this Section 23.4.5.7.13, an Examined Facility or NCZ Examined Project for which the ISO receives such a request shall be referred to as a “Renewable Exemption Applicant.” A UDR project may not be a Renewable Exemption Applicant. For purposes of this Section 23.4.5.7.13, references to a Renewable Exemption Applicant’s CRIS MW shall be understood to encompass Additional CRIS MW in cases where the Renewable Exemption Applicant is an existing Generator seeking a Renewable Exemption for Additional CRIS MW. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Renewable Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Renewable Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption. The ISO shall evaluate requests for a Renewable Exemption from (x) members of Class Year 2015 that are received on or before April 28, 2016, (y) members of a Class Year after Class Year 2015 provided that the CRIS rights are received no later than the deadline by which the facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, and (z)

expected recipients of transferred CRIS rights at the same location from which the ISO has been notified, by the transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that they are received no later than the Class Year Start Date for such Class Year. Examined Facilities and NCZ Examined Projects will not be evaluated for a Renewable Exemption if the ISO does not receive the request to be evaluated by the deadline established in accordance with the preceding sentence, or if the Examined Facility or NCZ Examined Project also submits a request for a Competitive Entry Exemption prohibited by this paragraph.

A Generator that remains a member of a completed Class Year, if such Class Year is Class Year 2012 or a prior Class Year, shall not be eligible for a Renewable Exemption, except for Additional CRIS MW. Up to the quantity of CRIS MW specified by the Renewable Exemption Applicant in its exemption request shall be exempt from an Offer Floor if it remains a member of the completed Class Year (or if the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) and the ISO determines that it meets the requirements of Section (a), subject to the limitation in Section (b) of this Section 23.4.5.7.13.1, and subject to Section 23.4.5.7.13.3.

(a) The Renewable Exemption Applicant:

- (i) must have, for its Interconnection Queue position, a proposed design that is a Generator to be powered solely by a device that can qualify as an Intermittent Power Resource, or must be a Limited Control Run-of-River Resource, as such terms are (A) defined on the date by which the ISO must receive the request for a

Renewable Exemption in accordance with Section 23.4.5.7.13.1.1, or (B) in the ISO's judgment, are reasonably expected to be defined at the time that the Renewable Exemption Applicant is first qualified as an Installed Capacity Supplier; and

- (ii) (A) be proposed in the Class Year to be powered solely by a technology that is an Exempt Renewable Technology; or  
(B) be determined by the ISO, in accordance with ISO Procedures, to have (1) high development costs, and (2) a low capacity factor such that there would be limited or no incentive and ability to develop the Renewable Exemption Applicant in order to artificially suppress capacity prices. The ISO shall make this determination by evaluating pertinent factors, including whether the reasonably projected costs of new entry and operation of the Renewable Exemption Applicant, net of the likely projected revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products, are greater than the reasonably estimated cost savings to Loads due to a reduction in ICAP Market-Clearing Prices projected to result from the entry of the Renewable Exemption Applicant's requested CRIS MW (or CRIS MW to be transferred at the same location.)
- (b) A total amount not exceeding 1,000 MW of Installed Capacity may be determined to be exempt pursuant to the Renewable Exemption in any one Class Year. This amount includes any amount for which an NCZ Examined Project is determined to be eligible at the time the ISO issues an Indicative Buyer Side Mitigation Determination pursuant to Section 23.4.5.7.2.2, or a determination pursuant to Section 23.4.5.7.2.1. If the ISO

determines that more than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption for any one Class Year (including transferred CRIS at the same location) but for the 1,000 MW limitation, then each Renewable Exemption Applicant determined by the ISO to be eligible for a Renewable Exemption other than those that were also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section 23.4.5.7.14, shall have only a portion of its evaluated CRIS MW exempted. Such portion of the 1,000 MW shall be the MW equal to the proportion of the CRIS MW for which the Renewable Exemptions were requested to the total Installed Capacity MW of those MW determined to be eligible for the Renewable Exemption for the Class Year that are not also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section 23.4.5.7.14.

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

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

23.4.5.7.13.2.1(a) The ISO's periodic review will identify, by Mitigated Capacity Zone, the technologies that, at the time of the periodic review, are technically feasible in the ISO Administered Markets (whether as a single unit, or a plant comprised of more than one unit) and that could qualify as either Intermittent Power Resources or Limited Control Run-of-River Hydro Resources ("candidate intermittent renewable technologies").



23.4.5.7.13.2.1(b): For each candidate intermittent renewable technology, the ISO's periodic review will reasonably project:

- (i) the costs of new entry and operation;
- (ii) the revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products by it; and
- (iii) the cost savings to Loads due to a reduction in ICAP Market-Clearing Prices from the new entry of the candidate intermittent renewable technology.

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

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

- (a) The ISO's preliminary identification of candidate intermittent renewable technologies for stakeholder review and comment;
- (b) The ISO's issuance of a draft list of recommended Exempt Renewable Technologies and the basis for the recommendation, for stakeholder and Market Monitoring Unit review and comment; (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.)

23.4.5.7.13.2.4 On or before the 60th day subsequent to the Commission issuance of an order accepting ICAP Demand Curves based on the ICAP Demand Curve periodic

review, the ISO shall file with the Commission the results of its Exempt Renewable Technology periodic review and determination pursuant to Section 23.4.5.7.13.2.2. If the ISO's determination of technology types that satisfy the provisions of Section 23.4.5.7.13.2.2 for any Mitigated Capacity Zone is different than the then-current definition of Exempt Renewable Technology, the ISO shall propose in the filing, for Commission review, a revised definition that is in accordance with its periodic determination, to be effective for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year. The ISO's filing shall describe the basis for the ISO's determination.

#### **23.4.5.7.13.3. Revocation**

23.4.5.7.13.3.1 A Renewable Exemption Applicant that received a Renewable Exemption for any amount of CRIS MW shall notify the ISO in writing within five (5) business days if (a) at the time it first qualifies as an Installed Capacity Supplier, or at any time thereafter, it is not solely powered by the same technology based on which it was evaluated for a Renewable Exemption, or (b) at the time it first qualifies as an Installed Capacity Supplier it is not solely powered by a technology that is defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, even if the Renewable Exemption Applicant was determined to be eligible because, at the time it was evaluated, the ISO expected the technology would become defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource. Upon notification, the ISO shall revoke the Renewable Exemption unless the Generator provides documentation with its notice in accordance with the prior sentence that demonstrates, to

the ISO's satisfaction, that after the change it will be solely powered by an Exempt Renewable Technology as such term is defined on the date that the Generator first transmits energy using the different technology. Upon revocation, the ISO shall apply the Mitigation Net CONE Offer Floor (such value calculated by the ISO based on the date that the Generator (or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) to all offers of UCAP by the Generator or Additional CRIS MW subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Nothing in this paragraph shall relieve a Generator from or alter any obligation it may have under the ISO Tariffs or any other tariff, agreement, or regulation to obtain permissions, authorizations provide notifications, or take any other action in advance of changing the technology which powers it (in whole or in part.)

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

23.4.5.7.13.3.3           If a Generator has not provided notice in accordance with Section 23.4.5.7.13.3.1 and the ISO determines that the Generator is not solely powered by a technology as described Section 23.4.5.7.13.3.1, the ISO shall notify the Generator that its Renewable Exemption may be revoked, and provided 30 days written notice has been given to the Generator (such notice to the extent practicable,) the ISO may revoke the Renewable Exemption. In the event of a revocation, the Mitigation Net CONE Offer

Floor such value calculated by the ISO based on the date that the Generator or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) shall apply to all offers of UCAP subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Prior to the revocation of a Renewable Exemption, the ISO shall provide the Generator an opportunity to respond to the ISO's determination. The ISO cannot revoke the Renewable Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

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

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

23.4.5.7.13.2 The ISO shall determine whether a Renewable Exemption Applicant is or is not eligible for a Renewable Exemption, and whether it is eligible or is not eligible for an exemption pursuant to Section 23.4.5.7.2(a) and (b) or Section 23.4.5.7.14, prior to the Initial Decision Period. The ISO shall determine prior to the Initial Decision Period, at each Subsequent Decision Period, and upon completion of the Class Year, whether more

than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption (including MW of NCZ Examined Projects) in a Class Year but for the 1,000 MW limitation. If at the time of the ISO's issuance of initial determinations, or the completion of the Class Year, more than 1,000 MW, then remaining in the Class Year or associated with a transfer of CRIS at the same location, are eligible for a Renewable Exemption, the ISO shall (i) first, exclude from the 1,000 MW cap the CRIS MW of any Examined Facility or NCZ Examined Project that was determined to be exempt pursuant to Sections 23.4.5.7.2 (a), or (b) or Section 23.4.5.7.14, and (ii) second, issue an initial determination (prior to the Initial Decision Period or at the time of any Subsequent Decision Period) or a final determination (if a member of the completed Class Year, or if a transfer of CRIS rights at the same location unless the transferee has notified the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) of the MW that will be exempt from an Offer Floor, equal to the proportion of the requested CRIS MW as determined in accordance with Section 23.4.5.7.13.1.1(b).

23.4.5.7.13.4.3 Determinations made pursuant to Section 23.4.5.7.13.4.2 shall be provided to the Renewable Exemption Applicants (other than NCZ Examined Projects) concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and for an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

23.4.5.7.13.4.4 The ISO shall post on its website its determination of whether the Renewable Exemption Applicant has been determined to be exempt for any quantity of MW, and if exempt, the quantity of MW exempt, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market

Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.

#### **23.4.5.7.14 Self Supply Exemption**

##### **23.4.5.7.14.1 Eligibility**

23.4.5.7.14.1.1 In order to be evaluated for a Self Supply Exemption, each of the following requirements must be satisfied, by the deadline, in the required form, and with the required information in accordance with ISO Procedures. If one or more of the requirements is not satisfied, the ISO shall not evaluate the request for a Self Supply Exemption.

- (a) An Examined Facility or NCZ Examined Project, (for purposes of this Section 23.4.5.7.14 an "SSE Applicant") may request to be evaluated for a Self Supply Exemption for a specified quantity of MW up to the amount of the CRIS MW requested in the Class Year or, of which it is the expected recipient of transferred CRIS rights at the same location, in accordance with ISO Procedures. A UDR project may be a SSE Applicant. For purposes of this Section 23.4.5.7.14, references to a SSE Applicant's CRIS MW shall be understood to encompass Additional CRIS MW in cases where the SSE Applicant is an existing Generator or UDR project seeking a Self Supply Exemption for Additional CRIS MW. The ISO will evaluate the request if the SSE Applicant is (i) a member of Class Year 2015 and its request is received on or before April 28, 2016, (ii) a member of a Class Year after Class Year 2015 and its request is received no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S, or (iii) an expected recipient of transferred CRIS rights at the same location and the ISO has been notified, by the

transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that the request is received no later than the Class Year Start Date for such Class Year. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Self Supply Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Self Supply Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption.

A proposed new Generator or UDR project that remained a member of Class Year 2012 or a prior Class Year at the time of the completion of such Class Year, shall not be eligible to request or receive a Self Supply Exemption except in relation to a request for Additional CRIS MW.

- (b) If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s), it must have a Long Term Contract (in accordance with Subsection (1) of this Section 23.4.5.7.14.1.1(b)(1) with the Self Supply LSE(s) that shall obligate the SSE Applicant to provide the capacity forming the basis for its eligibility for a Self Supply Exemption. Such an SSE Applicant must make its Self Supply Exemption request jointly, in a single request, with the Self Supply LSE(s) with which it has a Long Term Contract. If the proposed SSE Applicant is the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s),

then the SSE Applicant must provide documentation at the time it requests the exemption that demonstrates to the reasonable satisfaction of the ISO that it has a statutory, regulatory, or organizational obligation to provide Energy and Capacity to meet the Self Supply LSE's (or Self Supply LSEs') ICAP Obligation(s).

- (1) Long Term Contract: For the purposes of a Self Supply Exemption, a "Long Term Contract" shall mean (i) a fully executed contract between the SSE Applicant that is a proposed new or existing Generator and a Self Supply LSE that is joining it in requesting the exemption, pursuant to which the SSE Applicant is obligated to provide to the Self Supply LSE (or LSEs if more than one Self Supply LSE,) for a minimum of 10 years, Installed Capacity in an amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested; or (ii) a fully executed contract between a Self Supply Applicant that is a proposed new or existing UDR project and a Self Supply LSE (or LSEs if more than one Self Supply LSE,) that is joining it in requesting the exemption, pursuant to which the Self Supply LSE(s) will have all rights to the UDRs and the use of the facility, for a minimum of 10 years, in the amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested.
- (c) The Self Supply Applicant's request for a Self Supply Exemption must specify the total quantity of CRIS MW for which it is requesting a Self Supply Exemption, and such quantity shall not exceed the MW of CRIS requested by it in the Class Year, or the quantity of the transferred CRIS rights at the same location it expects to receive. If there is more than one Self Supply LSE associated with the request for a Self Supply Exemption received from an SSE Applicant then: (i) the request shall identify the quantity of MW associated with each Self Supply LSE, and (ii) the total quantity of MW



associated with the Self Supply LSEs shall not exceed the total MW for which the SSE Applicant requests a Self Supply Exemption.

- (d) All Certification and Acknowledgement(s) required by Section 23.4.5.7.14.2 must be received at the same time as the request for a Self Supply Exemption, in accordance with ISO Procedures, along with other data and information requested by the ISO.

23.4.5.7.14.1.2        The lesser of (i) the quantity of CRIS MW for which the Self Supply Exemption was requested and (ii) the quantity determined in accordance with Section 23.4.5.7.14.3 shall be exempt from an Offer Floor if the SSE Applicant is a member of the Class Year at the time of its completion and the ISO determines that the request satisfies all of the following requirements:

- (a) The proposed Generator or UDR project terminus will be, or the existing Generator or UDR project terminus is, electrically located in the same Mitigated Capacity Zone in which the Self-Supply LSE has Projected ICAP Requirements (as such term is defined in Section 23.4.5.7.14.1.3),
- (b) The SSE Applicant and the Developer are not and will not be owned, in whole or in part, by an LSE or an Affiliate of an LSE unless such entity is a Self Supply LSE.
- (c) The SSE Applicant provides the completed Certification and Acknowledgement form set forth in Section 23.4.5.7.14.2.1 or 23.4.5.7.14.2.3, as applicable to it and its request for a Self Supply Exemption, and satisfies each requirement stated therein. If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), then both the SSE Applicant and the Self Supply LSE(s) provide the applicable completed Certification and Acknowledgement

form set forth in Section 23.4.5.7.14.2 and satisfy each requirement stated therein. The ISO must receive the required completed Certification and Acknowledgement forms, in accordance with ISO Procedures, (i) if the SSE Applicant is a member of Class Year 2015 and its request is received on or before April 28, 2016, (ii) no later than the deadline by which the SSE Applicant must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, or (iii) if the Self Supply LSE is an expected recipient of transferred CRIS rights at the same location that will be effective on a date within the Mitigation Study Period for the Class Year, no later than the Class Year Start Date of such Class Year. All other information requested by the ISO must also be timely received.

- (d) The ISO determines that the Self Supply LSE satisfies both the Net Short Threshold set forth in Section 23.4.5.7.14.3.1 and the Net Long Threshold set forth in Section 23.4.5.7.14.3.2 for a specified quantity of CRIS MW.
- (e) The SSE Applicant certifies that it does not have any contract, agreement, arrangement, or relationship (for purposes of this Section 23.4.5.7.14.1.2(e), and the Certification and Acknowledgment in Section 23.4.5.7.14.2, a “contract”) for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the SSE Applicant’s: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of this Section, or (ii) clearing in the ISO’s Installed Capacity market except as expressly permitted in Subsection (B).

(A) An SSE Applicant will not be ineligible for a Self Supply Exemption if it has an executed contract, is associated with a contract, or there is a contract associated with it, that is listed in (I) through (VIII) of this Section that provides for a material payment,

concession, rebate or subsidy, and either (i) is not irregular or anomalous, and only reflects arms-length transactions, or (ii) is consistent with the overall objectives of the Self Supply Exemption.

**Listed contracts:**

- (I) an Interconnection Agreement;
- (II) an agreement for the construction or use of interconnection facilities or transmission or distribution facilities, or directly connected joint use transmission or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to Articles VII or 10);
- (III) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property;
- (IV) a contract for the sale or lease of real property at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations;
- (V) an easement or license to use real property;
- (VI) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a “PILOT” agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities;

(VII) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or

(VIII) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff.

(B) An SSE Applicant that requests a Self Supply Exemption with only one Self Supply LSE will not be ineligible for a Self Supply Exemption if the contract(s) that otherwise would render it ineligible under any clause of Section 23.4.5.7.14.2 is (or are) with its Self Supply LSE.

(C) Contract Review Opportunity

(i) (1) A proposed new Generator or UDR project or an existing Generator or UDR project for Additional CRIS that is reasonably expected to be eligible to enter the immediately following Class Year or be the recipient of transferred CRIS rights at the same location on a date within the Mitigation Study Period of such Class Year, and that in connection with its own Load or for the Load of one or more Self Supply LSE(s) is planning on requesting a Self Supply Exemption; (2) an SSE Applicant that is in a Class Year that is not completed (in accordance with Section 25.5.9 of the OATT; or (3) an SSE Applicant that received a Self Supply Exemption, may request that the ISO inform it whether, in the ISO's view, any specific executed contract, unexecuted but substantially developed contract, or any pending request that if approved, granted, or otherwise conferred, would constitute a contract pursuant to Subsection 23.4.5.7.14.1.2 (e)(i) and (e)(ii) would

make it ineligible to obtain or (if previously granted) retain a Self Supply Exemption. Any such request must satisfy all of the following requirements:

- (a) The SSE Applicant (unless it is for its own Load) must make any such request jointly with any Self Supply LSE(s) with which it has executed or has an unexecuted but substantially developed Long Term Contract. Any such Self Supply LSE(s) must make any such request jointly with the SSE Applicant, or proposed new or existing Generator or UDR project, with which it would seek, or has sought, a Self Supply Exemption.
- (b) As part of the submission of the request for a determination pursuant to Subsection (a) of this Section, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE(s) as applicable, must provide the ISO with all information regarding the contract or pending request regarding which it is requesting the ISO's view, and if the request is made jointly with a Self Supply LSE, the executed or unexecuted and substantially developed Long Term Contract that would form the basis of a Self Supply Exemption Request, including copies of original documentation. In addition and at the time of the submission of the request, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE shall also provide any other information identified by the ISO in accordance with ISO Procedures. They also must timely provide any further information that is requested by the ISO.
- (c) Such requests can only be submitted to the ISO on or after the date established by the ISO in accordance with ISO Procedures, such date to be at least 60 days prior

to the date that the ISO anticipates will be the deadline by which facilities must notify the ISO of their election to enter a Class Year (such Class Year deadline pursuant to Section 25.5.9 of OATT Attachment S.)

- (ii) Provided that the ISO has timely received all of the information it needs to make a determination, the ISO shall state its view in response to such requests within 60 days.
- (iii) When evaluating any such request, the ISO shall consult with the Market Monitoring Unit. (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.1~~32~~ of Attachment O to this Services Tariff.)

#### **23.4.5.7.14.2 Certifications and Acknowledgements**

23.4.5.7.14.2.1 An SSE Applicant that is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), and that is requesting a Self Supply Exemption shall submit the following completed Certification and Acknowledgment form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply Applicant shall be legally bound by the Certification and Acknowledgement form which must be executed by a duly authorized officer:

#### **CERTIFICATION AND ACKNOWLEDGMENT**

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY OR NCZ EXAMINED PROJECT, New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").
2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.
3. I hereby [REQUEST ON BEHALF OF] the Developer, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project in connection with [LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].
4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.
5. I have personal knowledge of the facts and circumstances supporting the Project's request and eligibility for a Self Supply Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.
6. NAME OF DEVELOPER] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Load Serving Entity [OTHER THAN THE LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].
7. [NAME OF PROJECT] has a Long Term Contract (as such term is defined in Services Tariff Section 23.4.5.7.14.1.1 (b)(1)) with the Self Supply LSE[s], that is [are] the subject of the request for a Self Supply Exemption.
8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is no contract, arrangement, arrangement, or relationship (for purposes of Section 23.4.5.7.14. 2(e) of the Services Tariff, and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates or subsidies connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1. 2(e) of the Services Tariff, or (ii) clearing in the NYISO's Installed Capacity market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14. 1.2(e).
9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).
10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

- a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.
- b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.
- c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

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[PRINT NAME]  
[DATE]

Subscribed and sworn to before me

this [ ] day of [MONTH] [YEAR].

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Notary Public



My commission expires:\_\_\_\_\_

23.4.5.7.14.2.2            A Self Supply LSE that has a Long Term Contract (as such term is defined in Section 23.4.5.14.1(b)(1)) with an SSE Applicant shall submit to the ISO the following completed Certification and Acknowledgement Form as part of the SSE Applicant's request for a Self Supply Exemption and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply LSE shall be legally bound by the completed Certification and Acknowledgement form which must be executed by a duly authorized officer:

#### **CERTIFICATION AND ACKNOWLEDGMENT**

I [NAME & TITLE] hereby certify on behalf of myself and [NAME OF SELF SUPPLY LSE] (the "LSE") that each of the following statements is true and correct:

1. I am an officer whose responsibilities include overseeing the capacity supply portfolio and obligations, and addressing Load requirements of the [LSE], and LSE's Long Term Contract (as such term is defined in Services Tariff Section 23.4.5.7.14.1.1 (b)(1)) with [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").
2. I am duly authorized to make representations concerning the capacity supply portfolio, and obligations, Load requirements of [the LSE], and LSE's Long Term Contract with the Project (the "Subject Long Term Contract"), including each of the certifications and acknowledgements that I have made in this document.
3. I hereby [REQUEST ON BEHALF OF] the LSE, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with the Subject Long Term Contract.
4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.
5. I have personal knowledge of the facts and circumstances supporting the Subject Long Term Contract and LSE's Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by LSE to the NYISO.

6. The LSE is a Self Supply LSE [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.
7. [NAME OF DEVELOPER] [is // is not] owned in part by, and [is // is not] an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, LSE. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between or among LSE, Developer and the Project, or any Affiliate of the foregoing entities in relation to the project; and any ownership or investment interest of LSE, Developer, and the Project, in either of the other entities, or any of the Affiliates thereof in relation to the Project.
8. [NAME OF PROJECT] and LSE are parties to the Subject Long Term Contract.
9. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there are no arrangements for any payments or subsidies, that are directly or indirectly tied to the Unforced Capacity from the Project clearing in the NYISO's Installed Capacity market other than those between the [NAME OF DEVELOPER],[PROJECT] and [SELF SUPPLY LSE] that is provided to the ISO with this Certification and Acknowledgement [and other than agreements between [NAME OF DEVELOPER], [PROJECT] and [NAME OF OTHER SELF SUPPLY LSE(S) ASSOCIATED WITH THE SELF SUPPLY APPLICANT'S REQUEST FOR A SELF SUPPLY EXEMPTION]].
10. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).
11. LSE shall provide any information or cooperation requested by the NYISO in connection with the LSE and the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself and LSE that:

- a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the LSE's and the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.
- b. If the LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the LSE, the Project shall cease to be eligible for a Self Supply Exemption in respect of Subject Long Term Contract and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with

Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

- c. If the LSE submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

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[PRINT NAME]  
[DATE]

Subscribed and sworn to before me  
this [ ] day of [MONTH] [YEAR].

---

Notary Public

My commission expires:\_\_\_\_\_

23.4.5.7.14.2.3        An SSE Applicant that is the wholly owned property of the Self Supply LSE, or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE, or that wholly owns the Self Supply LSE, and that is requesting a Self Supply Exemption shall submit the following completed Certification and Acknowledgment Form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply

Applicant shall be legally bound by the following Certification and

Acknowledgement form which must be executed by a duly authorized officer:

### **CERTIFICATION AND ACKNOWLEDGMENT**

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include; (i) the development of the [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project"); and (ii) overseeing the capacity supply portfolio and obligations, and addressing Load Obligations of the Self Supply LSE and its obligations to serve retail customers.
2. I am duly authorized to make representations concerning the Project and the capacity supply portfolio, and obligations, Load requirements of [the DEVELOPER/LSE], including, if applicable the Long Term Contract between the Project and any entity performing the Self Supply LSE function (the "Subject Long Term Contract"), and also including each of the certifications and acknowledgements that I have made in this document.
3. I hereby [REQUEST ON BEHALF OF] the [DEVELOPER/LSE], a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with [DEVELOPER/LSE'S] self supply arrangements, including, if applicable, any Subject Long Term Contract.
4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.
5. I have personal knowledge of the facts and circumstances supporting: (i) the Project's request and eligibility for a Self Supply Exemption; and (ii) the Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption, as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project and by [DEVELOPER/LSE] to the NYISO.
6. The LSE is a Self Supply LSE pursuant to Section [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.
7. [NAME OF DEVELOPER/LSE] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, any other Load Serving Entity. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between

[DEVELOPER/LSE's] Self Supply LSE and Developer functions or affiliates and the Project.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is not any contract, agreement, arrangement, or relationship (for purposes of Section 23.4.5.7.14.1. 2(e), and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e) of the Services Tariff, or (ii) clearing in the NYISO's ICAP market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14.1.2(e).
9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).
10. The Project and [DEVELOPER/LSE] shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that:

- a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's and [DEVELOPER/LSE's] request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.
- b. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.
- c. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not

limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

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[PRINT NAME]

[DATE]

Subscribed and sworn to before me  
this [ ] day of [MONTH] [YEAR].

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Notary Public

My commission expires: \_\_\_\_\_

#### **23.4.5.7.14.3 Net Short Threshold and Net Long Threshold**

For the purposes of Section 23.4.5.7.14.3, "SSE Evaluated ICAP" shall mean the quantity of MW of CRIS for which a Self Supply Exemption is requested by an individual Self Supply LSE (or by an SSE Applicant in respect of its own Load) in accordance with Section 23.4.5.7.14.1.1(c), unless reduced as follows: If (i) following a notice that an additional System Deliverability Upgrade study(ies) will be conducted in accordance with Section 25.7.7.1 of the OATT, an SSE Applicant elects to keep its CRIS request but with no System Deliverability Upgrade identified to make the project fully deliverable (as provided for in Section 25.7.7.1(3),) and (ii) the total quantity of MW of CRIS for which the Self Supply Exemption is requested exceeds the total amount of Deliverable MW, as specified in the next Class Year Interconnection

Facilities Study report, the ISO shall reduce the total quantity of MW of CRIS for which a Self Supply Exemption is requested to the total amount of Deliverable MW identified in such Interconnection Facilities Study Report. If there is more than one LSE associated with the SSE Applicant, the ISO shall reduce the quantity of MW of CRIS for each Self Supply LSE by the ratio of Deliverable MW to the total MW of CRIS for which Self Supply exemptions were initially requested.

The ISO shall compute the Net Short Threshold and Net Long Threshold, and determine whether each is satisfied, based on its computation of each of the values specified in this Section. If there is more than one Self Supply LSE associated with the SSE Applicant's request for a Self Supply Exemption, the MW associated with each Self Supply LSE shall be considered separately.

If the Self Supply LSE or its Affiliates are associated with more than one request for a Self Supply Exemption in the Class Year (including any associated with a transfer of CRIS at the same location,) and the Self Supply LSE and its Affiliates satisfy the Net Long Threshold in a non-zero amount that is greater than the "Cumulative Affiliated Quantity" (as defined in Section 23.4.5.7.14.3,) then remaining in the Class Year, the ISO shall reduce the quantity of MW for which they are eligible to receive a Self Supply Exemption by the ratio of (a) the quantity of MW by which the Self Supply LSE and its Affiliates satisfy the Net Long Threshold, to (b) the Cumulative Affiliated Quantity associated with SSE Applicant(s) then remaining in the Class Year or associated with a transfer of CRIS at the same location (provided the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS.)

For the purposes of Section 23.4.5.7.14.3, “Projected ICAP Requirements” is the reasonably projected ICAP MW that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality and the NYCA. Such projection shall be based on the Self Supply LSE’s and all its Affiliates’ share(s) of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement, as applicable and in accordance with ISO Procedures, over the three most recently completed Capability Years preceding the Class Year Start Date. Such projection shall also reflect that ICAP MW purchased in a Locality may be used to meet capacity requirements for each Locality in which they are contained, as well as for the NYCA.

When calculating the Self Supply LSE’s and all its Affiliates’ Projected ICAP Requirements, each of their shares of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement over these three Capability Years shall be translated to their ICAP MW equivalent(s) using the derating factor that was applied to translate the Installed Capacity Requirement into the Unforced Capacity Requirement in the same Capability Period and Locality, or the NYCA if applicable, in which the purchase was made.

For the purposes of Section 23.4.5.7.14.3, “Excess Award Percentage” is the reasonably projected amount of excess capacity that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality, and the NYCA, expressed as a percentage of its “Projected ICAP Requirements”, Such projection shall be based on the total excess UCAP MW awarded in each ICAP Spot Market Auction, divided by the Locational Minimum Unforced Capacity Requirement, or the NYCA Minimum Unforced Capacity Requirement, for the same Capability



Period and Locality (or the NYCA) in which the award was made, over the three most recent completed Capability Years preceding the Class Year Start Date.

For the purposes of Section 23.4.5.7.14.3, “Capacity Obligations without Entry”, calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage.

For the purposes of Section 23.4.5.7.14.3, “Capacity Obligations with Entry”, calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage, adjusted to reflect the projected increase in excess that the Self Supply LSE would be obligated to purchase as a result of the entry of the SSE Applicant.

For the purposes of Section 23.4.5.7.14.3, “Self Supply Capacity” for a given Locality (or the NYCA,) is (a) the full amount of ICAP MW associated with each Generator or UDR project that the Self Supply LSE or any of its Affiliates own directly or indirectly, in at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, excluding any whose CRIS MW are projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE, and (b) the ICAP MW that the Self Supply LSE and all its Affiliates are reasonably projected by the ISO to receive, including ICAP MW which they have a call option to receive, either by way of ownership or under “Existing Long Term Commitments” in that Locality (or the NYCA), and that are associated with a Generator or UDR project that the Self Supply LSE or any of its Affiliates do not own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, and that they do not have the power to direct the management or policies of, excluding those that are associated with any Expected Retirement. For purposes of Self Supply Capacity, “Existing Long Term

Commitments” is the amount of Capacity that the Self Supply LSE or any of its Affiliates are projected by the ISO to receive, including ICAP which they have a call option to receive, under a written agreement (whether stated in ICAP or otherwise,) with a minimum term of ten years, and a minimum of six years remaining thereon on the Class Year Start Date. When calculating the term and remaining term of a written agreement for the purposes of this section, the ISO, using its independent judgment and at its sole discretion, will determine whether to reflect in its calculation any potential extension to the current term of a written agreement that may reasonably result from renewal provisions.

For the purposes of Section 23.4.5.7.14.3, “Additional Self Supply Capacity”, for a given Locality (or the NYCA,) is the ICAP MW of a Generator or UDR project that were granted a Self Supply Exemption at the time of the completed Class Year based on the Self Supply LSE or any of its Affiliates’ being a Self Supply LSE for such Generator or UDR project, in the 10 year period immediately preceding the Class Year Start Date of the Class Year, in that Locality (or the NYCA), excluding: (i) any ICAP MW that are included in Self Supply Capacity, (ii) any ICAP MW associated with a Generator or UDR project that the Self Supply LSE and any of its Affiliates own directly or indirectly, at least a 50.01% interest(in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that the CRIS of which is projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE; and (iii) any ICAP MW of a Generator or UDR project that neither the Self Supply LSE nor any of its Affiliates own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that is an Expected Retirement.

#### **23.4.5.7.14.3.1 Net Short Threshold**

The Net Short Threshold will be satisfied for the “SSE Evaluated ICAP” if the ISO determines that, summed over all Localities and the NYCA, the Self Supply LSE’s and all of its Affiliates’ “Total Capacity Costs without Entry” are expected to be less than the Self Supply LSE’s and all of its Affiliates’ “Total Capacity Costs with Entry”.

23.4.5.7.14.3.1.1 The ISO will calculate the estimated “Total Capacity Costs without Entry”

as the sum over all Localities, and the NYCA, of the product of (a) the “ICAP Spot Auction Price without Entry” and (b) the “Capacity Exposed to Market Prices without Entry”.

(a) “ICAP Spot Market Auction Price without Entry” shall be based on the ICAP Spot Market Auction prices for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date.

(b) “Capacity Exposed to Market Prices without Entry” is calculated for each Locality and the NYCA as:

“Capacity Obligations without Entry” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price without Entry;

minus

“Self Supply Capacity” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

“Additional Self Supply Capacity” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

23.4.5.7.14.3.1.2 The ISO will calculate “Total Capacity Costs with Entry” as the sum of “Proportional Entry Costs” and the sum over all Localities, and the NYCA, of the product of (a) “ICAP Spot Market Auction Price With Entry” and (b) “Capacity Exposed to Market Prices With Entry”.

“Proportional Entry Costs” is the percentage of the Unit Net CONE (expressed in dollars) of the SSE Applicant (calculated in accordance with Section 23.4.5.7.3 if an Examined Facility, or in accordance with Section 23.4.5.7.2.1 if an NCZ Examined Project, or in accordance with Section 23.4.5.7.6.1 if Additional CRIS MW) that is equal to the SSE Evaluated ICAP divided by the total MW of CRIS requested by the SSE Applicant in the Class Year.

(a) The “ICAP Spot Market Auction Price with Entry” shall be based on the ICAP Spot Market Auction prices calculated for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date, and adjusted to reflect the entry of the SSE Applicant.

(b) the “Capacity Exposed to Market Prices with Entry” is calculated for each Locality and the NYCA as:

“Capacity Obligations with Entry” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the

NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price with Entry;

Minus

“Self Supply Capacity” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

“Additional Self Supply Capacity” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

minus

“SSE Evaluated ICAP”, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO that is reasonably anticipated to be associated with the SSE Applicant.

#### **23.4.5.7.14.3.2 Net Long Threshold**

If the Self Supply LSE and any of its Affiliates are associated with more than one Self Supply Exemption Request in the Class Year, the Net Long Threshold determination will be made based on the sum of the Self Supply LSE’s and all of its Affiliates’ SSE Evaluated ICAP (“Cumulative Affiliated Quantity”) prior to the Initial Decision Period. The ISO shall recalculate the Cumulative Affiliated Quantity prior to the ISO’s issuance of a Revised Project Cost Allocation Subsequent Decision Period if any SSE Applicant with which it is associated is no longer in the Class Year.

For each Mitigated Capacity Zone containing the location of the SSE Applicant, the ISO will determine the largest amount of SSE Evaluated ICAP MW that is (a) less than or equal to the sum of the Self Supply LSE's and all of its Affiliates' "SSE Evaluated ICAP" and (b) for which the Self Supply LSE's and all of its Affiliates' "Total Self Supply Capacity" is less than or equal to the "Future Capacity Obligation." The Net Long Threshold will be satisfied for the smallest of these determined amounts of SSE Evaluated ICAP MW, and will be considered not satisfied if the smallest of these amounts is less than or equal to zero.

- (i) The "Total Self Supply Capacity" is the sum, in each Mitigated Capacity Zone, of ICAP MW of (A) Self Supply Capacity, (B) Additional Self-Supply Capacity, and (C) the cumulative quantity of the Self Supply LSE's and all of its Affiliates' SSE Evaluated ICAP.
- (ii) the "Future Capacity Obligation" is the product of (A) ICAP MW of Capacity Obligations without Entry, and (B) the higher of (x) one plus the "10 year growth rate of peak demand" and (y) one plus one percent. The "10 year growth rate of peak demand" shall be determined based on the longest available NYSO Baseline forecast of non-coincident peak demand for the corresponding Mitigated Capacity Zone found in the "Baseline Forecast of Non-Coincident Peak Demand" table, or its successor in the most current Gold Book, published by the Class Year Start Date of the Class Year, for each Mitigated Capacity Zone.

#### **23.4.5.7.14.4 Timing of Determinations**

##### **23.4.5.7.14.4.1 Determinations.**

- (a) Prior to the Initial Decision Period, the ISO shall determine whether all or a portion of the MW specified in the request for a Self Supply Exemption is eligible for a Self Supply

Exemption in accordance with Section 23.4.5.7.14.1.2. If the ISO determines that all or a portion of the CRIS MW for which a Self Supply Exemption was requested is not eligible for a Self Supply Exemption, the ISO shall make a determination in accordance with Section 23.4.5.7.3.2 prior to the commencement of the Initial Decision Period, and prior to the ISO's issuance of a Revised Project Cost Allocation. When evaluating eligibility for a Self Supply Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.1~~3~~<sup>2</sup> of Attachment O to this Services Tariff.

- (b) Determinations made pursuant to Section 23.4.5.7.14.4 shall be provided to the SSE Applicant concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and to an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.
- (c) The ISO shall post on its web site and concurrently notify the Self Supply LSE of the ISO's determination of exempt, and if exempt the quantity of MW exempted, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Sections 30.4.6.2.1~~3~~<sup>2</sup> of Attachment O to this Services Tariff.

#### **23.4.5.7.14.5 Revocation of a Self Supply Exemption**

- (a) If, at the time prior to the SSE Applicant first producing or transmitting, Energy it or the Self Supply LSE no longer satisfies the requirements of Section 23.4.5.7.14.1(b) or no longer meets the requirements of the Acknowledgement and Certification, the SSE

Applicant and the Self Supply LSE shall notify each other and other ISO in writing within 3 business days of the event or basis for the failure to meet the requirements for a Self Supply Exemption. Upon notification, the ISO shall revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.)

- (b) The failure to provide the ISO written notice in accordance with Section 23.4.5.7.14.5(a) shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities.)
- (c) Where the ISO reasonably believes that a request for a Self Supply Exemption was granted based on (i) false, misleading, or inaccurate information, or (ii) the Self Supply LSE's inclusion within "Self Supply Capacity" (as that term is used in Section 23.4.5.7.14.3) of a Generator or UDR project's capacity that was identified by the Self Supply LSE whose CRIS was projected to expire before the end of the Mitigation Study Period but has not expired on or before the date that marked the end of the Mitigation Study Period, the ISO shall notify the SSE Applicant and the Self Supply LSE that the Self Supply Exemption may be revoked. Provided that 30 days written notice has been given to the SSE Applicant (such notice to the extent practicable,) the ISO may revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date the SSE Applicant first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.) Prior to the revocation of a Self Supply Exemption and the submission



of a report to the Commission's Office of Enforcement (or any successor to its responsibilities,) the ISO shall provide the SSE Applicant an opportunity to explain any statement, information, or action, and if a statement information or action of the Self Supply LSE, it shall also provide an opportunity to that entity. The ISO cannot revoke the Self Supply Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

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

The rules set forth in this Section 23.4.5.7.15 apply to (i) the ISO's determinations pursuant to Section 23.4.5.7, *et seq.* of ICAP Spot Market Auction forecast prices ("BSM ICAP Forecast") and (ii) Energy and Ancillary Services revenues when determining Unit Net CONE under Sections 23.4.5.7, *et seq.* (collectively for purposes of this Section, a "BSM Forecast"). Before the commencement of the Initial Decision Period for a Class Year that is not Bifurcated or Class Year X-2, and before the Bifurcated Decision Period in a Bifurcated Class Year, the ISO shall post on its website the BSM Forecast inputs determined in accordance with this Section 23.4.5.7.15, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information. This posting will include sources of or references for publicly available information "demonstrating with reasonable certainty," as defined in Section 23.4.5.7.15.2, used to develop the BSM Forecast.

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

23.4.5.7.15.2 For the purposes of Section 23.4.5.7.15, publicly available information

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

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

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

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

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

23.4.5.7.15.3.4 When determining a BSM ICAP Forecast, the ISO shall identify the projected ICAP Demand Curve by applying the “inflation index” as defined in Section 23.4.5.7.4. When determining a BSM ICAP Forecast for an Indicative Buyer-Side Mitigation Exemption Determination under Sections 23.4.5.7.2.2 and 23.4.5.7.2.4 when the Commission has not yet accepted the first ICAP Demand Curve to apply specifically

to the Mitigated Capacity Zone in which the NCZ Examined Project is located, such inflation rate shall be applied to the ICAP Demand Curve the ISO filed pursuant to Services Tariff Section 5.14.1.2.2.4.11.

#### **23.4.5.7.15.4 Existing Units**

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

#### **23.4.5.7.15.5 Additional Units**

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

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

#### **23.4.5.7.15.6 Excluded Units**

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

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

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

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

#### **23.4.5.7.15.7 Exceptions**

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

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

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

23.4.5.7.15.7.3 Except for those included in Existing Units pursuant to Section 23.4.5.7.15.7.2, Generators and UDR projects for which there is publicly available information demonstrating with reasonable certainty that they will indefinitely cease operation, shall be identified as Excluded Capacity beginning with the date determined by the ISO to be consistent with the expected cessation of operations.

23.4.5.7.15.7.4 Generators and UDR projects for which there is publicly available information demonstrating with reasonable certainty that (a) they will return to service

shall be included in Additional Units beginning with the date determined by the ISO to be consistent with its expected return to service, or (b) they will continue operations shall be included in Additional Units until the date determined by the ISO to be consistent with its expected continuation of operations.

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

23.4.5.7.15.7.6           The ISO shall not be required pursuant to Section 23.4.5.7.15 to determine whether a return to service or continued operation would have a positive Net Present Value as set forth in Section 23.4.5.7.15.8 for: (i) Generators in ICAP Ineligible Forced Outages that the ISO determined to have resulted from a Catastrophic Failure; and (ii) Generators that are Retired, provided that in the case of (ii), in the ISO's sole judgment, (a) the Generator was subject to actions that rendered it permanently inoperable, (b) the reversal of such actions would be a nontrivial undertaking, and (c) the ISO has received confirmation from it that it has permanently ceased operations.

23.4.5.7.15.7.7           The production and sale of energy from Generators and UDR projects that only have ERIS and no CRIS, or that will have ERIS only after a transfer of CRIS, for which the ISO has received notice or made a determination in the Class Year as described

in the next sentence, shall be modeled in the BSM Forecasts, but such units shall be excluded from the BSM ICAP Forecast. In accordance with Attachment S of the OATT, the ISO must have received notice that the transaction is final if a transfer of CRIS at the same location, or have determined the facility receiving the transfer is deliverable and such transferee is either in the Class Year being examined, or remained in a prior Class Year at the time of its completion, if a transfer of CRIS from a different location.

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

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

23.4.5.7.15.8.1 The ISO's net present value analysis shall consider, at a minimum: (a) the ISO-estimated costs and opportunity costs associated with returning a Generator or UDR project to service if the unit is not currently operating, and of continued operation through the end of the Mitigation Study Period, or the end of the investment horizon as reasonably determined by the ISO, whichever is of greater length (including, if applicable, the expected lost revenues of the rest of the portfolio of the Installed Capacity Supplier attributable to reductions in ICAP Spot Market Auction prices caused by the Generator or UDR project's return to service); (b) the ISO-estimated revenues, over the same time period, from the production and sale of Energy, Ancillary Services, and

capacity, and (c) the effect that additional risk associated with the age, condition, and location of the Generator or UDR project may have on the required return on investment.

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

23.4.5.7.15.8.3 The ISO shall consider data received from the Generator and UDR project for which it is performing a net present value analysis pursuant to this Section 23.4.5.7.15.8, and information received pursuant to Section 30.25 of the OATT, along with any new, updated, or relevant information that the ISO, in its sole judgment and in accordance with ISO Procedures, has verified is reasonable and accurate. If the ISO has not timely received sufficient information from the owner or representative of a Generator or UDR project, or if the ISO has received information but determined it is not suitable or reliable to be used for the purposes of a net present value analysis pursuant to Section 23.4.5.7.8, the ISO can substitute suitable estimated data, or identify the Generator or UDR project as Excluded Units.

#### **23.4.5.8 RMR Agreement Capacity Price and Offer Requirements**

23.4.5.8.1 All ISP UCAP MW shall be offered in each ICAP Spot Market Auction. All UCAP from an RMR Generator shall be offered in each ICAP Spot Market Auction, except if and only to the extent expressly authorized in an RMR Agreement due to the existence of a commitment under a bilateral agreement that (a) was effective at the time



the RMR Agreement became effective and (b) is effective and executory, requiring the provision of UCAP, for the Obligation Procurement Period.

23.4.5.8.2 Except as provided in Section 23.4.5.7.12, all UCAP offered by an RMR Generator shall be offered at \$0.00/kW-month.

## **23.6 RMR Generator and Interim Service Provider Energy and Ancillary Service Market Participation Rules**

### **23.6.1 Submission of Bids for RMR Generators and Interim Service Providers**

23.6.1.1 A Market Party shall Bid into the Day-Ahead and Real-Time Markets all of the Energy, Operating Reserves and Regulation each RMR Generator or Interim Service Provider is capable of providing by submitting ISO-committed flexible Bids at or below (equally restrictive to or less restrictive than for non-dollar parameters) the Generator's reference levels.

23.6.1.1.1 The ISO develops reference levels for Bids and Bid parameters, including Bid parameters that are not denominated in dollars. *See, e.g.,* Sections 23.3.1.2 and 23.3.1.2.3.3 of these Mitigation Measures. A Market Party must submit Bids for RMR Generators and Interim Service Providers that are consistent with *all* reference levels determined by the ISO, including all non-dollar Bid parameters that have been set as reference levels by the ISO.

23.6.1.1.2 If an RMR Generator or Interim Service Provider is not able to operate to a reference level that has been set by the ISO, the Market Party must timely contact the ISO in accordance with ISO Procedures to request a change and explain the need there for.

23.6.1.1.3 If an RMR Generator is not capable of providing all or a portion of its capability flexibly, the ISO and Generator Owner (as defined in Section 38.1 of the OATT) shall specify the restriction in the RMR Agreement. If a new operating constraint arises during the term of an RMR Agreement that prevents the Market Party from offering all or a portion of a RMR Generator's capability via an ISO-committed flexible Bid, then the Market Party must obtain written

permission from the ISO to change how it offers the RMR Generator into the ISO Administered Markets. If a new operating constraint arises while a Generator is an Interim Service Provider that prevents the Market Party from offering all or a portion of the Generator's capability via an ISO-committed flexible Bid, the Market Party shall promptly inform the ISO of the change, shall provide all documentation requested by the ISO or by the Market Monitoring Unit, and shall permit the ISO and/or the Market Monitoring Unit to inspect the affected Generator (including all requested plant records) on five days prior notice.

23.6.1.1.4 Market Parties are not required to submit hourly Bids in the Real-Time Market for an RMR Generator or Interim Service Provider that is not capable of being committed by RTC if the RMR Generator or Interim Service Provider was not committed Day-Ahead. If such an RMR Generator or Interim Service Provider was committed Day-Ahead, then the Generator shall be Bid in real-time for the hours of its Day-Ahead schedule and for additional real-time hours consistent with the Generator's operating capabilities.

23.6.1.1.5 Market Parties shall timely respond to a Supplemental Resource Evaluation ("SRE") or an Out-of-Merit ("OOM") commitment request issued by the ISO or by a Transmission Owner for an RMR Generator or Interim Service Provider.

23.6.1.1.6 If and to the extent a RMR Generator or Interim Service Provider is not available, or is not fully available, the Market Party shall timely notify the ISO of the outage or derate in accordance with ISO Procedures and accurately reflect each RMR Generator's or Interim Service Provider's availability in its Bids.

- 23.6.1.1.7 The ISO shall monitor Bids that are submitted at prices below an RMR Generator's or Interim Service Provider's reference levels for possible uneconomic overproduction. *See* Section 23.3.1.3. RMR Generators and Interim Service Providers are compensated at the lesser of their Bid or the appropriate Reference Level in accordance with Rate Schedule 8 to the Services Tariff.
- 23.6.1.2 RMR Generators and Interim Service Providers that are not Installed Capacity Suppliers, or that have not sold all of their Unforced Capacity, are still required to offer all of the Energy, Operating Reserves and Regulation each Generator is capable of providing into each Day-Ahead Market.
- 23.6.1.3 RMR Generators that provide Voltage Support Services or Restoration Services shall do so in compliance with the relevant provisions of the ISO Tariffs and their RMR Agreement. Interim Service Providers shall provide Voltage Support Services and/or Restoration Services if they provided the service at any point during the 365 days prior to submitting a Generator Deactivation Notice and are physically capable of providing the service.
- 23.6.1.4 Market Parties shall not schedule Bilateral Transactions for an RMR Generator's output, unless the Bilateral Transaction is expressly permitted under the relevant RMR Agreement. Market Parties shall not schedule Bilateral Transactions for an Interim Service Provider's output unless they were under an ongoing contractual obligation to do so at the time the Generator Deactivation Notice was submitted.
- 23.6.1.5 Market Parties may only self-schedule an RMR Generator or Interim Service Provider if they are authorized to do so by the ISO.

23.6.1.6 The responsibilities of the Market Monitoring Unit that are specified in Section 23.6.1 of the Mitigation Measures are also addressed in Section 30.4.6.2.1~~4~~<sup>3</sup> of Attachment O.

## **23.6.2 RMR Generator and Interim Service Provider Energy and Ancillary Service Reference Levels**

23.6.2.1 RMR Generator reference levels shall be developed in accordance with the rules specified in these Mitigation Measures, including the provisions of this Section 23.6.2.

23.6.2.2 Interim Service Provider reference levels shall be developed in accordance with the reference level development rules specified in these Mitigation Measures, including the additional rules and authority that are *expressly* applied to Interim Service Providers in this Section 23.6.2. The ISO, in consultation with the Market Monitoring Unit, may review and update an Interim Service Provider's reference levels. The Generator Owner may propose updates to its Interim Service Provider's reference levels. The ISO shall make the ultimate determination with regard to each reference level.

23.6.2.3 In advance of the execution of an RMR Agreement, the ISO, in consultation with the Market Monitoring Unit and Generator Owner, shall review and update the reference levels for each such Generator. The ISO shall make the ultimate determination with regard to each reference level.

23.6.2.3.1 If a possible RMR Generator or Interim Service Provider faces operational constraints the ISO, in consultation with the Market Monitoring Unit and Generator Owner, will develop reference levels that will permit the Generator to operate consistent with the identified constraints, while ensuring that the

Generator will be available (a) to resolve the Reliability Need the Generator is being retained to address, and (b) for economic commitment when appropriate.

23.6.2.4 If an RMR Agreement is executed after the reference level review and update process described above is completed, then during the term of the RMR Agreement, the ISO's authority to change the RMR Generator's reference levels will be limited to the following circumstances:

23.6.2.4.1 Reference levels may be adjusted based on season, the RMR Generator's remaining availability or other factors, to address operational constraints;

23.6.2.4.2 The costs used to develop a reference level (*e.g.*, fuel, emissions, variable operation and maintenance expenses) may be revised whenever the ISO obtains updated or more accurate cost information;

23.6.2.4.3 Opportunity costs may be updated based on actual operating experience during the term of the RMR Agreement;

23.6.2.4.4 If a physical change to the RMR Generator occurs that alters the RMR Generator's capabilities (*e.g.*, damage to the RMR Generator or Capital Expenditures that alter an RMR Generator's capabilities), then the ISO shall determine revised reference levels in consultation with the Market Monitoring Unit and Generator Owner; and

23.6.2.4.5 The ISO and Generator Owner, in consultation with the Market Monitoring Unit, may mutually agree to a reference level change that they expect will better reflect an RMR Generator's actual operating characteristics or variable costs.

23.6.2.5 The Market Party shall timely submit fuel price updates and fuel type updates to the ISO so that they can be incorporated to develop accurate reference levels for each RMR Generator or Interim Service Provider.

23.6.2.5.1 If a Market Party fails to timely submit fuel price updates and fuel type updates for an RMR Generator or Interim Service Provider, then the compensation paid for the RMR Generator's operation may be limited by the reference levels that were in place.

23.6.2.5.2 If a Market Party fails to timely update an RMR Generator's or Interim Service Provider's reference levels to reflect cost reductions that are not *de minimis*, and that are required to be reflected, then the ISO may recalculate the Generator's reference levels and true-up the Variable Costs paid to the Generator under Rate Schedule 8 to the Services Tariff consistent with the Generator's demonstrated costs. The ISO shall inform the Market Monitoring Unit if it performs such a true-up.

23.6.2.6 The responsibilities of the Market Monitoring Unit that are specified in Section 23.6.2 of the Mitigation Measures are also addressed in Section 30.4.6.2.1~~4~~<sup>3</sup> of Attachment O.

### **23.6.3 Mitigation of RMR Generators and Interim Service Providers**

23.6.3.1 RMR Generators and Interim Service Providers are required to Bid at or below their reference levels. The ISO shall mitigate all dollar-denominated Bids that exceed a RMR Generator's or Interim Service Provider's currently effective reference levels.

23.6.3.2 If a Market Party submits unit commitment data or non-dollar Bid parameters for an RMR Generator or Interim Service Provider that is/are not consistent with the Generator's reference levels without first requesting an adjustment to the Generator's reference levels from the ISO, then the ISO shall inform the Market Monitoring Unit of the Market Party's behavior and apply all Tariff-authorized mitigation measures, which may include the application of financial penalties in accordance with Section 23.4.3 of these Mitigation Measures.

23.6.3.3 The ISO shall apply all other Tariff-authorized mitigation measures to RMR Generators and Interim Service Providers consistent with the Mitigation Measures.

#### **23.6.4 Other Energy and Ancillary Service Market Rules**

23.6.4.1 On and after the execution of an RMR Agreement, and for the duration of its term, a Market Party shall not enter into any new agreement or extend any other agreement that impairs or otherwise diminishes an RMR Generator's ability to comply with obligation under an RMR Agreement, or that limits the ability of an RMR Generator to provide Energy or Ancillary Services directly to the ISO Administered Markets.

23.6.4.2 A Market Party shall not enter into any new agreement or extend any other agreement that impairs, diminishes or limits the ability of an Interim Service Provider to provide Energy or Ancillary Services directly to the ISO Administered Markets.



23.6.4.3 Market Parties shall not enter into, renew or extend bilateral agreements for Energy or Ancillary Services from an RMR Generator during the term of an RMR Agreement.

23.6.4.4 Market Parties shall not enter into, renew or extend bilateral agreements for Energy or Ancillary Services from an Interim Service Provider.

23.6.4.5 RMR Generators and Interim Service Providers are not eligible to receive Energy, Operating Reserves, Regulation or ICAP market revenues. Instead, RMR Generators and Interim Service Providers are compensated in accordance with Rate Schedule 8 to the Services Tariff and associated Tariff Rules for their participation in the ISO Administered Markets.

**23.6.5 ISO Authority to Terminate RMR Agreement with Under-Performing RMR Generator and Cease Reimbursing Capital Expenditures**

23.6.5.1 The ISO may terminate an RMR Agreement, or may terminate an RMR Agreement with regard to one of the RMR Generators that is subject to an RMR Agreement if any of the following conditions occur:

- (a) Owner (as defined in the *Form of Reliability Must Run Agreement* set forth in Appendix C of Attachment FF to the ISO OATT) defaults under the RMR Agreement and fails to timely cure its default;
- (b) The RMR Generator fails to meet one or more of the Minimum Operating Standards set forth in the RMR Agreement (the Minimum Availability Standard, or the Minimum Performance Standard, or the Operation to Address the Reliability Need Standard); or
- (c) The RMR Generator fails to operate as requested when it is called upon by the ISO or by a Transmission Owner to address the Reliability Need that it was

retained to address on three or more occasions over the term of an RMR Agreement.

23.6.5.2        If the ISO terminates an RMR Agreement for one of the reasons specified in Section 23.6.5.1 above, then it shall cease repaying the cost of any Capital Expenditures that were incurred at or for the terminated RMR Generator(s) unless the ISO is otherwise instructed by the Commission.

23.6.5.3        Rules for concluding the obligations of an Interim Service Provider early are set forth in Section 38.13 of the OATT.

## **30.4 Market Monitoring Unit**

### **30.4.1 Mission of the Market Monitoring Unit**

The Market Monitoring Unit's goals are (1) to ensure that the markets administered by the ISO function efficiently and appropriately, and (2) to protect both consumers and participants in the markets administered by the ISO by identifying and reporting Market Violations, market design flaws and market power abuses to the Commission in accordance with Sections 30.4.5.3 and 30.4.5.4 below.

### **30.4.2 Retention and Oversight of the Market Monitoring Unit**

The Board shall retain a consulting or other professional services firm, or other similar entity, to advise it on the matters encompassed by Attachment O and to carry out the responsibilities that are assigned to the Market Monitoring Unit in Attachment O. The Market Monitoring Unit selected by the Board shall have experience and expertise appropriate to the analysis of competitive conditions in markets for electric capacity, energy and ancillary services, and financial instruments such as TCCs, and to such other responsibilities as are assigned to the Market Monitoring Unit under Attachment O, and must also have sufficient resources and personnel to be able to perform the Core Functions and other assigned functions.

The Market Monitoring Unit shall be accountable to the non-management members of the Board, and shall serve at the pleasure of the non-management members of the Board.

### **30.4.3 Market Monitoring Unit Ethics Standards**

The Market Monitoring Unit, including all persons employed thereby, shall comply at all times with the ethics standards set forth below. The Market Monitoring Unit ethics standards set forth below shall apply in place of the standards set forth in the ISO's OATT Attachment F Code

of Conduct, and/or the more general policies and standards that apply to consultants retained by the ISO.

30.4.3.1 The Market Monitoring Unit and its employees must have no material affiliation with any Market Party or Affiliate of any Market Party.

30.4.3.2 The Market Monitoring Unit and its employees must not serve as an officer, employee, or partner of a Market Party.

30.4.3.3 The Market Monitoring Unit and its employees must have no material financial interest in any Market Party or Affiliate of a Market Party. Ownership of mutual funds by Market Monitoring Units and their employees that contain investments in Market Parties or their Affiliates is permitted so long as: (a) the fund is publicly traded; (b) the fund's prospectus does not indicate the objective or practice of concentrating its investment in Market Parties or their Affiliates; and (c) the Market Monitoring Unit/Market Monitoring Unit employee does not exercise or have the ability to exercise control over the financial interests held by the fund.

30.4.3.4 The Market Monitoring Unit and its employees are prohibited from engaging in transactions in the markets administered by the ISO, other than in the performance of duties under the ISO's Tariffs. This provision shall not, however, prevent the Market Monitoring Unit, or its employees, from purchasing electricity, power and Energy as retail customers for their own account and consumption.

30.4.3.5 The Market Monitoring Unit and its employees must not be compensated, other than by the ISO, for any expert witness testimony or other commercial

services, in connection with any legal or regulatory proceeding or commercial transaction relating to the ISO or to the markets that the ISO administers.

30.4.3.6 The Market Monitoring Unit and its employees may not accept anything that is of more than *de minimis* value from a Market Party.

30.4.3.7 The Market Monitoring Unit and its employees must advise the Board in the event they seek employment with a Market Party, and must disqualify themselves from participating in any matter that could have an effect on the financial interests of that Market Party until the outcome of the matter is determined.

30.4.3.8 If the Market Monitoring Unit or any of its employees provide services to entities other than the ISO, the Market Monitoring Unit shall provide to the ISO's Board, and shall regularly update, a list of such entities and services. When the Market Monitoring Unit issues an opinion, report or recommendation to, for or addressing the ISO or the markets it administers that relates to, or could reasonably be expected to affect, an entity (other than the ISO) to which the Market Monitoring Unit or its employees provide services, the Market Monitoring Unit shall inform the ISO's Board of the opinion, report or recommendation it has issued, and that its opinion, report or recommendation relates to, or could reasonably be expected to affect, an entity to which the Market Monitoring Unit or its employees provide services.

#### **30.4.4 Duties of the Market Monitoring Unit**

The Market Monitoring Unit shall advise the Board, shall perform the Core Functions specified in Section 30.4.5 of Attachment O, and shall have such other duties and responsibilities

as are specified in Attachment O. The Market Monitoring Unit may, at any time, bring any matter to the attention of the Board that the Market Monitoring Unit may deem necessary or appropriate for achieving the purposes, objectives and effective implementation of Attachment O.

The Market Monitoring Unit shall not participate in the administration of the ISO's Tariffs, except for performing its duties under Attachment O. The Market Monitoring Unit shall not be responsible for performing purely administrative duties, such as enforcement of late fees or Market Party reporting obligations, that are not specified in Attachment O. The Market Monitoring Unit may (i) provide, or assist the ISO's efforts to develop, the inputs required to conduct mitigation, and (ii) assist the ISO's efforts to conduct "retrospective" mitigation (*see* Order 719 at PP. 369, 375) that does not change bids or offers (including physical bid or offer parameters) at or before the time such bids or offers (including physical bid or offer parameters) are considered in the ISO's market solution.

#### **30.4.5 Core Market Monitoring Functions**

The Market Monitoring Unit shall be responsible for performing the following Core Functions:

30.4.5.1 Evaluate existing and proposed market rules, tariff provisions and market design elements and recommend proposed rule and tariff changes to the ISO, to the Commission's Office of Energy Market Regulation staff, and to other interested entities, including the New York Public Service Commission, and participants in the ISO's stakeholder governance process. Provided that:

30.4.5.1.1 The Market Monitoring Unit is not responsible for systematic review of every tariff and market rule; its role is monitoring, not audit.

30.4.5.1.2 The Market Monitoring Unit is not to effectuate its proposed market design itself.

30.4.5.1.3 The Market Monitoring Unit's role in recommending proposed rule and Tariff changes is advisory in nature, unless a Tariff provision specifically concerns actions to be undertaken by the Market Monitoring Unit itself.

30.4.5.1.4 The Market Monitoring Unit must limit distribution of issues or concerns it identifies, and its recommendations to the ISO and to Commission staff in the event it believes broader dissemination could lead to exploitation. Limited distributions should include an explanation of why further dissemination should be avoided at that time.

30.4.5.2 Review and report on the performance of the wholesale markets to the ISO, the Commission, and other interested entities such as the New York Public Service Commission and participants in its stakeholder governance process on at least a quarterly basis, and issue a more comprehensive annual state of the market report. The Market Monitoring Unit may issue additional reports as necessary.

30.4.5.2.1 In order to perform the Core Functions, the Market Monitoring Unit shall perform daily monitoring of the markets that the ISO administers. The Market Monitoring Unit's daily monitoring shall include monitoring of virtual bidding.

30.4.5.2.2 The Market Monitoring Unit shall submit drafts of each of its reports to the ISO for review and comment sufficiently in advance of the report's issuance to provide an effective opportunity for review and comment by the ISO. The Market Monitoring Unit may disregard any suggestions with which it disagrees. The ISO may not alter the reports prepared by the Market Monitoring Unit, nor

dictate the Market Monitoring Unit's conclusions.

30.4.5.3 Identify and notify the Commission staff of instances in which a Market Party's or the ISO's behavior may require investigation, including, but not limited to, suspected Market Violations.

30.4.5.3.1 Except as provided in Section 30.4.5.3.2 below, in compliance with § 35.28(g)(3)(iv) of the Commission's regulations (or any successor provisions thereto) the Market Monitoring Unit shall submit a non-public referral to the Commission in all instances where it has obtained sufficient credible information to believe a Market Violation has occurred. Once the Market Monitoring Unit has obtained sufficient credible information to warrant referral to the Commission, the Market Monitoring Unit shall immediately refer the matter to the Commission and desist from further investigation of independent action related to the alleged Market Violation, except at the express direction of the Commission or Commission staff. The Market Monitoring Unit may continue to monitor for repeated instances of the reported activity by the same or other entities and shall respond to requests from the Commission for additional information in connection with the alleged Market Violation it has referred.

30.4.5.3.2 The Market Monitoring Unit is not required to refer the actions (or failures to act) listed in this Section 30.4.5.3.2 to the Commission as Market Violations, because they have: (i) already been reported by the ISO as a Market Problem under Section 3.5.1 of the ISO Services Tariff; and/or (ii) because they pertain to actions or failures that: (a) are expressly set forth in the ISO's Tariffs; (b) involve objectively identifiable behavior; and (c) trigger a sanction or other consequence



that is expressly set forth in the ISO Tariffs and that is ultimately appealable to the Commission. The actions (or failures to act) that are exempt from mandatory referral to the Commission are:

- 30.4.5.3.2.1 failure to meet a Contract or Non-Contract CRIS MW Commitment pursuant to Sections 25.7.11.1.1 and 25.7.11.1.2 of Attachment S to the ISO OATT that results in a charge or other a sanction under Section 25.7.11.1.3 of Attachment S of the ISO OATT;
- 30.4.5.3.2.2 Black Start performance that results in reduction or forfeitures of payments under Rate Schedule 5 to the ISO Services Tariff;
- 30.4.5.3.2.3 any failure by the ISO to meet the deadlines for completing System Impact Studies, or any failure by a Transmission Owner to meet the deadlines for completing Facilities Studies, under Sections 3.7 and 4.5 of the ISO OATT that results in the filing of a notice and/or the imposition of sanctions under those provisions;
- 30.4.5.3.2.4 failure of a Market Party to comply with the ISO's creditworthiness requirements set forth in Attachment K of the ISO Services tariff, or other action, that triggers sanctions under Section 7.5 of the ISO Services Tariff or Section 2.7.5 of the ISO OATT, specifically: (i) failure of a Market Party to make timely payment under Section 7.2.2 of the ISO Services Tariff or Section 2.7.3.2 of the ISO OATT that triggers a sanction under Sections 7.5.3(i) or 7.5.3(iv) of the ISO Services Tariff, or Sections 2.7.5.3(i), 2.7.5.3(iv), or 2.7.5.4 of the ISO OATT; (ii) failure of a Market Party to comply with a demand for additional credit support under Section 26.6 of Attachment K of the ISO Services Tariff that triggers a

sanction under Section 7.5.3(i) of the ISO Services Tariff or Section 2.7.5.3(i) of the ISO OATT; (iii) failure of a Market Party to cure a default in another ISO/RTO market under Sections 7.5.3(iii) of the ISO Services Tariff, or Section 2.7.5.3(iii) of the ISO OATT that triggers a sanction under either of those tariff provisions; (iv) failure of a Market Party that has entered into a Prepayment Agreement with the ISO under Appendix K-1 to Attachment K to the ISO Services Tariff to make payment in accordance with the terms of the Prepayment Agreement that triggers a sanction under the Prepayment Agreement or 7.5.3(i) of the ISO Services Tariff; and (v) failure of a Market Party to make timely payment on two occasions within a rolling twelve month period under Section 7.5.3(iv) of the ISO Services Tariff, or Section 2.7.5.3(iv) of the ISO OATT that triggers a sanction under either of those provisions.

30.4.5.3.2.5 bidding in a manner that results in a penalty under Section 23.4.3.3.4 of the Market Mitigation Measures.

30.4.5.3.2.6 submission of inaccurate fuel type information into the Day-Ahead Market that results in a penalty under Section 23.4.3.3.3 of the Market Mitigation Measures.

30.4.5.3.2.7 submission of inaccurate fuel type and/or fuel price information into the Real-Time Market that results in a penalty under Section 23.4.3.3.4 of the Market Mitigation Measures.

To the extent the above list enumerates specific Tariff provisions, the exclusions specified above shall also apply to re-numbered and/or successor provisions thereto. The Market Monitoring Unit is not precluded from referring any of the activities listed above to the

Commission.

30.4.5.4 Identify and notify the Commission staff of perceived market design flaws that could be effectively remedied by rule or tariff changes.

30.4.5.4.1 In compliance with § 35.28(g)(3)(v) of the Commission's regulations (or any successor provisions thereto) the Market Monitoring Unit shall submit a referral to the Commission when the Market Monitoring Unit has reason to believe that a market design flaw exists, that the Market Monitoring Unit believes could effectively be remedied by rule or tariff changes.

30.4.5.4.1.1 If the Market Monitoring Unit believes broader dissemination of the possible market design flaw, and its recommendation could lead to exploitation, the Market Monitoring Unit shall limit distribution of its referral to the ISO and to the Commission. The referral shall explain why further dissemination should be avoided.

30.4.5.4.1.2 Following referral of a possible market design flaw, the Market Monitoring Unit shall continue to provide to the Commission additional information regarding the perceived market design flaw, its effects on the market, any additional or modified observations concerning the Market Monitoring Unit's proposed market rule or tariff change, any recommendations made by the Market Monitoring Unit to the ISO, its stakeholders, Market Parties or state public service commissions regarding the perceived market design flaw, and any actions taken by the ISO regarding the perceived market design flaw.

### **30.4.6 Market Monitoring Unit Responsibilities Set Forth Elsewhere in the ISO's Tariffs**

#### **30.4.6.1 Supremacy of (Attachment O)**

Provisions addressing the Market Monitoring Unit, its responsibilities and its authority, have been centralized in Attachment O. However, provisions that address the Market Monitoring Unit can also be found in the Market Mitigation Measures that are set forth in Attachment H to the ISO Services Tariff, and elsewhere in the ISO's Tariffs. In the event of any inconsistency between the provisions of Attachment O and any other provision of the ISO OATT, the ISO Services Tariff, or any of their attachments and schedules, with regard to the Market Monitoring Unit, its responsibilities and its authority, the provisions of Attachment O shall control.

#### **30.4.6.2 Market Monitoring Unit responsibilities set forth in the Market Mitigation Measures**

30.4.6.2.1 The ISO and its Market Monitoring Unit shall monitor the markets the ISO administers for conduct that the ISO or the Market Monitoring Unit determine constitutes an abuse of market power but that does not trigger the thresholds specified in the Market Mitigation Measures for the imposition of mitigation measures by the ISO. If the ISO identifies or is made aware of any such conduct, and in particular conduct exceeding the thresholds for presumptive market effects specified in Section 23.3.2.3 of the Market Mitigation Measures, it shall make a filing under § 205 of the Federal Power Act, 16 U.S.C. § 824d (1999) ("§ 205") with the Commission requesting authorization to apply appropriate mitigation measures. Any such filing shall identify the particular conduct the ISO believes warrants mitigation, shall propose a specific mitigation

measure for the conduct, shall incorporate or address the recommendation of its Market Monitoring Unit, and shall set forth the ISO's justification for imposing that mitigation measure. The Market Monitoring Unit's reporting obligations are specified in Sections 30.4.5.3 and 30.4.5.4 of Attachment O. *See* Market Mitigation Measures Section 23.1.2.

30.4.6.2.2 The ISO and the Market Monitoring Unit shall monitor the ISO Administered Markets for other categories of conduct, whether by a single firm or by multiple firms acting in concert, that have material effects on prices or guarantee payments in an ISO Administered Market. *See* Market Mitigation Measures Section 23.2.4.4.

30.4.6.2.3 If (i) the ISO determines, following consultation with the Market Party and review by the Market Monitoring Unit, that the Market Party or its representative has, over a time period of at least one week, submitted inaccurate fuel type or fuel price information that was, taken as a whole, biased in the Market Party's favor, *then* the ISO shall cease using the fuel type and fuel price information submitted to the ISO's Market Information System along with the Generator's Bid(s) to develop reference levels for the affected Generator(s) in the relevant (Day-Ahead or real-time) market for the durations specified in Sections 23.3.1.4.6.8.1, 23.3.1.4.6.8.2, and 23.3.1.4.6.8.3 of the Mitigation Measures. *See* Section 23.3.1.4.6.8 of the Market Mitigation Measures

30.4.6.2.4 When it has the capability to do so, the ISO shall determine the effect on prices or guarantee payments of questioned conduct through the use of sensitivity analyses performed using the ISO's SCUC, RTC and RTD computer models, and

such other computer modeling or analytic methods as the ISO shall deem appropriate following consultation with its Market Monitoring Unit. *See* Market Mitigation Measures Section 23.3.2.2.1.

30.4.6.2.5 Pending development of the capability to use automated market models, the ISO, following consultation with its Market Monitoring Unit, shall determine the effect on prices or guarantee payments of questioned conduct using the best available data and such models and methods as they shall deem appropriate. *See* Market Mitigation Measures Section 23.3.2.2.2.

30.4.6.2.6 If through the application of an appropriate index or screen or other monitoring of market conditions, conduct is identified that (i) exceeds an applicable threshold, and (ii) has a material effect, as specified above, on one or more prices or guarantee payments in an ISO Administered Market, the ISO shall, as and to the extent specified in Attachment O or in Section 23.3.3.2 of the Market Mitigation Measures, contact the Market Party engaging in the identified conduct to request an explanation of the conduct. If a Market Party anticipates submitting bids in a market administered by the ISO that will exceed the thresholds specified in Section 23.3.1 of the Market Mitigation Measures for identifying conduct inconsistent with competition, the Market Party may contact the ISO to provide an explanation of any legitimate basis for any such changes in the Market Party's bids. If a Market Party's explanation of the reasons for its bidding indicates to the satisfaction of the ISO that the questioned conduct is consistent with competitive behavior, no further action will be taken. Market Parties shall ensure that the information they submit to the ISO, including but not

limited to fuel price and fuel type information, is accurate. Except as set forth in Section 23.3.1.4.6.7 of the Market Mitigation Measures, the ISO may not retroactively revise a reference level to reflect additional fuel costs if a Market Party or its representative did not timely submit accurate fuel cost information. Unsupported speculation by a Market Party does not present a valid basis for the ISO to determine that Bids that a Market Party submitted are consistent with competitive behavior, or to determine that submitted costs are appropriate for inclusion in the ISO's development of reference levels. Consistent with Sections 30.6.2.2 and 30.6.3.2 of the Plan, the Market Party shall retain the documents and information supporting its Bids and the costs it proposes to include in reference levels. A preliminary determination by the ISO shall be provided to the Market Monitoring Unit for its review and comment, and the ISO shall consider the Market Monitoring Unit's recommendations before the ISO issues its decision or determination to the Market Party. Upon request, the ISO shall consult with a Market Party or its representative with respect to the information and analysis used to determine reference levels under Section 23.3.1.4 of the Market Mitigation Measures for that Market Party's Generator(s). If cost data or other information submitted by a Market Party indicates to the satisfaction of the ISO that the reference levels for that Market Party's Generator(s) should be changed, revised reference levels shall be proposed by the ISO, communicated to the Market Monitoring Unit for its review and comment and, following the ISO's consideration of any recommendation that the Market Monitoring Unit is able to timely provide, communicated to the Market Party, and implemented by the ISO

as soon as practicable. Changes to reference levels addressed pursuant to the terms of Section 23.3.3.1.4 of the Market Mitigation Measures shall be implemented on a going-forward basis commencing no earlier than the date that the Market Party's consultation request is received. *See* Market Mitigation Measures Sections 23.3.3.1.1 through 23.3.3.1.5.

30.4.6.2.7 With regard to a Market Party's request for consultation that satisfies the requirements of Sections 23.3.3.3.1.4 and 23.3.3.3.1.7 of the Market Mitigation Measures, and consistent with the duties assigned to the ISO in Section 23.3.3.3.1.7.1 of the Market Mitigation Measures, a preliminary determination by the ISO regarding the Market Party's consultation request shall be provided to the Market Monitoring Unit for its review and the ISO shall consider the Market Monitoring Unit's recommendations in reaching its decision. *See* Market Mitigation Measures Section 23.3.3.3.1.7.1 and 23.3.3.3.1.7.2.

30.4.6.2.8 Review pursuant to Market Mitigation Measures Section 23.4.5.4.3

- (a) Reasonably in advance of the deadline for submitting offers in an External Reconfiguration Market and in accordance with the deadlines specified in ISO Procedures, the Responsible Market Party for External Sale UCAP may request the ISO to provide a projection of ICAP Spot Auction clearing prices for a Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market. Prior to completing its projection of ICAP Spot Auction clearing prices for a Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market, the ISO shall consult with the Market Monitoring Unit regarding such price projection. *See* Market Mitigation



Measures Section 23.4.5.4.3(a).

- (b) At least fifteen Business Days in advance of the opening of the ICAP Spot Market Auction, the Responsible Market Party for a Behind-the-Meter Net Generation Resource may request the ISO to make a determination regarding physical withholding that the sale of Net Unforced Capacity in a Mitigated Capacity Zone to its Host Load does not constitute physical withholding. Prior to reaching its decision on such a request, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. *See* Market Mitigation Measures Section 23.4.5.4.3(b).

30.4.6.2.9 Prior to reaching its decision regarding whether the presumption of control of Unforced Capacity has been rebutted, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. *See* Market Mitigation Measures Section 23.4.5.5.

30.4.6.2.10 Any proposal or decision by a Market Participant to retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone Unforced Capacity market, or to de-rate the amount of Installed Capacity available from such supplier, may be subject to audit and review by the ISO if the ISO determines that such action could reasonably be expected to affect Market-Clearing Prices in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone subsequent to such action; provided, however, no audit and review shall be necessary if the Installed Capacity Supplier is a Generator that is being retired or removed from a Mitigated Capacity Zone as the result of a Forced Outage that began on or after the effective date of the amendments to Section

23.4.5.6.1 of this Services Tariff that was determined by the ISO to be a Catastrophic Failure. Such an audit or review shall assess whether the proposal or decision has a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. *See Market Mitigation Measures Section 23.4.5.6.*

30.4.6.2.11 Any reclassification of a an Installed Capacity Supplier that is a Generator in a Mitigated Capacity Zone from a Forced Outage that began on or after the effective date of Section 23.4.5.6.2 of this Services Tariff to an ICAP Ineligible Forced Outage by a Market Party or otherwise, pursuant to the terms of Section 5.18.2.1 of this Services Tariff, may be subject to audit and review by the ISO if the ISO determines that such reclassification could reasonably be expected to affect the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Generator(s) that is the subject of the reclassification is located, subsequent to such action; provided, however, if the Market Party's Generator experienced the Forced Outage as a result of a Catastrophic Failure, the reclassification of a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage shall not be subject to audit and review pursuant to Section 23.4.5.6.2 of this Services Tariff.

The audit and review pursuant to the above paragraph shall assess whether the reclassification of the Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage had a legitimate economic

justification or is based on an effort to withhold Installed Capacity physically in order to affect prices. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment.

The audit and review pursuant to Section 23.4.5.6.2.1 of this Services Tariff shall be deferred by the ISO beyond the time period established in ISO Procedures for the audit and review until the ISO's receipt of data pursuant to Section 23.4.5.6.2.2 if the Generator was in a Forced Outage for at least 180 days before the reclassification and one or more Exceptional Circumstances delayed the acquisition of data necessary for the ISO's audit. If, at the time the ISO acquires the necessary data, the Market Party has Commenced Repair of the Generator, or the Generator is determined by the ISO to have had a Catastrophic Failure, the Market Party shall not be subject to an audit and review pursuant to Section 23.4.5.6.2.1 of this Services Tariff. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment.

30.4.6.2.12 The ISO shall consult with the Market Monitoring Unit when it is determining pursuant to Section 23.4.5.6.4.3 of this Services Tariff whether there is a point in the process of deactivating a Generator after which the deactivation process will become, essentially and practicably, irreversible.

30.4.6.2.1~~3~~<sup>2</sup> When evaluating an Examined Facility or NCZ Examined Project pursuant to Section 23.4.5.7 of the Market Mitigation Measures, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections, cost calculations, and the methodology the ISO

will use to project net Energy and Ancillary Services for each UDR project, and the inputs used to perform the calculation the ISO's draft list of recommended Exempt Renewable Technologies and the basis for the recommendation; requests pursuant to Section 23.4.5.7.14.1.2(e)(C) regarding whether a "contract" (as defined in Section 23.4.5.7.14.2(e) would make it ineligible to obtain or (if previously granted) retain a Self Supply Exemption. As required by Section 23.4.5.7 of Attachment H to this Services Tariff, the Market Monitoring Unit shall prepare a written report discussing factors that affect the ISO's mitigation exemption and Offer Floor determinations, and confirming whether the ISO's Offer Floor and exemption determinations and calculations conducted pursuant to Sections 23.4.5.7.2 and 23.4.5.7.6, the NYISO's determination of eligible or ineligible for an exemption pursuant to Section 23.4.5.7.9, 23.4.5.7.13, and 23.4.5.7.14 were conducted in accordance with the terms of the Services Tariff, and if not, identifying the flaws inherent in the ISO's approach. This report shall be presented concurrent with the ISO's posting of its mitigation exemption and Offer Floor determinations. Pursuant to Section 23.4.5.7.8 of the Market Mitigation Measures, the ISO shall also consult with the Market Monitoring Unit when evaluating whether any existing or proposed Generator or UDR project in a Mitigated Capacity Zone, except New York City, has Commenced Construction, and determinations of whether it shall be exempted from an Offer Floor under that Section. Prior to the ISO making an exemption determination pursuant to Section 23.4.5.7.8, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation. The Market Monitoring Unit shall also provide a public

report on its assessment of an ISO determination that an existing or proposed Generator or UDR project is exempt from an Offer Floor under Section 23.4.5.7.8. *See* Market Mitigation Measures Section 23.4.5.7.

30.4.6.2.143 RMR Generator Energy and Ancillary Service Market Participation Rules.

If a new operating constraint arises while a Generator is an Interim Service Provider that prevents the Market Party from offering all or a portion of the Generator's capability via an ISO-committed flexible Bid, the Market Party shall promptly inform the ISO of the change, shall provide all documentation requested by the ISO or by the Market Monitoring Unit, and shall permit the ISO and/or the Market Monitoring Unit to inspect the affected Generator (including all requested plant records) on five days prior notice. *See* Market Mitigation Measures Section 23.6.1.1.3.

The ISO, in consultation with the Market Monitoring Unit, may review and update an Interim Service Provider's reference levels. The Generator Owner may propose updates to its Interim Service Provider's reference levels. The ISO shall make the ultimate determination with regard to each reference level. *See* Market Mitigation Measures Section 23.6.2.2.

In advance of the execution of an RMR Agreement, the ISO, in consultation with the Market Monitoring Unit and the Generator Owner, shall review and update the reference levels for each affected Generator. The ISO shall make the ultimate determination with regard to each reference level. *See* Market Mitigation Measures Section 23.6.2.3.

If a possible RMR Generator or Interim Service Provider faces operational

constraints the ISO, in consultation with the Market Monitoring Unit and the Generator Owner, will develop reference levels that will permit the Generator to operate consistent with the identified constraints, while ensuring that the Generator will be available (a) to resolve the Reliability Need the Generator is being retained to address, and (b) for economic commitment when appropriate. *See* Market Mitigation Measures Section 23.6.2.3.1.

If a physical change to the RMR Generator occurs that alters the RMR Generator's capabilities (*e.g.*, damage to the generator or Capital Expenditures that alter an RMR Generator's capabilities), then the ISO shall determine revised reference levels in consultation with the Market Monitoring Unit and the Generator Owner. *See* Market Mitigation Measures Section 23.6.2.4.4.

The ISO and the Generator Owner, in consultation with the Market Monitoring Unit, may mutually agree to a reference level change that they expect will better reflect an RMR Generator's actual operating characteristics or variable costs. *See* Market Mitigation Measures Section 23.6.2.4.5.

### **30.4.6.3 Market Monitoring Unit responsibilities set forth in the ISO Services Tariff**

30.4.6.3.1 The ICAP Demand Curve periodic review schedule and procedures shall provide an opportunity for the Market Monitoring Unit to review and comment on the draft request for proposals, the independent consultant's report, and the ISO's proposed ICAP Demand Curves. *See* ISO Services Tariff Sections 5.14.1.2.1.5 and 5.14.1.2.2.4.5.

30.4.6.3.2 The new capacity zone periodic review shall provide an opportunity for the Market Monitoring Unit to review and comment on the NCZ Study, and any

proposed NCZ tariff revisions. See ISO Services Tariff Sections 5.16.1.3 and 5.16.4.

**30.4.6.4 Market Monitoring Unit responsibilities set forth in the Rate Schedules to the ISO Services Tariff.**

**30.4.6.4.1 Responsibilities related to the Regulation Service Demand Curve**

In order to respond to operational or reliability problems that arise in real-time, the ISO may procure Regulation Service at a quantity and/or price point different than those specified in Section 15.3.7 of Rate Schedule 3 to the ISO Services Tariff. The ISO shall post a notice of any such purchase as soon as reasonably possible and shall report on the reasons for such purchases at the next meeting of its Business Issues Committee. The ISO shall also immediately initiate an investigation to determine whether it is necessary to modify the quantity and price points specified above to avoid future operational or reliability problems. The ISO will consult with its Market Monitoring Unit when it conducts this investigation.

If the ISO determines that it is necessary to modify the quantity and/or price points specified above in order to avoid future operational or reliability problems it may temporarily modify them for a period of up to 90 days. If circumstances reasonably allow, the ISO will consult with its Market Monitoring Unit, the Business Issues Committee, the Commission, and the PSC before implementing any such modification. In all circumstances, the ISO will consult with those entities as soon as reasonably possible after implementing a temporary modification.

After the first year the Regulation Service Demand Curve is in place, the ISO shall perform periodic reviews, subject to the scope requirement specified in Section 15.3.7 of Rate Schedule 3 to the ISO Services Tariff, and the Market Monitoring Unit shall be given the opportunity to review and comment on the ISO's periodic reviews of the Regulation Service Demand Curve. *See* Section 15.3.7 of Rate Schedule 3 to the ISO Services Tariff.

#### **30.4.6.4.2 Responsibilities related to the Operating Reserves Demand Curves and Scarcity Reserve Demand Curve**

In order to respond to operational or reliability problems that arise in real-time, the ISO may procure any Operating Reserve product at a quantity and/or price point different than those specified in Section 15.4.7 of Rate Schedule 4 to the ISO Services Tariff. The ISO shall post a notice of any such purchase as soon as reasonably possible and shall report on the reasons for such purchases at the next meeting of its Business Issues Committee. The ISO shall also immediately initiate an investigation to determine whether it is necessary to modify the quantity and price points specified above to avoid future operational or reliability problems. The ISO will consult with its Market Monitoring Unit when it conducts this investigation.

If the ISO determines that it is necessary to modify the quantity and/or price points specified in Section 15.4.7 of Rate Schedule 4 to the ISO Services Tariff in order to avoid future operational or reliability problems it may temporarily modify them for a period of up to 90 days. If circumstances reasonably allow, the ISO will consult with its Market Monitoring Unit, the Business Issues Committee, the Commission, and the PSC before implementing any such modification. In all circumstances, the ISO will consult with those entities as soon as reasonably possible after implementing a temporary modification.

After the first year the Operating Reserves Demand Curves are in place, the ISO shall perform periodic reviews, subject to the scope requirement specified in Section 15.4.7 of Rate Schedule 4 to the ISO Services Tariff, and the Market Monitoring Unit shall be given the opportunity to review and comment on the ISO's periodic reviews of the Operating Reserve Demand Curves and Scarcity Reserve Demand Curve. *See* Section 15.4.7 of Rate Schedule 4 to the ISO Services Tariff.

#### **30.4.6.5 Market Monitoring Unit responsibilities set forth in the Attachments to**



**the ISO Services Tariff (other than the Market Mitigation Measures).**

**30.4.6.5.1 Responsibilities related to Transmission Shortage Cost**

The ISO may periodically evaluate the Transmission Shortage Cost to determine whether it is necessary to modify the Transmission Shortage Cost to avoid future operational or reliability problems. The ISO will consult with its Market Monitoring Unit after it conducts this evaluation.

If the ISO determines that it is necessary to modify the Transmission Shortage Cost in order to avoid future operational or reliability problems the resolution of which would otherwise require recurring operator intervention outside normal market scheduling procedures, in order to avoid among other reliability issues, a violation of NERC Interconnection Reliability Operating Limits or System Operating Limits, it may temporarily modify it for a period of up to 90 days, provided however the ISO shall file such change with the Commission pursuant to § 205 of the Federal Power Act within 45 days of such modification. If circumstances reasonably allow, the ISO will consult with its Market Monitoring Unit, the Business Issues Committee, the Commission, and the PSC before implementing any such modification. In all circumstances, the ISO will consult with those entities as soon as reasonably possible after implementing a temporary modification and shall explain the reasons for the change. *See* Section 17.1.4 of Attachment B to the ISO Services Tariff.

**30.4.6.6 Market Monitoring Unit responsibilities set forth in the ISO OATT**

**30.4.6.7 Market Monitoring Unit responsibilities set forth in the Rate Schedules to the ISO OATT**

**30.4.6.8 Market Monitoring Unit responsibilities set forth in the Attachments to the ISO OATT**

**30.4.6.8.1 Responsibilities related to implementing new scheduling path**

### **prohibitions**

If the ISO, acting in consultation with its Market Monitoring Unit, identifies transmission scheduling paths that are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow, the ISO may submit a compliance filing in FERC Docket No. ER13-780 proposing to expand the list of prohibited scheduling paths included in Section 16.3.3.8 of the ISO OATT. The ISO's compliance filing will include, or be accompanied by, a discussion of the Market Monitoring Unit's position regarding the ISO's proposal to add a new prohibited scheduling path or new prohibited scheduling paths. The Market Monitoring Unit's position may be explained in the ISO's filing letter, be set forth in an accompanying affidavit, or be submitted by the Market Monitoring Unit as a companion filing or as comments on the ISO's compliance filing in Docket No. ER13-780. *See* Section 16.3.3.8 of Attachment J to the ISO OATT.

#### **30.4.6.8.2 Responsibilities related to the draft Reliability Needs Assessment**

Following the Management Committee vote, the draft Reliability Needs Assessment (RNA), with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft RNA will be provided to the Market Monitoring Unit for its review and consideration of whether market rules changes are necessary to address an identified failure, if any, in one of the ISO's competitive markets. *See* Section 31.2.3.2 of Attachment Y to the ISO OATT.

#### **30.4.6.8.3 Responsibilities related to the draft Comprehensive Reliability Plan**

Following the Management Committee vote, the draft Comprehensive Reliability Plan (CRP), with working group, Operating Committee, and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft CRP will also be

provided to the Market Monitoring Unit for its review and consideration of whether market rule changes are necessary to address an identified failure, if any, in one of the ISO's competitive markets. *See* Section 31.2.7.2 of Attachment Y to the ISO OATT.

#### **30.4.6.8.4 Responsibilities related to the draft Congestion Analysis and Resource Integration Study**

Following the Management Committee vote, the draft Congestion Analysis and Resource Integration Study (CARIS), with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the draft CARIS will be provided to the Market Monitoring Unit for its review and consideration. *See* Section 31.3.2.2 of Attachment Y to the ISO OATT.

#### **30.4.6.8.5 Responsibilities related to the draft Public Policy Transmission Planning Report**

The ISO will provide the draft Public Policy Transmission Planning Report to the Market Monitoring Unit for its review and consideration of any impact on the ISO-administered markets of regulated transmission solutions proposed to satisfy a Public Policy Transmission Need. *See* Sections 31.4.9 and 31.4.10.1 of Attachment Y to the ISO OATT. The Market Monitoring Unit's evaluation will be provided to the Management Committee before the Management Committee's advisory vote. *See* Section 31.4.10.1 of Attachment Y. Following the Management Committee vote, the draft Public Policy Transmission Planning Report, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrent with the submission to the ISO Board of the draft Public Policy Transmission Planning Report, the Market Monitoring Unit's evaluation will be provided to the ISO Board. *See* Section 31.4.7 of Attachment Y to the ISO OATT.

#### **30.4.6.8.6 Responsibilities Related to Market Monitoring Unit Review of Reliability Must Run Costs and RMR Avoidable Cost Determinations**

The ISO shall seek comments from the Market Monitoring Unit on matters relating to the inputs and the calculations the ISO performed pursuant to Section 38.8 of Attachment FF of the ISO OATT. *See* Section 38.8.2 of Attachment FF of the ISO OATT.

The ISO shall seek comments from the Market Monitoring Unit on its review of Proposed Additional Costs and its determinations of Substantiated Additional Costs under Section 38.16 of Attachment FF of the ISO OATT. *See* Section 38.16.2.2 of Attachment FF of the ISO OATT.

Concurrent with the ISO or a Generator filing with the Commission an RMR Agreement pursuant to Sections 38.11.3, 38.11.4 or 38.11.5 of Attachment FF to the ISO OATT, the Market Monitoring Unit shall publish a report. The report shall review the ISO's determination of the highest net present value offer (or more than one offer) to provide RMR service in accordance with Sections 38.8, 38.9 and 38.10 of Attachment FF to the ISO OATT. In the event that cost alone did not provide for a clear delineation between two or more RMR Service Offers, the report shall also review the ISO's consideration of the Generator Owner's proposed changes to the *Form of Reliability Must Run Agreement* and the operational, performance and market impacts, and the size of the Generators. If the RMR Agreement contains RMR Avoidable Costs and an Availability and Performance Rate, the report shall also review the inputs to, and ISO's calculation of, the RMR Avoidable Costs and the Availability and Performance Rate. *See* Section 38.18.3 of Attachment FF to the ISO OATT.

#### **30.4.6.9 Market Monitoring Unit responsibilities set forth in other documents that have been formally filed with the Commission**

#### **30.4.6.10 Market Monitoring Unit responsibilities set forth in the *Form of Reliability Must Run Agreement, Appendix C to Attachment FF of the ISO***

## ***OATT***

The ISO and the Market Monitoring Unit shall monitor deviations from each RMR Generator's historic planned outage schedules. Owner shall promptly respond to ISO and Market Monitoring Unit requests for explanations, information and data regarding or supporting outage schedules. *See* Section 7.1.3 of the *Form of Reliability Must Run Agreement*.

The ISO and the Market Monitoring Unit shall monitor deviations from each RMR Generator's historic forced outage rate. Owner shall promptly respond to ISO and Market Monitoring Unit requests for explanations, information and data regarding or supporting forced outages, including the time required to return from a Forced Outage. *See* Section 7.2.2 of the *Form of Reliability Must Run Agreement*.

### **30.4.6.11 Additional Market Monitoring Unit responsibilities related to Reliability Must Run Agreements**

The Market Monitoring Unit shall review any Owner-Developed Rate that is filed with the Commission as described in Section 4.5 of the *Form of Reliability Must Run Agreement*. The Market Monitoring Unit shall intervene and participate in Commission proceedings concerning such filings. It shall submit, as appropriate, comments or a protest in such a proceeding describing its review and informing the Commission of whether it has found a proposed Owner Developed Rate to be consistent with, or in excess of, an RMR Generator's full cost of service. The Market Monitoring Unit shall also inform the Commission of whether: (i) it believes the proposed Owner Developed Rate, including its terms and conditions of service, is or is not just and reasonable; and (ii) it has any other concerns with the proposed Owner Developed Rate.

### **30.4.7 Availability of Data and Resources to Market Monitoring Unit**

30.4.7.1 The ISO shall ensure that the Market Monitoring Unit has sufficient

access to ISO resources, personnel and market data to enable the Market Monitoring Unit to carry out its functions under Attachment O. Consistent with Section 30.6.1 of Attachment O, the Market Monitoring Unit shall have complete access to the ISO's databases of market information.

30.4.7.2 Any data created by the Market Monitoring Unit, including but not limited to reconfiguration of the ISO's data, will be kept within the exclusive control of the Market Monitoring Unit. The Market Monitoring Unit may share the data it creates, subject to the limitations on distribution of and obligation to protect the confidentiality of Protected Information that are contained in Attachment O, the ISO Services Tariff, and the ISO's Code of Conduct.

30.4.7.3 Where data outside the ISO's geographic footprint would be helpful to the Market Monitoring Unit in carrying out its duties, the Market Monitoring Unit should seek out that data (with assistance from the ISO, where appropriate).

## **30.10 Reports**

### **30.10.1 Annual Reports**

The Market Monitoring Unit shall prepare and submit to the Board an annual report on the competitive structure of, market trends in, and performance of, other competitive conditions in or affecting, and the economic efficiency of, the New York Electric Markets. Such report shall include recommendations for the improvement of the New York Electric Markets or of the monitoring, reporting and other functions undertaken pursuant to Attachment O and the Market Mitigation Measures. A copy of the report shall be forwarded by the Board to each of the Interested Government Agencies, with such comments or other remarks as the Board shall deem appropriate. Copies of the report shall be made publicly available by the Board by posting them on the ISO's web site, subject to redaction or other measures necessary for the protection of Protected Information.

### **30.10.2 Quarterly Reports**

In addition to the annual report, the Market Monitoring Unit shall issue three quarterly reports that are less extensive than the annual report. Each quarterly report shall provide timely updates to the annual report, emphasizing issues of concern to the Market Monitoring Unit. Quarterly reports shall be distributed in the same manner as the annual report.

### **30.10.3 Report on Virtual Bid and Offer Market Design and Rules**

The Market Monitoring Unit shall monitor and assess the impact of virtual bids and offers on the competitive structure and performance of, and the economic efficiency of, the ISO Administered Markets. Such monitoring and assessment shall include the effects, if any, of virtual bids and offers on any automated mitigation procedures, or any mitigation measures

specified in Section 23.5 of the Market Mitigation Measures. An assessment of the market impacts of virtual bids and offers shall be included in the annual report required by Section 30.10.1, above, and in a quarterly report when the Market Monitoring Unit deems appropriate.

#### **30.10.4 Reports on Offer Floor or Exemption Determinations**

The Market Monitoring Unit shall prepare a written report as described in Section 30.4.6.2.1<sup>23</sup> confirming whether the ISO's determinations and calculations conducted pursuant to Section 23.4.5.7 were conducted in accordance with the terms of the Services Tariff, and if not, identifying the flaws inherent in the ISO's approach. The Market Monitoring Unit's report shall be presented concurrently with the ISO's posting of the exempt/non-exempt determinations.

#### **30.10.5 Conference Calls**

The Market Monitoring Unit shall participate in regular conference calls for the presentation of market data and analyses of the type regularly gathered and prepared by the Market Monitoring Unit under Attachment O, subject to limitations on dissemination of Protected Information. Market Participants, staff of the Commission and the New York Public Service Commission, and representatives of the ISO may attend such conference calls.

#### **30.10.6 Other Reports or Filings**

The Market Monitoring Unit, with the assistance of the MMA, where appropriate, shall prepare such other periodic or other reports on any matters within their purview as the Market Monitoring Unit determines are necessary, or as may be requested by the Board, the CEO or the CEO's designee, the COO, or any of the Interested Government Agencies. Unless the Board or the Interested Government Agency requesting such report specifies to the contrary, copies of such reports shall be made publicly available by the Board, subject to redaction or other



measures necessary for the protection of Protected Information. All reasonable fees and expenses for the preparation of reports or other filings relating to the New York Electric Markets that are requested by an Interested Government Agency from the Market Monitoring Unit, or that are requested by an Interested Government Agency from a former Market Monitoring Unit with respect to conditions or conduct occurring in or relating to the period during which the person, persons or entity receiving the request served as the Market Monitoring Unit, shall be borne by the ISO.