New York ISO
Independent System Operator

10 Krey Boulevard, Rensselaer, NY 12144
Ph: 518.356.6000 | Fax: 518.356.8899

February 27, 2020

By Electronic Delivery

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

Re: *New York Independent System Operator, Inc.*, Proposed Tariff Revisions to Implement Short-Term Reliability Process; Docket No. ER20-____-000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA")[1] and the rules and regulations of the Federal Energy Regulatory Commission (the "Commission" or "FERC"),[2] the New York Independent System Operator, Inc. ("NYISO") submits, in electronic format, proposed revisions to its Open Access Transmission Tariff ("OATT") and to its Market Administration and Control Area Services Tariff ("Services Tariff") to implement enhancements that will better integrate its Generator Deactivation Process[3] with its Reliability Planning Process. In particular, the NYISO proposes to establish a comprehensive Short-Term Reliability Process that will use quarterly Short-Term Assessment of Reliability ("STAR") studies to simultaneously evaluate the reliability impacts of Generator deactivations and the reliability impacts of other changes that may affect the New York State Bulk Power Transmission Facilities ("BPTFs").

The NYISO proposes to rely on quarterly STARs to identify, and on its Short-Term Reliability Process to provide solutions to, reliability needs that are expected to arise three years or less from (i) the date a STAR is completed, or (ii) 365 days after the Short-Term Assessment of Reliability Start Date.[4] The NYISO's longer term Reliability Planning Process has been revised to cover the period that extends from four to ten years from the date a Reliability Needs Assessment ("RNA") is conducted. As is the case with the Generator Deactivation Process today, the Short-Term Reliability Process and the Reliability Planning Process will overlap to ensure that the NYISO is able to timely identify and address reliability needs that are expected to arise four or five years after a STAR or other reliability assessment is conducted.

In addition to proposed improvements related to implementing the Short-Term Reliability Process, in this filing the NYISO proposes (1) to excuse Generators that have a nameplate rating of one megawatt ("MW") or less from complying with the Generator deactivation components of

[1] 16 U.S.C. § 824d.

[2] 18 C.F.R. Part 35.

[3] Capitalized terms that are not defined herein have the meaning specified in Section 1 of the OATT, Section 2 of the Services Tariff, or in the proposed revisions to Sections 31.1.1 or 38.1 of the OATT submitted herewith.

[4] *See* the proposed definition of Near-Term Reliability Need in Section 38.1 of the OATT.

the Short-Term Reliability Process, (2) to require "Responsible Generator Parties" that possess the ultimate authority to decide whether a Generator will deactivate and/or return to participating in the ISO-Administered Markets to comply with the requirements of the Short-Term Reliability Process in Section 38 of the OATT and with the "outage states" rules in Section 5.18 of the Services Tariff[5]; and (3) to revise its Interim Service Provider rules[6] to allow a generating unit to be Retired while requiring its step-up transformer and other system protection equipment to temporarily remain in service during the 365 day notice period, and to pay the Generator an Interim Service Provider rate that reflects the cost of keeping those facilities in-service.[7]

The NYISO respectfully requests that the Tariff revisions proposed in this filing be permitted to become effective on May 1, 2020. If the proposed Tariff revisions are accepted, the NYISO will commence its first quarterly STAR on July 15, 2020.

TABLE OF CONTENTS

[5] The outage state rules in Section 5.18 of the Services Tariff address when and how Generators enter into and return from Forced Outages, ICAP Ineligible Forced Outages, Mothball Outages and becoming Retired.

[6] *See* proposed Section 38.13 of the OATT.

[7] *See* proposed revisions to Section 15.8.6 of the Services Tariff.

I. BACKGROUND

On February 19, 2015, the Commission issued the Initial RMR Order determining that the NYISO is the appropriate entity to administer Reliability Must Run ("RMR") service in New York under its tariffs.[8] The Commission stated that it was "fundamental to the proper and efficient operation of NYISO's markets" for the rates, terms, and conditions for RMR service to be on file and that the absence of such requirements rendered the NYISO's tariffs unjust and unreasonable.[9] For this reason, the RMR Order directed the NYISO to submit proposed tariff revisions to establish an RMR process to govern "the retention of and compensation to generating units required for reliability, including procedures for designating such resources, the rates, terms and conditions for RMR service, provisions for the allocation of costs of RMR service, and a pro forma service agreement for RMR service."[10] The NYISO developed its Generator Deactivation Process consistent with the Commission's instructions.

The currently effective Generator Deactivation Process is initiated when an owner submits a Generator Deactivation Notice[11] for its Generator, or when a Generator enters an ICAP Ineligible Forced Outage ("IIFO"). The NYISO reviews the financial information submitted

[8] *New York Independent System Operator, Inc*., 150 FERC ¶ 61,116 at P 3 (2015) ("Initial RMR Order").

[9] Initial RMR Order at P 9.

[10] Initial RMR Order at P 11.

[11] OATT Section 38.24.

with a Generator Deactivation Notice to determine if it is "complete."[12] Once the information is complete (not a required step for a Generator in an IIFO), the NYISO conducts a resource-specific Generator Deactivation Assessment in conjunction with the Responsible Transmission Owners to determine if the proposed deactivation is expected to cause a Generator Deactivation Reliability Need. If no Generator Deactivation Reliability Need is identified, or if the NYISO determines that all of the identified needs can be addressed in the longer-term Reliability Planning Process, then the Generator Deactivation Process concludes. If a Generator Deactivation Need is determined then the NYISO may require the Initiating Generator to temporarily continue operating as an Interim Service Provider[13] while the NYISO proceeds to solicit solutions[14] to the identified need and to select a solution in accordance with OATT Section 38.10.

From a practical implementation perspective, the NYISO's Generator Deactivation Process rules became effective on October 20, 2015.[15] The NYISO, the Transmission Owners, and owners of NYCA Generators that have become Retired or entered Mothball Outages or IIFOs have gained significant experience implementing the Generator Deactivation Process since 2015. The Short Term Reliability Process proposed in this filing draws on this experience. As explained below, the proposed Short-Term Reliability Process implements targeted improvements that will better protect reliability, make the short-term study process more efficient, and incorporates changes that Generator representatives requested.

II. OVERVIEW AND EXPLANATION OF EXPECTED BENEFITS OF PROPOSED SHORT-TERM RELIABILITY PROCESS

The NYISO proposes to enhance and expand its Generator Deactivation Process[16] into a more comprehensive and better structured Short-Term Reliability Process. The proposed Short-Term Reliability Process will not be limited to assessing the reliability impacts of Generator deactivations. It will also be used to identify and address a broader range of short-term reliability concerns that may affect the BPTFs, including needs that arise due to adjustments to load forecasts, delays in completion of planned upgrades, long-duration facility outages or other system topology changes. The proposed Short-Term Reliability Process is designed to integrate with and complement the NYISO's longer-term Reliability Planning Process.

The backbone of the proposed Short-Term Reliability Process will be STAR studies that are conducted on a quarterly basis. STARs will assess the reliability impacts of Generator

[12] *See* Section 38.3.1.5 of the OATT.

[13] OATT Section 38.13.

[14] OATT Sections 38.4 and 38.5

[15] *See New York Independent System Operator, Inc*., 155 FERC ¶ 61,076 at PP 1, 15 and Ordering Paragraph (A) (2016); *New York Independent System Operator, Inc*., 161 FERC ¶ 61,189 at PP 1, 11 and Ordering Paragraph (A) (2017). The NYISO's RMR compliance filing obligations ended with the acceptance of the NYISO's fifth RMR compliance filing in September of 2019. *See* Letter Orders issued in Docket No. ER16-120 on September 27, 2019 and September 30, 2019.

[16] The Generator Deactivation Process is set forth in Section 38 of the OATT.

deactivations on both BPTF and non-BPTF (local) transmission facilities[17] and the reliability impacts of other system changes on the BPTF (only). Each STAR will prospectively assess a five year period, with a particular focus on system needs that are expected to arise in the first three years of the study period. The Short-Term Reliability Process will be the sole venue for addressing Generator Deactivation Reliability Needs on the non-BPTF, and for BPTF needs that that arise in the first three years of the assessment period.[18] The NYISO will have the ability to address needs that arise in year four or five of the assessment period in either the Short-Term Reliability Process or in the longer-term Reliability Planning Process.[19] Reliability Needs that arise after year five will be addressed in the Reliability Planning Process.[20]

The current practice of performing an *ad hoc* Generator Deactivation Assessment each time a Generator submits a deactivation notice is inefficient; especially when several different Generator Deactivation Notices are submitted near-in-time to each other. The STAR will aggregate into a single, comprehensive reliability study the NYISO's review of multiple Generator deactivations. Transmission Owners have expressed their appreciation for the expected efficiency improvement.

The STAR will also be more efficient because, instead of focusing solely on Generator deactivations, it will evaluate *all* types of expected changes to the transmission system over a five-year study period, including Generator deactivations, adjustments to load forecasts, delays in completion of planned system upgrades, long duration facility outages, and other system topology changes. The broader scope of the STAR will enhance the reliability benefits that the Short-Term Reliability Process provides to New York.

The *ad hoc* nature of the Generator Deactivation Assessment process also makes it difficult for the NYISO and the Transmission Owners to anticipate, schedule and staff the required reliability studies. The Short-Term Reliability Process will enable the NYISO, Transmission Owners and participating stakeholders to conduct scheduled, orderly, reliability

[17] The NYISO is required to evaluate both BPTF and non-BPTF (local) impacts of Generator deactivations on the New York State Transmission System. *See* the definition of Generator Deactivation Reliability Need in Section 38.1 of the OATT.

[18] Proposed OATT Section 38.2. The NYISO is not proposing to amend in this filing the Gap Solution Process component of its Reliability Planning Process in Section 31.2.11 of the OATT that permits it to identify Gap Solutions to respond to imminent threats to the reliability of the New York State Power System and to Reliability Needs that the NYISO determines cannot be satisfied by the need date by market-based or regulated solutions. The Gap Solution process does not apply to Short-Term Reliability Process Needs or to immediate reliability needs that result from a Generator's deactivation. *See* OATT Section 31.2.11.3.

[19] Proposed revisions to Section 38.2 of the OATT explain that the Reliability Planning Process is the preferred process to address identified needs that are expected to arise four or five years in the future. However, in some cases the NYISO may determine that there is not sufficient time available to wait for the Reliability Planning Process to address an identified reliability need. In those cases, the NYISO will use the Short-Term Reliability Process to timely address the need. An exception to this rule is that Generator Deactivation Reliability Needs that arise on non-BPTFs must always be addressed in the Short-Term Reliability Process. *See* OATT Section 38.10.1.2.

[20] Proposed Section 38.3.5.1 of the OATT explains that the study period for a STAR will be the five years that follow the Short-Term Assessment of Reliability Start Date. A STAR can only identify Short-Term Reliability Process Needs that arise within its study period.

assessments that evaluate changes that are potentially impactful to the reliability of the transmission system. Each quarterly STAR will begin on a scheduled date, will be completed within 90 days, and will be followed by the process of identifying solutions when needed.

If the NYISO determines there is not adequate time available to conduct a solicitation for competitive transmission solutions in accordance with criteria established by the Commission, then it will designate the Responsible Transmission Owner as the sole entity to provide a regulated (transmission) solution to the Near-Term Reliability Need. The Transmission Owner's proposed regulated solution will still have to compete with generation solutions to be selected by the NYISO.[21] If the NYISO determines that a Short-Term Reliability Process Need on the BPTFs is not a Near-Term Reliability Need, then qualified Developers will have the opportunity to propose competitive transmission solutions. This approach is consistent with the requirements in the NYISO's existing Generator Deactivation Process.[22]

The proposed Tariff revisions to implement the Short-Term Reliability Process incorporate a variety of changes that were requested or proposed by the NYISO's stakeholders. The NYISO's Management Committee voted unanimously (with one abstention) to recommend that the NYISO submit the Tariff revisions proposed in this filing to the Commission.

III. PROPOSED SHORT-TERM RELIABILITY PROCESS REVISIONS

The NYISO provides an overview of the key Tariff revisions it proposes to implement the Short-Term Reliability Process below.

A. Proposed Short-Term Assessment of Reliability (STAR)

STARs will be performed by the NYISO in coordination with the Responsible Transmission Owner(s)[23] to assess BPTF and non-BPTF impacts from Generator deactivations, and BPTF impacts due to adjustments to load forecasts, delays in completion of planned upgrades, long duration transmission facility outages or other system topology changes.[24] The NYISO's performance of quarterly STARs will enable it to identify and respond to all changes on the system in a timely fashion. The regularly-scheduled studies will provide a better structure than the current Generator Deactivation Process, under which a Generator Deactivation Assessment is performed on an *ad hoc* basis when a Generator proposes to deactivate or enters an IIFO.

[21] Selection of Short-Term Reliability Process Solutions is addressed in proposed Section 38.10 of the OATT.

[22] *See* Section 38.4.2.4 of the OATT.

[23] The NYISO is required to review and verify studies performed by Responsible Transmission Owners. Proposed OATT Section 38.3.5.1.

[24] *See* proposed OATT Sections 38.1, 38.2 and 38.3.5.

STARs will commence on the dates specified in ISO Procedures.[25] Each STAR will look forward five years from its Start Date (four years from the conclusion of the 365 day notice period) and must be completed within 90 days of its Start Date.[26] All Initiating Generators that have completed their Generator Deactivation Notice since the start of the last STAR will be included in the study.[27] A STAR will be conducted to evaluate significant changes that could impact the reliability of the BPTF even if there are no Generator deactivations to evaluate.[28]

STARs will use the most recent base case from the Reliability Planning Process, updated in accordance with the ISO Procedures for the Reliability Planning Process. Changes to the availability of Resources or to the New York State Transmission System will be made in accordance with the ISO Procedures. Each Initiating Generator that is not in an IIFO will be modeled as out-of-service commencing on its requested deactivation date in the STAR.[29] The key study assumptions used in each STAR will be reviewed with stakeholders as they currently are in the Generator Deactivation Process.[30]

The STAR will be used by the NYISO to determine whether one or more Short-Term Reliability Process Need(s) would arise, and which Short-Term Reliability Process Needs (if any) are Generator Deactivation Reliability Needs. If the retention of one or more of the Initiating Generator(s) included in the STAR would resolve, in whole or in part, a Short-Term Reliability Process Need, then the need is a Generator Deactivation Reliability Need.[31]

The identification of Generator Deactivation Reliability Needs is important. It may determine whether an Initiating Generator will be permitted to deactivate prior to the conclusion of the 365 day notice period, or if the Generator will instead be temporarily required to continue operating as an Interim Service Provider. In addition, Generator Deactivation Reliability Needs that arise on non-BPTFs ***must*** be resolved in the Short-Term Reliability Process.[32] Only the Responsible Transmission Owner is permitted to propose a regulated transmission Short-Term Reliability Process Solution to address such local reliability needs.[33]

The Short-Term Reliability Process will conclude if a STAR does not identify a Short-Term Reliability Process Need or if the NYISO determines that all identified needs will be

[25] The NYISO intends to commence its quarterly STARs on the 15th of January, April, July and October. After gaining some experience implementing the quarterly study process, the NYISO may decide to change the STAR start dates. The NYISO will post the STAR start dates in its Reliability Planning Process Manual.

[26] Proposed OATT Sections 38.3.5.1 and 38.3.5.3.

[27] Proposed OATT Section 38.3.1.4.

[28] *See* Proposed OATT Section 38.2.

[29] An Initiating Generator will be modeled as out-of-service commencing on the earliest date it is eligible to deactivate, if it requested to deactivate less than 91 days after its Short-Term Reliability Assessment Start Date.

[30] *See* proposed OATT Sections 38.2 and 38.3.5.

[31] *See* proposed OATT Sections 38.1 and 38.3.5.

[32] Proposed OATT Section 38.10.1.2.

[33] Proposed OATT Sections 38.3.5.3 and 38.4.2.1.

addressed in the Reliability Planning Process.[34] If a Short-Term Reliability Process Need is identified in the STAR, then the NYISO will issue a solicitation for Short-Term Reliability Process Solutions and invite Generators that are currently in an Outage State to return to service to address the identified Short-Term Reliability Process Need.[35]

B. Key Tariff Revisions Developed to Implement the Short-Term Reliability Process

In addition to the proposed Tariff changes implementing the STAR that are described above, the NYISO proposes revisions to a variety of other Tariff rules that are necessary to effectuate the proposed Short-Term Reliability Process improvements. Significant rule changes proposed to implement the Short-Term Reliability Process are summarized in this section and addressed in greater detail below.

i. *The 365 day notice period will be based on the STAR Start Date*

In order to permit quarterly STARs, the 365 day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run on the date the NYISO commences the next STAR after all of the required information is submitted and the NYISO determines that the Generator Deactivation Notice is "complete."[36]

ii. *Revised timeline for commencing and ending payments to Interim Service Providers*

Interim Service Providers are Initiating Generators that are required to continue operating after their permissible requested deactivation date, but not beyond the conclusion of the 365 day notice period.[37] To mitigate possible impacts that moving to quarterly STARs could have on Initiating Generators, the NYISO proposes to begin paying Interim Service Providers the avoidable cost rate specified in Section 15.8.6 of the Services Tariff on the latest of (a) the 181st day after the NYISO determines a Generator Deactivation Notice is complete, or (b) ten days after the NYISO posts the STAR that assessed the Generator's deactivation, or (c) the Initiating Generator's requested deactivation date.[38] Interim Service Providers are compensated consistent with Section 15.8.6 of the Services Tariff until (x) they are permitted to deactivate, or (y) 365 days after the relevant Short-Term Reliability Assessment Start Date.[39]

The proposed revisions were developed to mitigate stakeholder concerns that if the commencement of Interim Service Provider avoidable cost payments is keyed off the Short-Term

[34] Proposed OATT Section 38.3.5.

[35] *See* proposed OATT Sections 38.4 and 38.5.

[36] Proposed OATT Sections 38.3.1.1 and 38.3.1.4.

[37] OATT Section 38.13.1.

[38] Proposed Services Tariff Section 15.8.6, and proposed OATT Sections 38.1 (definition of Interim Service Provider) and 38.13.2.

[39] See proposed OATT Sections 38.13.1 and 38.13.2, and proposed Services Tariff Section 15.8.6.

Assessment of Reliability Start Date then, in unusual circumstances, a Generator with a complete[40] Generator Deactivation Notice could have to continue operating and wait up to 270 days to begin being paid an avoidable cost rate for operating as an Interim Service Provider. The proposed revisions ensure that a Generator that provided notice of its intent to deactivate between 91 and 190 days after its Generator Deactivation Notice was determined to be complete will begin being paid an avoidable cost rate no later than day 190 if it is required to continue operating as an Interim Service Provider.[41]

iii. *Need for flexibility in assessing the reliability impact(s) of a Generator entering an ICAP Ineligible Forced Outage*

Because the unexpected entry of a Generator into an IIFO can present an immediate reliability concern, the NYISO will not be required to wait for the next STAR to assess the reliability impacts of an IIFO. Instead, the proposed revisions to Section 38.3.2 of the OATT give the NYISO limited discretion to determine when it will study an IIFO generator deactivation. The NYISO will have the option to immediately initiate a stand-alone Generator Deactivation Assessment, or to add the IIFO Generator to a STAR that is already in-progress, or to wait until the next STAR to perform the assessment. The NYISO's decision will be made based on the expected likelihood of identifying a Generator Deactivation Reliability Need, the expected immediacy of any need that may arise, and the status of the in-progress STAR (whether it was just initiated or is near completion).

iv. *Addressing significant changes to the scope, scale or nature of a previously identified reliability need*

Because NYISO will perform a continuous series of quarterly STARs, it developed new rules to address how reliability needs that were identified in a STAR will be handled in subsequent STARs. Until a solution to an identified reliability need fully meets the need and satisfies the Reliability Planning Process base case inclusion rules,[42] the reliability need will continue to be observed in subsequent STARs. This will permit the NYISO to identify possible changes to the scope, scale or nature of the observed reliability need in subsequent STARs.

If the NYISO observes a material change to the scope, scale or nature of a Short-Term Reliability Process Need for which it has already solicited solutions, then the NYISO may (a) select one or more of the proposed solutions that satisfy the changed need, or (b) reject all of

[40] *See* proposed OATT Section 38.3.1.5.

[41] The currently effective Generator Deactivation Process rules require the Interim Service Provider payment to start on the later of 181 days after the NYISO determines a Generator Deactivation Notice is complete, or the date on which the Initiating Generator requested to deactivate. Under the proposed Short-Term Reliability Process rules, the results of a STAR could (at most) be posted up to 180 days after the NYISO determined a Generator Deactivation Notice was complete. Adding 10 days to give NYISO time to finish developing an avoidable cost Interim Service Provider rate after the STAR is posted means that in unusual circumstances, an Initiating Generator that requested to deactivate as soon as possible might not begin receiving the avoidable cost Interim Service Provider rate until 190 days after its Generator Deactivation Notice was determined to be complete; a possible additional delay of up to 9 days compared to the currently effective Generator Deactivation Process rules.

[42] Proposed OATT Section 38.4.7.2.

the proposed solutions, return all fees and deposits (except monies the NYISO owes to its third-party contractors for their assistance) and issue a new solicitation to address the changed need, or (c) select one or more solutions that partially address the changed need and issue a new solicitation to cover any unaddressed incremental Short-Term Reliability Process Need.[43] The NYISO also proposes to revise its halting rules to permit it to halt a Short-Term Reliability Process Solution if it determines that the scope, scale or nature of the Short-Term Reliability Process Need that the solution was developed to address has changed.[44]

v. *Process for addressing time-sensitive Near-Term Reliability Needs*

The NYISO proposes to enhance the currently effective Generator Deactivation Process rules that permit it to designate the Responsible Transmission Owner to address time-sensitive reliability needs[45] without commencing a competitive transmission solicitation process in the manner described below in Part III.C (pages 17-21) of this filing letter.

vi. *Revisions to establish competitive transmission solution procurement requirements in the Short-Term Reliability Process*

The NYISO's existing Generator Deactivation Process contains a competitive transmission evaluation and selection process for addressing a Generator Deactivation Reliability Need that is not a Near-Term Generator Deactivation Reliability Need or a local, non-BPTF need. The Generator Deactivation Process's rules are generally consistent with and draw heavily from the requirements in the Reliability Planning Process. For example, the Developer qualification requirements, project information requirements, application fee and study deposit requirements, viability and sufficiency evaluation requirements, and selection metrics are all taken in full from the Reliability Planning Process.[46] However, the Generator Deactivation Process is a more streamlined process that does not include all of the elements of the Reliability Planning Process.

The proposed Short-Term Reliability Process will identify and address Short-Term Reliability Process Needs on the BPTFs that are not Generator Deactivation Reliability Needs. Such needs would have previously been identified and addressed in accordance with the requirements in the Reliability Planning Process, which the Commission accepted as complying with the principles of its Order Nos. 890 and 1000. Accordingly, the NYISO proposes to incorporate into its Short-Term Reliability Process certain additional requirements from its Reliability Planning Process, as described in Part IV.A.xii (pages 31-32) of this filing letter, that it will apply when administering a competitive transmission evaluation and selection process to address Short-Term Reliability Process Needs that are not Generator Deactivation Reliability

[43] Proposed OATT Section 38.4.8.

[44] Proposed OATT Section 38.15.1.

[45] *See* OATT Section 38.3.6 and the definition of "Near-Term Generator Deactivation Reliability Need" in OATT 38.1.

[46] *See* OATT Sections 38.4.2.1, 38.4.2.2, 38.4.2.3, 38.4.2.4, 38.4.6, 38.6.1, 38.10.4.

Needs.[47] The NYISO's proposed revisions will more closely align the competitive transmission selection process in the Short-Term Reliability Process with corresponding requirements in the Reliability Planning Process, which the Commission previously accepted as consistent with Order Nos. 890 and 1000.[48] This treatment will provide consistency in the competitive evaluation and selection of transmission projects to meet all reliability needs in New York without regard to whether they are identified in the Short-Term Reliability Process or in the Reliability Planning Process. The revisions will also ensure that the NYISO will continue to address needs in a manner that is consistent with Order Nos. 890 and 1000.

In addition, the NYISO proposes to maintain, for the Short-Term Reliability Process, its existing multi-step hierarchy methodology from the Generator Deactivation Process by which it allocates the costs of selected regulated solutions, with one clarification.[49] Because the NYISO is required to address local, non-BPTF needs resulting from a Generator's deactivation in the Generator Deactivation Process, the cost allocation methodology for that process includes a process step for allocation costs associated with resolving a local transmission security need that is not contained in the equivalent methodology for the Reliability Planning Process. The NYISO will now be addressing in the Short-Term Reliability Process both Generator Deactivation Reliability Needs on the BPTFs and non-BPTFs, along with other system needs on the BPTFs that were previously addressed in the Reliability Planning Process. Accordingly, the NYISO proposes to clarify in the cost allocation methodology for the Short-Term Reliability Process that the local transmission security step only applies to allocating the costs of solutions to Generator Deactivation Reliability Needs that arise locally on non-BPTFs.[50] The NYISO also proposes to clarify that the cost allocation requirements in Attachment Y of the OATT applicable to

[47] The NYISO does not propose to change the rules accepted by the Commission that apply to selecting solutions to Generator Deactivation Reliability Needs in this filing.

[48] The Commission accepted the compliance of the NYISO's Comprehensive System Planning Process, including its Reliability Planning Process, with the Order No. 890 principles. *See New York Independent System Operator, Inc.*, 125 FERC ¶ 61,068 (2008), *reh'g*, 126 FERC ¶ 61,320 (2009), *reh'g denied*, 129 FERC ¶ 61,045 (2009); *New York Independent System Operator, Inc.*, 129 FERC ¶ 61,044 (2009); *New York Independent System Operator, Inc.*, 132 FERC ¶ 61,028 (2010); *New York Independent System Operator, Inc.*, 132 FERC ¶ 61,188 (2010); *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER10-2459-000 (issued October 26, 2010). The Commission subsequently accepted the compliance of the NYISO's Comprehensive System Planning Process, including its Reliability Planning Process with the Order No. 1000 regional principles. *See New York Independent System Operator, Inc.*, 143 FERC ¶ 61,059 (2013); *New York Independent System Operator, Inc.*, 148 FERC ¶ 61,044 (2014); *New York Independent System Operator, Inc.*, 151 FERC ¶ 61,040 (2015*); New York Independent System Operator, Inc., 153 FERC* ¶ 61,341 (2015); *New York Independent System Operator, Inc*, 162 FERC ¶ 61,124 (2015); *New York Independent System Operator, Inc.*, 162 FERC ¶ 61,107; Letter Order, Docket Nos. ER13-102-012, 013, 014 (issued June 5, 2018); Letter Order, Docket No. ER13-102-015 (issued August 21, 2018). The Commission also accepted the NYISO's compliance with the Order No. 1000 interregional principles. *ISO New England Inc., et al.*, 151 FERC ¶ 61,133 (2015); *ISO New England Inc., et al.*, Letter Order, Docket No. ER13-1957-001, *et al.* (issued November 19, 2015).

[49] Proposed revisions to OATT Section 38.22.

[50] Proposed revision to OATT Sections 38.22, 38.22.4, 38.22.5.

Reliability Needs identified in the Reliability Planning Process only apply to transmission solutions in the Reliability Planning Process.[51]

vii. *Proposed enhancements to NYISO's Short-Term Reliability Process Reports*

The NYISO proposes to amend the report that it is currently required to issue when it concludes its Generator Deactivation Process to include additional information. First, if the NYISO determines that there are adequate Viable and Sufficient market-based or demand response solutions to completely satisfy any Short-Term Reliability Need, then the NYISO will include the results of its assessment in its final Short-Term Reliability Process report.[52] Second, if the NYISO performs a competitive transmission procurement process to address a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near-Term Reliability Need, or if the NYISO selects a transmission solution proposed by a Responsible Transmission Owner to address a Near-Term Reliability Need, then the NYISO will issue and present a draft Short-Term Reliability Planning Report to its stakeholders that will describe the solution(s) that are proposed to be selected and explain the reasons for the NYISO's proposed selection(s).[53] The NYISO will consider stakeholder comments before making its final selection in the final Short-Term Reliability Planning Report, which will be posted on the NYISO's website.[54] The proposed revisions ensure that, as with the NYISO's other planning processes, stakeholders have the opportunity to review the NYISO's determinations and provide feedback prior to the NYISO making its final selection.

viii. *Proposed revisions to rules addressing repayment of study costs when a Generator rescinds its Generator Deactivation Notice or does not timely deactivate*

The existing Generator Deactivation Process requires the NYISO to charge a Generator that withdraws its Generator Deactivation Notice, or that does not timely deactivate, for all costs the NYISO and any Responsible Transmission Owner(s) incurred reviewing and addressing the reliability impacts of the Generator's deactivation.[55] Unlike the resource-specific Generator Deactivation Assessment the NYISO performs under the current Generator Deactivation Process, the proposed STAR might simultaneously evaluate the reliability impact of multiple Generator deactivations and the reliability impacts of system changes that are not related to any Generator deactivation. Accordingly, the NYISO developed a revised method of determining which study costs to assess to a Generator if it withdraws its Generator Deactivation Notice or does not timely deactivate. The NYISO proposes to assign the costs it incurs to perform a STAR in equally divided portions (a) to the NYISO (the assignment to the NYISO is intended as a proxy for STAR costs incurred to assess reliability needs that are *not* related to the deactivation of any

[51] Proposed revisions to OATT Sections 31.5.1.1, 31.5.3.1, 31.5.3.2, 31.5.6.1.

[52] Proposed OATT Sections 38.6.2, 38.10.5.

[53] *See* proposed OATT Sections 38.10.2.1.2 and 38.10.5.

[54] *Id*.

[55] OATT Section 38.14.2.

Generator), and (b) to each Initiating Generator that had the reliability impact of its deactivation studied in the relevant STAR.

For example, if the total costs that the NYISO incurred (including its cost of using contractors) to perform a STAR was $30,000 and there were two Initiating Generators that had their deactivation assessed as part of the STAR, then the NYISO study costs that would be charged to one Initiating Generator if it withdrew its Generator Deactivation Notice or did not timely deactivate would be $10,000 (1/3 of $30,000). If both Initiating Generators withdrew their Generator Deactivation Notices or did not timely deactivate, then the NYISO would recover $10,000 in study costs from each of the Generators ($20,000 total).

The NYISO proposes a slightly different method for assessing the costs each Responsible Transmission Owner incurs in assessing the reliability impacts of a deactivation as part of a STAR. The NYISO proposes to assess each Responsible Transmission Owner's costs in equally divided portions to each Initiating Generator that had the reliability impacts of its deactivation assessed by that Transmission Owner in the relevant STAR. For example, if one Initiating Generator was located on Long Island (in the Long Island Power Authority's service territory) and the other Initiating Generator was located near Buffalo (in National Grid's service territory), then the Initiating Generator on Long Island would pay all of the costs LIPA incurred to assess its deactivation as part of the STAR if it withdrew its Generator Deactivation Notice or did not timely deactivate. However, the Generator located on Long Island would not be responsible for paying any of the costs National Grid incurred because, in this example, all of National Grid's costs were incurred to review the reliability impacts of the deactivation of the Initiating Generator located near Buffalo.

ix. *Clarification that the quarterly STAR process will not substantively change how NYISO performs its physical withholding review for deactivating Generators*

NYISO stakeholders requested clarification that the NYISO's "grouped" reliability study of Generator deactivations in its quarterly STARs will not cause the Generators to be disadvantaged when the NYISO performs its physical withholding analysis under Section 23.4.5.6 of the Services Tariff.[56] The NYISO worked with its stakeholders to clarify the Tariff provisions that govern the physical withholding review the NYISO performs pursuant to Services Tariff Section 23.4.5.6, and to address the stakeholders' concerns about "grouped" assessments. In particular, the NYISO proposes revisions to the Services Tariff to clarify that it will review the decision that an owner makes to deactivate its Generator based on the information that was available to the owner on or about the date the Generator actually

[56] *See* proposed Services Tariff Sections 23.4.5.6.1, 23.4.5.6.2.1, 23.4.5.6.4.2.1 and 23.4.5.6.4.2.2.1. The NYISO proposed conforming changes to the Market Monitoring Unit's responsibilities in Sections 30.4.6.2.10 and 30.4.6.2.11 of its Services Tariff (the Market Monitoring Plan).

deactivated,[57] or the date the owner took an irreversible action or made an irrevocable decision that required the Generator to deactivate.[58]

In response to a stakeholder request, the NYISO further clarifies that nothing in this filing is intended to limit (or enhance) a Generator's ability to request a physical withholding review before it submits a Generator Deactivation Notice.

x. *Proposed changes to the Reliability Planning Process and the NYISO's interconnection procedures to better align with and integrate the Short-Term Reliability Process*

The NYISO proposes revisions to the Reliability Planning Process requirements in Attachment Y of the OATT to align them with the Short-Term Reliability Process. The proposed revisions include revising the study timeframe for the Reliability Planning Process from a ten-year study period to a seven-year study period, running from years four through ten that follow the year in which the NYISO conducts the RNA.[59] In addition, the NYISO proposes to make revisions to Attachment Y to align the timing and process steps of the Short-Term Reliability Process and Reliability Planning Process.[60]

The NYISO also proposes to revise the Reliability Planning Process to enhance its flexibility in determining whether Reliability Needs in its longer-term process continue to exist when it elects to trigger or halt a regulated solution that it selected.[61] The NYISO proposes to add the ability to use the Short-Term Reliability Process as one of the actions it can take to address a Reliability Need when the Developer of a transmission solution selected in the Reliability Planning Process is unable to complete its solution.[62] Finally, the NYISO proposes to clarify that it will tender a draft Operating Agreement to the Developer of a selected transmission solution in the Short-Term Reliability Process if that developer is not already a party to the Agreement Between New York Independent System Operator and Transmission Owners ("ISO/TO Agreement") or to a separate Operating Agreement with the NYISO.[63]

The NYISO also proposes revisions to the Transmission Interconnection Procedures in Attachment P of the OATT and to the interconnection requirements in Attachment S of the OATT. In particular, the NYISO proposes to revise Attachments P and S of the OATT to clarify that certain interconnection requirements that apply to transmission solutions identified in other planning processes in Attachment Y of the OATT also apply to transmission solutions selected in

[57] *See* proposed Services Tariff Sections 23.4.5.6.1 and 23.4.5.6.4.2.1.

[58] *See* Services Tariff Sections 23.4.5.6.1, 23.4.5.6.4.2.2 and 23.4.5.6.4.2.2.1.

[59] Proposed revision to OATT Section 31.1.1 (definition of Study Period).

[60] Proposed revisions to OATT Sections 31.1.2, 31.1.8.2.

[61] Proposed revisions to OATT Sections 31.2.8.1.1, 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4, 31.2.8.2.1, 31.2.8.2.2.

[62] Proposed revision to OATT Section 31.2.10.1.3.

[63] Proposed revision to OATT Section 31.1.7.3.

the Short-Term Reliability Process.[64] In addition, the NYISO proposes to revise the base case requirements for its Transmission Interconnection Procedures and for its Class Year Study and Expedited Study to clarify that the NYISO will include transmission solutions selected in the Short-Term Reliability Process in these bases cases. The proposed treatment is similar to NYISO's treatment of transmission solutions identified in other planning processes.[65] Finally, the NYISO proposes to revise the description of the impact of a selected transmission solution on a System Deliverability Upgrade to take account of transmission projects selected in the Short-Term Reliability Process.[66]

C. Process for Designating Responsible Transmission Owner to Address Time-Sensitive Reliability Need Without Competitive Solicitation and Compliance with Commission's Five Criteria for Such Designations

The NYISO's currently effective Generator Deactivation Process, as accepted by the Commission,[67] complies with the five criteria that the Commission has established for an ISO/RTO to designate a local Transmission Owner to address a time-sensitive reliability need without commencing a competitive solicitation process.[68] The NYISO's existing process establishes rules by which it will determine whether a Generator Deactivation Reliability Need identified in a Generator Deactivation Assessment is a Near-Term Generator Deactivation Reliability Need.[69] If, in accordance with the Commission's established criteria, the NYISO determines there is not adequate time available to conduct a solicitation for competitive transmission solutions, then it will designate the Responsible Transmission Owner as the sole entity to propose a regulated solution (which may include a transmission solution) to address the need and will fully explain, and allow stakeholders to comment on, the rationale for its decision to assign this role to the Responsible Transmission Owner.[70] To date, the NYISO has not identified a Near-Term Generator Deactivation Reliability Need, nor has the NYISO ever had to designate a Responsible Transmission Owner to build a solution to any reliability needs identified in the Generator Deactivation Process or in the Reliability Planning Process.

As described in Part III.A (pages 8-10) of this filing letter, as part of the proposed Short-Term Reliability Process the NYISO will identify any Short-Term Reliability Process Needs in a

[64] Proposed revisions to OATT Section 22.3.1.3, 22.4.2.2, 22.4.2.3, 22.4.2.5, 22.6.1, 25.5.5.1.

[65] Proposed revisions to OATT Sections 22.6.1, 25.5.5.1.

[66] Proposed revision to OATT Section 25.7.12.3.3.

[67] *See New York Independent System Operator, Inc.*, 161 FERC ¶ 61,189 at P 11 (2017) (accepting the NYISO's proposed Generator Deactivation Process tariff requirements that were not otherwise identified as requiring further compliance revisions in the order).

[68] *See PJM Interconnection, L.L.C., et al.*, 142 FERC ¶ 61,214 (2013) at P 248 ("PJM 2013 Order"); *ISO New England Inc.*, 143 FERC ¶ 61,150 (2013) at P 236*; Southwest Power Pool, Inc., et al.*, 144 FERC ¶ 61,059 (2013) at P 196.

[69] *See* OATT Section 38.3.6 and the definition of "Near-Term Generator Deactivation Reliability Need" in currently effective OATT Section 38.1.

[70] OATT Section 38.3.6.1. The Transmission Owner's proposed regulated solution still has to compete with generation solutions to be selected by the NYISO.

quarterly STAR (or possibly in a Generator Deactivation Assessment for Generators in an IIFO). Short-Term Reliability Process Needs include both (i) any Generator Deactivation Reliability Needs, and (ii) any other violations or potential violations of one or more Reliability Criteria on the BPTFs over a five-year study period.[71] If necessary, the NYISO then addresses in the Short-Term Reliability Process all Short-Term Reliability Process Needs that will arise within three years of (i) the conclusion of the 365 day prior notice period that follows the STAR Start Date for Generator Deactivation Reliability Needs, or (ii) the posting of a completed STAR for other Reliability Needs on the BPTFs.[72]

The NYISO proposes to revise its existing Near-Term Generator Deactivation Reliability Needs process requirements in Section 38.3.6 of the OATT so that they apply to all Short-Term Reliability Process Needs that arise within the applicable three-year period. The NYISO will determine in a STAR (or Generator Deactivation Assessment, if applicable) whether any Short-Term Reliability Process Need identified in the assessment is a "Near-Term Reliability Need."[73] Consistent with its currently effective rules, if in accordance with the Commission's established criteria, the NYISO determines there is not adequate time available to conduct a solicitation for competitive transmission solutions, then it will designate the Responsible Transmission Owner as the sole entity to propose a regulated solution (which may include a transmission solution) to address the Near-Term Reliability Need.[74] If the NYISO determines that a Short-Term Reliability Process Need on the BPTFs is not a Near-Term Reliability Need (but must still be addressed in the Short-Term Reliability Process), the NYISO will solicit competitive transmission solutions to address the need.[75] The NYISO's proposed process appropriately balances the need to avoid delays in addressing time-sensitive reliability needs with the Commission's interest in removing barriers to permit non-incumbent transmission developers to propose and be selected to construct alternative solutions.

The NYISO's proposed Near-Term Reliability Need process requirements are the same as its existing requirements for Near-Term Generator Deactivation Reliability Needs that were

---

[71] *See* proposed revision to definition of Generator Deactivation Reliability Need (now Short-Term Reliability Process Need) in OATT Section 38.1.

[72] Proposed revisions to OATT Section 38.2. If the needs arise beyond these three-year time periods, the NYISO will only address them in the Short-Term Reliability Process if it determines they cannot be timely addressed in its biennial Reliability Planning Process. *Id.*

[73] Proposed revisions to OATT Section 38.3.6.1. The NYISO is replacing the term "Near-Term Generator Deactivation Reliability Need" with "Near-Term Reliability Need." The proposed revision makes clear that the time-sensitive reliability need requirements are not limited to only Generator Deactivation Reliability Needs, but also apply to other Short-Term Reliability Process Needs on the BPTFs identified in the Short-Term Reliability Process.

[74] Proposed revisions to OATT Sections 38.4.2.1, 38.4.2.4. The Transmission Owner's proposed regulated solution will have to compete with generation solutions to be selected by the NYISO.

[75] If the NYISO determines that a Short-Term Reliability Process Need can be timely addressed in the biennial reliability planning process, then the NYISO will not address that need in the Short-Term Reliability Process. Instead, if the NYISO subsequently identifies the need in the reliability planning process, the NYISO will perform a competitive transmission solicitation process as part of the reliability planning process.

accepted by the Commission,[76] with only limited modifications that are described below. As with its existing requirements, the revised Near-Term Reliability Need process complies with the Commission's five criteria pursuant to which an ISO/RTO can designate a local Transmission Owner to address a time-sensitive reliability need without commencing a competitive transmission solicitation process.

First, the Commission requires that a solution "must be needed in three years or less to solve reliability criteria violations."[77] The NYISO currently defines this three-year period for Near-Term Generator Deactivation Reliability Needs as a need that results from the deactivation of one or more Generators that the NYISO determines will arise within three years following the conclusion of the 365 day notice period.[78] The start date for this time period reflects the fact that a Generator Deactivation Reliability Need would first arise only after the Generator at issue is eligible to deactivate at the conclusion of the 365 day notice period. The NYISO proposes to use a more abbreviated period for Short-Term Reliability Process Needs that are not Generator Deactivation Reliability Needs. Because such needs are not dependent on the date a Generator deactivates, the NYISO proposes that in order to qualify as Near-Term Reliability Needs, such needs must arise within three years of the NYISO's posting of the STAR in which the need is identified.[79]

Second, the NYISO is currently required to include with its posted Generator Deactivation Assessment an explanation of any Near-Term Generator Deactivation Reliability Need, including the reliability criteria violations and system conditions, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.[80] This satisfies the Commission's criterion that an ISO/RTO identify and post an explanation "of the reliability violations and system conditions in advance for which there is a time-sensitive need . . . in sufficient detail to allow stakeholders to understand the need and why it is time-sensitive."[81] The NYISO does not propose any revisions to this requirement, as the currently effective Tariff language complies with the Commission's criterion.

Third, the OATT currently requires the NYISO to provide to stakeholders and post on its website a full and supported written explanation of its decision to solicit solely from the Responsible Transmission Owner a regulated non-generation solution as an alternative to an RMR Agreement.[82] The OATT also already requires the NYISO to include an explanation of the other transmission and non-transmission options that it considered, the circumstances that

[76] Compare the currently effective and proposed versions of OATT Section 38.3.6 and the definition of "Near-Term Generator Deactivation Reliability Need" in OATT Section 38.1.

[77] PJM 2013 Order at P 248.

[78] OATT Section 38.1 (definition of "Near-Term Generator Deactivation Reliability Need").

[79] Proposed revisions to OATT Section 38.1 (definition of "Near-Term Generator Deactivation Reliability Need").

[80] OATT Section 38.3.6.2.1.

[81] PJM 2013 Order at P 248.

[82] OATT Section 38.3.6.2.2.

generated the need, and an explanation of why the need was not identified earlier.[83] This satisfies the Commission's criterion that requires:

> the process that [the ISO/RTO] uses to decide whether an Immediate-need Reliability Project is assigned to an incumbent transmission owner must be clearly outlined in [the ISO/RTO's] OATT and must be open, transparent, and not unduly discriminatory. [The ISO/RTO] must provide to stakeholders and post on its website a full and supported written description explaining: (1) the decision to designate an incumbent transmission owner as the entity responsible for construction and ownership of the project, including an explanation of other transmission or non-transmission options that the region considered but concluded would not sufficiently address the immediate reliability need; and (2) the circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.[84]

The NYISO does not propose any revisions to this requirement to address Near Term Reliability Needs because the currently effective Tariff language complies with the Commission's requirements.

Fourth, the Commission requires that "stakeholders must be permitted time to provide comments in response to the description in criterion three and such comments must be made publicly available."[85] The NYISO proposes to modify Section 38.3.6.2.3 of its OATT to more closely align it with the Commission's criterion. Section 38.3.6.2.3 currently requires the NYISO to provide the appropriate stakeholder working group a reasonable opportunity to provide comments to the NYISO on its written explanation concerning its decision to designate the Responsible Transmission Owner as the entity to construct and own the solution. This provision, however, does not expressly incorporate the Commission's directive that an ISO/RTO make such comments publicly available. Accordingly, the NYISO proposes to insert in Section 38.3.6.2.3 a requirement that it "publicly post any written comments that the ISO receives on its web site."

Fifth, the NYISO is currently required to maintain and post on its website a list of all transmission solutions that it selected in prior years to be built in response to a Near-Term Generator Deactivation Reliability Need for which the NYISO solely designated a Responsible Transmission Owner.[86] The list must include the need, the identity of the designated Responsible Transmission Owner, the transmission solution selected by the NYISO, its in-service date, and date on which the transmission solution was energized or otherwise implemented.[87] The OATT requires the NYISO to file the list with the Commission as an informational filing in January of each year, covering the designation(s) for the prior calendar

[83] *Id.*

[84] PJM 2013 Order at P 248.

[85] PJM Order at P 248.

[86] OATT Section 38.3.6.2.3.

[87] *Id.*

year if the NYISO selected a Responsible Transmission Owner's regulated transmission solution to a Near-Term Generator Deactivation Reliability Need.[88] Section 38.3.6.2.3 of the OATT satisfies the Commission's criterion requiring that:

> [The ISO/RTO] must maintain and post a list of prior year designations of all projects in the limited category of transmission projects for which the incumbent transmission owner was designated as the entity responsible for construction and ownership of the project. The list must include the project's need-by date and the date the incumbent transmission owner actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.[89]

The NYISO does not propose any revisions to this requirement for Near Term Reliability Needs, as the currently effective requirements comply with the Commission's criterion.

D. Proposed Improvements that Are Not Directly Related to Implementing the Short-Term Reliability Process

As explained above, the NYISO and its stakeholders have gained several years' experience implementing the Generator Deactivation Process. In addition to achieving the NYISO's primary goal of better integrating the Generator Deactivation Process with its other planning processes, the NYISO and its stakeholders identified other improvements that can be made to the existing rules. Proposed Tariff improvements that are not directly tied to implementing the Short-Term Reliability Process are described below.

i. *Proposed revisions to ensure that the entity with "ultimate decision making authority" is required to comply with the Generator deactivation and outage state rules in NYISO's Tariffs*

The NYISO developed revisions to both the Tariffs[90] and to its Generator registration documents to clarify that the entity that possesses the ultimate authority to decide when a Generator will deactivate is required to comply with the Short-Term Reliability Process and with related tariff rules that address when and how resources enter into and return from Forced Outages, IIFOs and Mothball Outages, or become Retired.[91] The proposed clarifications will require entities that use bidding agents to interface with the NYISO to accept direct responsibility for complying with the Short-Term Reliability Process and other Tariff rules that address Generator outages and how a Generator can be Retired. The changes are necessary because while many of the NYISO's Tariff rules addressing Generator deactivation and outages apply to Market Participants, Market Parties or Generators, there are NYCA Generators that are

[88] *Id.* The NYISO has not made such an annual filing because, to date, it has not designated any projects to a Responsible Transmission Owner to meet a reliability need.

[89] PJM 2013 Order at P 248.

[90] *See* proposed Sections 38.2 and 38.27 of the OATT, and proposed Section 5.18 of the Services Tariff.

[91] *See* proposed Section 5.18 of the Services Tariff.

owned by entities that are not Market Participants or Market Parties and that have not executed service agreements under the Services Tariff or the OATT. The proposed changes were developed to permit the NYISO to receive timely notice of a proposed deactivation and have the opportunity to assess its expected reliability impacts before a Generator deactivates.

The NYISO proposes to require entities that possess the ultimate authority to decide when a NYCA Generator will deactivate, or how it will comply with rules that address Generators entering into and returning from outages and becoming Retired, to execute a Responsible Generator Party Certification that recognizes its obligation to satisfy the applicable Tariff requirements.[92] Following Commission review and acceptance of the NYISO's proposed Short-Term Reliability Process Tariff revisions, the NYISO will begin working with its stakeholders to obtain updated Generator registration materials, including Responsible Generator Party Certifications.

ii. *Adding a proposed one megawatt or less de minimis exemption from the Short-Term Reliability Process*

The NYISO proposes to exempt from compliance with the Generator deactivation component of the Short-Term Reliability Process NYCA Generators with a nameplate rating of one MW or less.[93] Very small (0.1 to 1.0 MW in size) Generators, including Energy Storage Resources, will be able to participate in the ISO-Administered Markets through an Aggregator as components of a Distributed Energy Resource in the future. The willingness of these very small resources to participate in the wholesale markets may depend, in part, on keeping the wholesale participation requirements they are subject to as simple as possible.

The proposed one MW *de minimis* exception was selected (a) to allow the NYISO to continue to assess the reliability impacts of deactivation for the vast majority of NYCA Generators, and (b) because the solution tolerance of the modeling tools the NYISO uses to assess resource adequacy and transmission security needs would not determine a need based on the removal of resources of one MW or less. In developing its proposed one MW exemption, the NYISO reviewed reliability must-run agreements that were filed with the Commission by ISOs and RTOs. The NYISO found one agreement involving a 10 MW generator. All of the other reliability must-run agreements NYISO located involved generators of 20 MW or larger.

iii. *Revisions to Interim Service Provider rules to permit temporary retention of step-up transformer and other system protection facilities needed for reliability after a retiring generating unit is permitted to deactivate*

Under the existing Generator Deactivation Process an Interim Service Provider is a Generator that is required to temporarily remain in-service after its requested deactivation date—

[92] The NYISO proposes to incorporate the Responsible Generator Party Certification form into its Tariffs as Section 38.27 of its OATT.

[93] A 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, remains subject to audit and reviewed by the NYISO.

until 365 days after its Generator Deactivation Notice was determined to be complete by the NYISO.[94] One improvement that the NYISO identified based on its experience implementing the Generator Deactivation Process is the need for rules that permit the NYISO to temporarily retain in-service a retiring[95] Generator's step-up transformer and other system protection facilities (*e.g.*, circuit breakers and grounding equipment), while permitting the generating unit to deactivate. The NYISO's experience administering the Generator Deactivation Process indicates that Transmission Owners occasionally need a generator step-up transformer to temporarily remain in service in order to provide adequate grounding until alternate protection measures can be completed. The NYISO proposes changes to the Interim Service Provider rules to permit it to retain in-service and pay tailored compensation for keeping a Generator's step-up transformer and other needed system protection facilities in service **after** the associated generating unit is deactivated.[96]

In addition, the NYISO proposes new rules that will permit it to provide repair or replacement costs in excess of $100,000 to permit a Generator in an IIFO to restore its damaged step-up transformer or other system protection equipment if the equipment is needed to address an immediate Short-Term Reliability Process Need.[97] If the cost of the repairs or replacement is less than $100,000, then the Generator is required to pay and restore the facilities to service, unless the necessary repairs would take more than 365 days to complete.[98] If the NYISO pays to restore a generator step-up transformer or system protection equipment, then the IIFO Generator will be subject to a repayment obligation when it returns to participating in the ISO Administered Markets.[99]

iv. *Enhancements to NYISO monitoring of the progress of Short-Term Reliability Process Solutions*

The NYISO proposes to broaden its monitoring of the progress of Short-Term Reliability Process Solutions to apply to both market-based and regulated solutions.[100] If a Developer is not able to timely complete a Short-Term Reliability Process Solution, then the NYISO proposes to give itself the flexibility to: (a) address the Short-Term Reliability Process Need as an immediate need under OATT Section 38.3.4, (b) direct the Developer to continue developing the Short-Term Reliability Process Solution, (c) request the Transmission Owner complete the selected

[94] *See* the definition of Interim Service Provider in Section 38.1 of the OATT for additional information.

[95] Generators that enter a Mothball Outage will be required to keep their step-up transformer and system protection facilities in service without compensation, unless NYISO authorizes the facilities' deactivations. *See* proposed OATT Section 38.13.2.3 and Services Tariff Section 15.8.6.

[96] *See* proposed OATT Section 38.13 and Services Tariff Section 15.8.6.

[97] Proposed OATT Section 38.3.4.

[98] Proposed OATT Section 38.13.2.2.

[99] Proposed Services Tariff Section 15.8.7.

[100] Proposed OATT Section 38.6.3.

Short-Term Reliability Process Solution if it is an alternative transmission solution, or (d) address the need in the next quarterly STAR.[101]

Consistent with its proposed monitoring changes, the NYISO proposes an additional reporting requirement to post on its website a list of all Developers that have undertaken a commitment to the NYISO to build a project (which may be a regulated backstop solution, market-based response or alternative regulated response) that was selected as a Short-Term Reliability Process Solution.[102] This process step is consistent with the NYISO's posting requirements in its Reliability Planning Process.[103]

Other proposed changes to the currently effective Generator Deactivation Process are described below.

IV. SECTION-BY-SECTION REVIEW OF PROPOSED TARIFF REVISIONS

A. OATT Section 38—Short-Term Reliability Process Rules

i. *Section 38.1, Definitions*

The NYISO proposes a number of new defined terms, and proposes to replace several defined terms that addressed the Generator Deactivation Process with new, modified defined terms that are consistent with the proposed Short-Term Reliability Process. The important changes and additions are each described below.

Generator Deactivation Assessment (new language added to existing defined term)—Generator Deactivation Assessments will become components of the STAR except when the NYISO elects to assess the reliability impact of a Generator entering an IIFO (*see* proposed Section 38.3.2).

Short-Term Assessment of Reliability (STAR) Start Date (replaces Generator Deactivation Assessment Start Date)—the date that the next quarterly STAR is commenced after the NYISO determines that a Generator Deactivation Notice is complete. For Generators in an IIFO, the Short-Term Assessment of Reliability Start Date may instead be the date on which the Generator entered the IIFO, depending on when the NYISO decides to study the reliability impacts of the IIFO Generator's unavailability (proposed Section 38.3.2 addresses how NYISO will study the reliability impacts of IIFOs).

Generator Deactivation Reliability Need (new language added to existing defined term)—the proposed addition makes clear that a violation identified in a STAR is only a Generator Deactivation Reliability Need if it can be resolved, in whole or in part, by the retention of an Initiating Generator. It is necessary to distinguish Generator Deactivation Reliability

[101] *See* Proposed OATT Sections 38.12.4.3 and 38.15.

[102] *See* proposed OATT Section 38.10.5. The proposed change is consistent with currently effective OATT Section 31.2.7.5 that applies to the Reliability Planning Process.

[103] *See* OATT Section 31.2.7.5.

Needs from other types of Short-Term Reliability Process Needs because: (a) the existence of a Generator Deactivation Reliability Need may determine whether an Initiating Generator will be permitted to deactivate prior to the conclusion of the 365 day notice period, or if the Generator will instead be temporarily required to continue operating as an Interim Service Provider; and (b) Generator Deactivation Reliability Needs that arise on non-BPTFs ***must*** be resolved in the Short-Term Reliability Process,[104] for which only the Responsible Transmission Owner may propose a regulated transmission Short-Term Reliability Process Solution.[105]

Initiating Generator (new language added to existing defined term)—the NYISO added its proposed *de minimis* exemption from the Short-Term Reliability Process for Generators with a nameplate rating of one MW or less.

Interim Service Provider (new language added to existing defined term)—the NYISO proposes two significant changes to the definition of "Interim Service Provider." First, to mitigate possible impacts that moving to quarterly STARs could have on Initiating Generators, the NYISO proposes to begin paying Interim Service Providers the avoidable cost rate specified in Section 15.8.6 of the Services Tariff on the latest of (a) the 181st day after the NYISO determines a Generator Deactivation Notice is complete, or (b) ten days after NYISO posts the STAR that assessed the Generator's deactivation, or (c) the Initiating Generator's requested deactivation date.[106] Second, the NYISO proposes revisions to permit it to retain in-service as an Interim Service Provider and pay tailored compensation for keeping generator step-up transformers and other needed system protection facilities in service after the associated generating unit is deactivated.[107]

Near-Term Reliability Need (existing defined term revised and expanded)—the existing term Near-Term Generator Deactivation Reliability Need was revised so that it also covers reliability needs identified in a STAR that are not Generator Deactivation Reliability Needs. A Short Term Reliability Needs that is not a Generator Deactivation Reliability Needs can only be a Near-Term Reliability Need if it arises within three years of the posting of the STAR in which the need was identified. Additional rules addressing Near-Term Reliability Needs are in proposed OATT Section 38.3.6 and are described in Part III.C (pages 17-21) of this filing letter.

New York State Bulk Power Transmission Facilities ("BPTFs")—added a cross-reference to Section 31.1.1 of the OATT for this existing defined term.

Reliability Need—added a cross-reference to Section 31.1.1 of the OATT for this existing defined term.

---

[104] Proposed OATT Section 38.10.1.2.

[105] Proposed OATT Section 38.3.5.3.

[106] *See* Part III.B.ii (pages 10-11) of this filing letter for additional information.

[107] *See* Part III.D.iii (pages 22-23) of this filing letter for additional information.

Reliability Planning Process—added a cross-reference to Section 31.1.1 of the OATT for this newly defined term. See the explanation of changes to OATT Section 31.1.1.

Responsible Transmission Owner—all of the proposed revisions to this defined term are to incorporate changes to other defined terms.

Short-Term Assessment of Reliability (STAR) (incorporates and expands on the existing defined term Generator Deactivation Assessment)—the ISO's assessment, in coordination with the Responsible Transmission Owner(s), of whether a Short-Term Reliability Process Need will result from a Generator becoming Retired, entering into a Mothball Outage, a Generator being unavailable due to an ICAP Ineligible Forced Outage, or from other changes to the availability of Resources or to the New York State Transmission System. The NYISO explains the proposed STAR process in Part III.A (pages 8-10) of this filing letter.

Short-Term Reliability Process Need (incorporates and expands on the existing defined term Generator Deactivation Reliability Need)—covers all types of reliability need that can be identified or addressed in the Short-Term Reliability Process. Included both Generator Deactivation Reliability Need and other violations or potential violations of Reliability Criteria on the BPTF that are identified in a STAR.

Short-Term Reliability Process (replaces Generator Deactivation Process)—the process set forth in Section 38 of the OATT by which the ISO evaluates and addresses the reliability impacts resulting from both: (i) Generator Deactivation Reliability Need(s), and/or (ii) other Reliability Needs on the BPTFs that are identified in a STAR. Part II (pages 6-8) of this filing letter provides an overview of the proposed Short-Term Reliability Process.

Short-Term Reliability Process Solution (replaces Generator Deactivation Solution)—a solution to address a Short-Term Reliability Process Need, which may include (i) an Initiating Generator, (ii) a solution proposed pursuant to Section 38.4, or (iii) a Generator identified by the ISO pursuant to Section 38.5.

Viable and Sufficient—the proposed revisions to this defined term incorporate changes to other defined terms.

In the revisions to the OATT and the Services Tariff there are a large number of proposed changes that replace defined terms from the currently effective Generator Deactivation Process terminology with the corresponding, proposed Short-Term Reliability Process defined term. For example, the term "Generator Deactivation Solution" is replaced with the term "Short-Term Reliability Process Solution." The NYISO's explanations of the reasons for the proposed changes to the defined terms are provided in this section. The explanations are not repeated each time the NYISO proposes to replace a Generator Deactivation Process term with a corresponding Short-Term Reliability Process term.

ii. *Section 38.2, Scope of Short-Term Reliability Process*

Section 38.2 of the OATT has been revised to provide a high-level overview of the proposed Short-Term Reliability Process, and to incorporate some important new rules. The

overview explains that the scope of the proposed Short-Term Reliability Process will include both Generator Deactivation Reliability Needs and other Reliability Needs on the BPTF that are identified in a STAR. The overview recognizes that while most Generators will have their deactivation assessed in a STAR, the NYISO will still have the option to perform resource-specific Generator Deactivation Assessments for IIFO Generators.

Section 38.2 includes some specifics on how STARs will be conducted. It explains that each STAR will use the most recent base cases from the Reliability Planning Process (year 1 through year 5), updated in accordance with ISO Procedures for the Reliability Planning Process, and that the NYISO will review key study assumptions with its stakeholders.

Section 38.2 explains when NYISO will use its Short-Term Reliability Process to address an identified reliability need, and when it will address the identified need in its longer-term Reliability Planning Process. Short-Term Reliability Process Needs that arise within three years of the later of (a) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (b) the posting of a completed STAR for other Reliability Needs on the BPTF, will be addressed using the Short-Term Reliability Process. Short-Term Reliability Process Needs that arise more than three years after the later of (x) the conclusion of the 365 day prior notice period for Generator Deactivation Reliability Needs, or (y) the posting of a completed STAR for other Reliability Needs on the BPTF, will only be addressed using this Short-Term Reliability Process if an identified Reliability Need cannot timely be addressed through the Reliability Planning Process. Because the STAR only looks out five years from the date it is posted, reliability needs that are expected to arise more than five years in the future must be addressed in the Reliability Planning Process.

The final proposed addition to Section 38.2 is a requirement that the entity that possesses the ultimate decision-making authority concerning the deactivation, retirement and/or outage or repair of a Generator must agree, as part of the registration or re-registration of the Generator with the NYISO for participation in the ISO Administered Markets, that it will be subject to and comply with the requirements of the Short-Term Reliability Process that apply to a Market Participant, Market Party, Generator Owner or a Generator. As the NYISO explains in Part III.D.i (pages 21-22) of this filing letter, the proposed rules are appropriate because many of the NYISO's Tariff rules addressing Generator deactivation apply to Market Participants and Market Parties, but there are NYCA Generators that are owned by entities that are not Market Participants or Market Parties. The proposed changes were developed to ensure that NYISO will receive timely notice of a proposed deactivation and have the opportunity to assess its expected reliability impacts before the Generator deactivates.

iii. *Section 38.3.1, Requirements for Initiating Generators Seeking to Be Retired or to Enter a Mothball Outage*

The NYISO proposes revisions to sub-sections 38.3.1.1, 38.3.1.4 and 38.3.1.5 that change the date on which the 365 day notice period commences to be "the date the ISO commences the next STAR after it issues written notice to the Market Participant indicating that the Generator Deactivation Notice … is complete." The other revisions proposed to Section

38.3.1 state that the obligation to submit a Generator Deactivation Notice only applies to Generators that have a nameplate rating greater than one MW.[108]

iv. *Section 38.3.2, Options for Studying Generator in IIFO*

The NYISO proposes to revise the rules that apply to Generators that must be assessed in the Short-Term Reliability Process because they have entered an IIFO to (a) incorporate the NYISO's proposed exemption for Generators that have a nameplate rating of one MW or less, and (b) to give the NYISO additional flexibility in determining how and when it will assess the reliability impacts of an IIFO.

Because the unexpected entry of a Generator into an IIFO can present an immediate reliability concern, the NYISO will not be required to wait for the next STAR to assess the reliability impacts of an IIFO. Instead, the proposed revisions to Section 38.3.2 of the OATT give the NYISO limited discretion to determine when it will study an IIFO deactivation. The NYISO will have the option to immediately initiate a stand-alone Generator Deactivation Assessment, to add the IIFO Generator to a STAR that is already in progress, or to wait until the next STAR to perform the assessment. The NYISO's decision will be made based on the expected likelihood of identifying a Generator Deactivation Reliability Need, the expected immediacy of any need that may arise, and the status of the in-progress STAR (was it just initiated, or is it near completion).

v. *Section 38.3.4, Immediate Reliability Need—Covering Cost of Replacing a Damaged Step-Up Transformer and other System Protection Facilities*

Immediate reliability needs are Short-Term Reliability Process needs that can be so urgent that even waiting to complete the full STAR process might result in undesirable delay. The NYISO proposes to add to the immediate reliability need provision of the OATT (Section 38.3.4) the authority to pay costs in excess of $100,000 that a Market Party or Generator Owner incurs to repair or replace a damaged generator step-up transformer or other system protection equipment in order to address an immediate Short-Term Reliability Process Need. The NYISO will provide the repair or replacement costs as a Capital Expenditure consistent with the rules in Sections 38.17.3 and 38.17.4 of the OATT. The NYISO will recover any money it advanced to repair or replace a damaged step-up transformer or other system protection equipment from the Generator if/when the Generator returns to participating in the ISO-Administered Markets at market-based rates in accordance with Sections 15.8.7 and 15.8.7.1 of the Market Services Tariff. If the repair cost is expected to be less than $100,000, then the Generator is required to promptly complete the repair without additional recompense to address an immediate need.[109]

[108] The proposed *de minimis* exemption from the Short-Term Reliability Process is explained in Part III.D.ii (page 22) of this filing letter.

[109] The proposed rule is consistent with Sections 38.16.1.1 and 38.16.1.2 of the NYISO's currently effective OATT.

vi. *Section 38.3.5, STAR Process*

A comprehensive overview of the proposed STAR is provided in Part III.A (pages 8-10) of this filing letter and is not repeated here.

One of the determinations made in a STAR is whether or not the retention of one or more Initiating Generators would resolve, in whole or in part, an identified Short-Term Reliability Process Need. The determination is relevant to whether the NYISO requires one or more of the Initiating Generators assessed in the STAR to temporarily remain in-service beyond its requested deactivation date. If so, the retained Generators are compensated as Interim Service Providers.

In OATT Section 38.3.5.4 the NYISO proposes rules to address how it will choose which Generator(s) to retain as Interim Service Providers when there are several Initiating Generators that could resolve an identified Short-Term Reliability Process Need. If a Short-Term Reliability Process Need could be resolved by two or more Initiating Generators that each seek to deactivate prior to the conclusion of the 365 day notice period, then the NYISO is required to temporarily retain as Interim Service Providers the Initiating Generator(s) necessary to resolve the Short-Term Reliability Process Need. The NYISO is required to determine which Initiating Generators to retain as Interim Service Providers based on the date on which each Initiating Generator's Generator Deactivation Notice was determined to be complete. The proposed rules require the NYISO to retain the ***necessary*** Generator(s) that completed their Generator Deactivation Notice last.

The proposed rules specify that the NYISO shall not retain more Initiating Generators as Interim Service Providers than are necessary to resolve a Short-Term Reliability Process Need. For example, if there were two Initiating Generators, one of which could only partially resolve the identified Short-Term Reliability Process Need, while the other could fully resolve the identified need, then the Initiating Generator that can fully resolve the identified need would be retained as an Interim Service Provider and the other Initiating Generator would be permitted to deactivate. This result is required by the proposed rules even if the Generator that can fully resolve the identified Short-Term Reliability Process Need completed its Generator Deactivation Notice first.

vii. *Section 38.3.6 Near-Term Reliability Needs*

The proposed rules for Near-Term Reliability Needs are addressed in detail in Part III.C (pages 17-21) of this filing letter.

viii. *Section 38.3.7, Deactivation Prior to Expiration of 365-Day Notice Period*

Proposed revisions were made to this Section to indicate that the NYISO will not require an Initiating Generator to remain in-service past its requested deactivation date (so long as the requested deactivation date is at least 91 days after the Short-Term Assessment of Reliability Start Date) if the Initiating Generator's continued operation would not resolve, in whole or in part, a Short-Term Reliability Process Need.

ix. *Section 38.4, Solicitation of Solutions and Reflecting Needs and Solutions in Subsequent STARs*

In proposed revisions to OATT Section 38.4.1 that NYISO explains that, even if several distinct Short-Term Reliability Process Needs are identified in a STAR, the NYISO will issue one solicitation that requests solutions to all of the Short-Term Reliability Process Needs that the STAR identified.

In OATT Section 38.4.2.5 the NYISO proposes revisions indicating that an Interregional Transmission Project may be proposed as a Short-Term Reliability Process Solution to a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near-Term Reliability Need. As described in Part III.B.vi (pages 12-13) of this filing letter, the proposed revision is intended to more closely align the manner in which the NYISO addresses Reliability Needs in the Short-Term Reliability Process and the Reliability Planning Process. If an Interregional Transmission Project is offered as a solution, then it will be jointly evaluated by the NYISO and the relevant adjacent transmission planning region in accordance with Section 7.3 of the Interregional Planning Protocol.[110]

In OATT Sections 38.4.7 and 38.4.8 the NYISO proposes changes to address the serial nature of the STAR process (a new STAR begins promptly after a STAR concludes). Because the STAR process will require the NYISO to perform a continuous series of quarterly reliability studies, new rules are needed to address how reliability needs that were identified in a STAR are handled in subsequent STARs. Proposed Section 38.4.7 states that until a solution to an identified reliability need satisfies the Reliability Planning Process base case inclusion rules,[111] the reliability need will continue to be included in subsequent STARs in order to permit the NYISO to identify possible changes to the scope, scale or nature of the reliability need.

Proposed OATT Section 38.4.8 states that if the NYISO observes a material change to the scope, scale or nature of a Short-Term Reliability Process Need for which it has already solicited solutions, then NYISO may (a) select one or more of the proposed solutions that satisfy the changed need, (b) reject all of the proposed solutions, return all fees and deposits (except monies NYISO owes to its third-party contractors for their assistance) and issue a new solicitation to address the changed need, or (c) select one or more solutions that partially address the changed need, and issue a new solicitation to cover any unaddressed incremental Short-Term Reliability Process Need.[112] The NYISO also proposes to revise the halting rules in Section 38.15.1 of the OATT to permit it to halt a Short-Term Reliability Process Solution if it determines that the scope, scale or nature of the Short-Term Reliability Process Need that the solution was developed to address has changed.

[110] The Interregional Planning Protocol is defined in Section 31.1.1 of the OATT.

[111] Proposed OATT Section 38.4.7.2.

[112] Proposed OATT Section 38.4.8.

x. *Section 38.6, Viability and Sufficiency Assessment and Monitoring of Selected Solutions*

The NYISO proposes enhanced monitoring and reporting requirements in Section 38.6 of its OATT. In Section 38.6.2 the NYISO proposes to present the results of its viability and sufficiency study to its stakeholders if the Short-Term Reliability Process is concluded because there are adequate market-based or demand response Short-Term Reliability Process Solutions to address and identified Short-Term Reliability Process Need. In Section 38.6.3 the NYISO proposes expanded requirements to monitor the development of all Short-Term Reliability Process Solutions to confirm that they continue to be developed consistent with their project schedules.[113]

xi. *Sections 38.7 to 38.9*

OATT Sections 38.7 to 38.9 have been revised to authorize the NYISO to involve the Generator Owner more fully in its review of an Initiating Generator's financial and other information, and in the execution of an RMR Agreement.

xii. *Section 38.10, Selecting Solutions and Publishing Report*

The NYISO does not propose any substantive changes to the Commission-accepted process for selecting solutions to Generator Deactivation Reliability Needs in this filing. The NYISO proposes changes to Section 38.10 of the OATT to address how solutions to Short-Term Reliability Needs that are not Generator Deactivation Reliability Needs will be selected. As described in Part III.B.vi (pages 12-13) of this filing letter, the Short-Term Reliability Process will identify and address Reliability Needs that are not Generator Deactivation Reliability Needs and that were previously subject to the requirements in Reliability Planning Process. The NYISO, therefore, has incorporated into its Short-Term Reliability Process certain additional evaluation and selection requirements from the Reliability Planning Process that it will apply when administering a competitive transmission procurement process to address the Short-Term Reliability Process Needs that are not Generator Deactivation Reliability Needs. The proposed changes provide consistency in the competitive transmission procurement process, regardless of whether needs are addressed in the Short-Term Reliability Process or in the Reliability Planning Process. The proposed changes also permits the NYISO to address Short-Term Reliability Process Needs that are not Generator Deactivation Reliability Needs in a manner that is consistent with the Reliability Planning Process that the Commission accepted as complying with Order Nos. 890 and 1000.[114]

The NYISO proposes to insert a new Section 38.10.2.1.1 stating that when it performs a competitive evaluation of transmission solutions, the NYISO will do so consistent with the following requirements contained in the reliability planning process:

[113] For additional information see Part III.D.iv (pages 23-24) of this filing letter.

[114] *See* footnote 48 above.

- the NYISO will coordinate with other ISO/RTO regions concerning the consequences of reliability transmission projects on their systems consistent with the requirements in Section 31.2.2.7 of Attachment Y of the OATT;

- the NYISO will evaluate the system impacts of a proposed regulated transmission solution to determine if it is viable and sufficient and will request that the Developer make adjustments to its solution to address any significant adverse impacts based on this study consistent with the requirements in Section 31.2.6.3 of Attachment Y of the OATT; and

- the NYISO will evaluate proposed regional transmission solutions to identify, for informational purposes, whether they address local and regional reliability needs more efficiently or more cost effectively than local transmission solutions consistent with the requirements in Section 31.2.6.4 of Attachment Y of the OATT.

Finally, proposed OATT Section 38.10.2.1.1 has been revised to state that interested parties may invoke the Dispute Resolution Procedures set forth in Section 11 of the NYISO's Services Tariff to resolve any disputes concerning the competitive transmission process, which is consistent with the requirements in Section 31.1.8.4 of Attachment Y of the OATT.

The NYISO proposes to insert a new Section 38.10.2.1.2 pursuant to which it will prepare and present to stakeholders a draft Short-Term Reliability Process Report for their review and comment.[115] The draft report will describe the transmission Short-Term Reliability Process Solution(s) the NYISO proposes to select and explain the reasons supporting the proposed selection(s). The NYISO will review stakeholder comments on the draft report prior to finalizing its selection of Short-Term Reliability Process Solution(s) in the final Short-Term Reliability Process Report it issues.

In OATT Section 38.10.5 the NYISO proposes to enhance the reporting rules it follows when it is considering selecting a transmission solution proposed by a Responsible Transmission Owner in response to a Near-Term Reliability Need. In order to improve transparency and provide an additional opportunity for stakeholder input, the NYISO will post on its website and present to stakeholders a preliminary written determination indicating its proposed selection of a solution or combination of solutions, along with a reasoned explanation regarding why the particular generator and/or transmission solutions were selected. The NYISO will provide stakeholders an opportunity to submit written comments, which will be posted on the NYISO's website, and the NYISO will consider stakeholder comments before making its final selection.

[115] The NYISO proposes to establish similar reporting and stakeholder review requirements concerning the selection of transmission solutions proposed by a Responsible Transmission Owner outside of a competitive transmission process. *See* the proposed revision to OATT Section 38.10.5.

The NYISO also proposes to add to Section 38.10.5 an obligation to post on its website a list of all Developers that have undertaken a commitment to the NYISO to build a project that was selected as a Short-Term Reliability Process Solution.[116]

xiii. *38.12.4 Inability of Developer to Timely Complete a Short-Term Reliability Process Transmission Solution*

As the NYISO explained in Part III.D.iv (pages 23-24) of this filing letter, the NYISO proposes to amend Section 38.12.4.3 of the OATT to permit it to use the Short-Term Reliability Process to address the inability of a Developer to complete a selected transmission Short-Term Reliability Process Solution.

xiv. *38.13 Proposed Enhancements to Interim Service Provider Rules*

Interim Service Providers are Initiating Generators that are required to continue operating after their permissibly requested Generator deactivation date, but not beyond the conclusion of the 365 day notice period. As the NYISO explained in Parts III.B.ii (pages 10-11) and III.C.iii (pages 22-23) of this filing letter, the NYISO proposes two significant changes to the Interim Service Provider rules in Section 38.13 of its OATT.

First, to mitigate possible impacts that moving to quarterly STARs could have on Initiating Generators, the NYISO proposes to begin paying Interim Service Providers the avoidable cost rate specified in Section 15.8.6 of the Services Tariff on the latest of (a) the 181st day after the NYISO determines a Generator Deactivation Notice is complete, or (b) ten days after NYISO post the STAR that assessed the Generator's deactivation, or (c) the Initiating Generator's requested deactivation date.[117] Interim Service Providers are compensated consistent with Section 15.8.6 of the Market Services Tariff until (x) they are permitted to deactivate, or (y) 365 days after the relevant Short-Term Reliability Assessment Start Date.[118]

The proposed revisions were developed to mitigate stakeholder concerns that if the commencement of Interim Service Provider avoidable cost payments is keyed off the Short-Term Assessment of Reliability Start Date then, in unusual circumstances, a Generator with a complete[119] Generator Deactivation Notice could have to continue operating and wait up to 270 days to begin being paid an avoidable cost rate for operating as an Interim Service Provider. The proposed revisions ensure that a Generator that noticed its intent to deactivate between 91 and 190 days after its Generator Deactivation Notice was determined to be complete will begin being

[116] The posting requirement is consistent with the requirement in the NYISO's Reliability Planning Process to post a list of all Developers that have undertaken a commitment to build a project identified in that process. *See* OATT Section 31.2.7.5.

[117] Proposed Services Tariff Section 15.8.6, and proposed OATT Sections 38.1 (definition of Interim Service Provider) and 38.13.2.

[118] See proposed OATT Sections 38.13.1 and 38.13.2, and proposed Services Tariff Section 15.8.6.

[119] *See* proposed OATT Section 38.3.1.5.

paid an avoidable cost rate no later than day 190 if it is required to continue operating an Interim Service Provider.[120]

Second, the NYISO proposes new rules to permit it to temporarily retain in-service a retiring[121] Generator's step-up transformer and other system protection facilities (*e.g.*, circuit breakers and grounding equipment), while permitting the generating unit to deactivate. The NYISO's experience administering the Generator Deactivation Process indicates that Transmission Owners occasionally need a generator step-up transformer to temporarily remain in service in order to provide adequate grounding until alternate protection measures can be completed. The NYISO proposes changes to the Interim Service Provider rules to permit it to retain in-service and pay tailored compensation[122] for keeping generator step-up transformers and other needed system protection facilities in service **after** the associated generating unit is deactivated.[123]

In accordance with the proposed revisions to Section 38.13.2.2 to the OATT, Generators in an IIFO will be required to keep their step-up transformer or other system protection equipment in place unless or until (i) they are given permission, in writing, to deactivate the facilities by the NYISO, or (ii) the generator step-up transformer and/or other system protection equipment is damaged and would require either an expenditure of more than $100,000, or more than 365 days, to repair and return to service, or (iii) the Generator becomes Retired.

The NYISO proposes to add corresponding rules to Section 38.13.2.3 of the OATT that will require Generators that enter a Mothball Outage to keep their step-up transformer or other system protection equipment in place for the duration of the Mothball Outage unless the NYISO gives them permission in writing to deactivate the facilities.

The NYISO does not propose to compensate Generators in a Mothball Outage or IIFO as Interim Service Providers for keeping their step-up transformer or other system protection equipment in place while the associated generating unit is deactivated.

Because the proposed changes to the Interim Service Provider rules mean it is possible there will be Interim Service Providers that have deactivated their generating unit, the NYISO

---

[120] The currently effective Generator Deactivation Process rules require the Interim Service Provider payment to start on the later of 181 days after the NYISO determines a Generator Deactivation Notice is complete, or the date on which the Initiating Generator requested to deactivate. Under the proposed Short-Term Reliability Process rules, the results of a STAR could (at most) be posted up to 180 days after the NYISO determined a Generator Deactivation Notice was complete. Adding 10 days to give NYISO time to finish developing an avoidable cost Interim Service Provider rate after the STAR is posted means that, in unusual circumstances, an Initiating Generator that requested to deactivate as soon as possible might not begin receiving the avoidable cost Interim Service Provider rate until 190 days after its Generator Deactivation Notice was determined to be complete; a possible additional delay of up to nine days compared to the currently effective Generator Deactivation Process rules.

[121] Generators that enter a Mothball Outage will be required to keep their step-up transformer and system protection facilities in service without compensation, unless NYISO authorizes the facilities' deactivation. *See* proposed OATT Section 38.13.2.3 and Services Tariff Section 15.8.6.

[122] *See* proposed OATT Sections 38.13.2.1.1 and 38.13.2.1.1.1.

[123] *See* proposed OATT Section 38.13 and Services Tariff Section 15.8.6.

adds clarification throughout the OATT and Services Tariff to specify when an obligation only applies to an Interim Service Provider that continues operating its generating unit.[124]

xv. *Section 38.14.2.1, Assessing STAR Costs to Initiating Generators that Withdraw their Generator Deactivation Notice or Fail to Timely Deactivate*

The proposed changes to how study costs are allocated to Initiating Generators that withdraw their Generator Deactivation Notice or that fail to timely deactivate[125] are set forth in OATT Section 38.14.2.1. The proposed revisions are explained in Part III.B.viii (pages 14-15) of this filing letter.

xvi. *Section 38.15, Halting of Short-Term Reliability Process Solutions*

The NYISO proposes to revise OATT Section 38.15.1 to permit it to halt a Short-Term Reliability Process solution that it selected if it determines that the scope, scale or nature of the Short-Term Reliability Process Need has changed. The proposed additional authority is addressed in Part III.B.iv (pages 11-12) of this filing letter. OATT Section 38.15.2 limits the NYISO's ability to halt solutions that have already made substantial progress toward completion.[126]

xvii. *Section 38.16, Recovery of Additional Costs by RMR Generators and Interim Service Providers*

The NYISO proposes minor revisions to OATT Sections 38.16.1 and 38.16.1.2 to incorporate the possibility that it might require an Initiating Generator that is operating as an Interim Service Provider to restore or replace a damaged step-up transformer or other system protection equipment. Consistent with currently effective Generator Deactivation Process rules, if the cost of the repair or replacement is not expected to exceed $100,000 then the Generator Owner is required to promptly return the Generator to service without additional recompense.

xviii. *Sections 38.22, Cost Allocation*

The existing Generator Deactivation Process uses a "needs-based" methodology in Section 38.22 of Attachment FF to allocate the costs of a Generator Deactivation Solution to the Load Serving Entities in New York that contribute to the Generator Deactivation Reliability Need and primarily benefit from the solution to that need. The NYISO allocates costs by resolving the different types of reliability issues using the following hierarchy: (i) resource adequacy, (ii) BPTF thermal transmission security, (iii) BPTF voltage security, (iv) local transmission security, (v) dynamic stability, and (vi) short circuit.[127] After the NYISO addresses

[124] *See, e.g.,* proposed Services Tariff Section 15.2. Only Interim Service Providers that are required to keep their generating units in service will be required to provide Voltage Support Service.

[125] *See* OATT Sections 38.14.1 and 38.14.2.

[126] The NYISO does not propose any substantive changes to OATT Section 38.15.2 in this filing.

[127] OATT Section 38.22.

the reliability issue in each step, it proceeds to the subsequent step(s) if there are remaining costs to be allocated.

The cost allocation methodology for the Generator Deactivation Process is based on the methodology for the Reliability Planning Process in Attachment Y of the OATT, with one exception.[128] The Generator Deactivation Process also addresses Generator Deactivation Reliability Needs that arise on the local, non-BPTF system of a Transmission Owner.[129] Accordingly, the cost allocation methodology for the Generator Deactivation Process includes an additional step for resolving "local transmission security" that is not included in the hierarchy of steps for the Reliability Planning Process.

In the proposed Short-Term Reliability Process, the NYISO proposes to continue to use the cost allocation methodology for the Generator Deactivation Process with the following changes to align it more closely it with the Reliability Planning Process.

First, in the Short-Term Reliability Process the NYISO may be required to address reliability needs on the BPTFs that are not Generator Deactivation Reliability Needs. Accordingly, the NYISO proposes to revise the cost allocation methodology in Section 38.22 of Attachment FF to clarify that the "local transmission security" step of the methodology hierarchy will only apply when allocating the costs of solutions to Generator Deactivation Reliability Needs.[130] The NYISO will allocate the costs of solutions to other reliability needs on the BPTFs selected in the Short-Term Reliability Process by using the same hierarchy of steps as exists in the Reliability Planning Process, which does not include the local transmission security step.

Second, the NYISO proposes to clarify that it will implement the cost allocation methodology in Section 38.22 in accordance with the Order No. 1000 regional cost allocation principles, which are set forth in Section 31.5.2.1 of Attachment Y of the OATT.

Finally, the NYISO proposes to revise Section 38.22 of the OATT to account for the possibility that an Interregional Transmission Project could be selected to address a Short-Term Reliability Process Need, as described in Part IV.A.ix (pages 29-30) of this filing letter. The NYISO proposes to apply the cost allocation methodology formula in Section 38.22 to the NYISO's share of the costs of an Interregional Transmission Project proposed as a transmission solution to a Short-Term Reliability Need. This is consistent with the NYISO's approach for Interregional Transmission Projects in its Reliability Planning Process.[131]

---

[128] See OATT Section 31.5.3.2.

[129] The NYISO included this step in the cost allocation methodology for the Generator Deactivation Process because the Commission required the NYISO to administer all RMR Agreements needed to address Generator Deactivation Reliability Needs in the NYCA, including those Generator Deactivation Reliability Needs that arise on the New York Transmission Owner's local, non-BPTF transmission systems. Initial RMR Order at PP 14-15.

[130] Proposed revisions to OATT Sections 38.22, 38.22.4, and 38.22.5.

[131] OATT Section 31.5.3.1.

xix. *Section 38.23, Cost Recovery*

The NYISO proposes one modification to the cost recovery language in Section 38.23 of the OATT. Section 38.23.3 currently states that a Developer may only recover certain costs when its project is halted in accordance with the Commission's regulations on abandoned plant recovery. The NYISO proposes to remove the language specifying the Commission's regulations "on abandoned plant recovery." The language in Section 38.23.3 was based on cost recovery language in the Reliability Planning Process that the Commission subsequently directed the NYISO to remove.[132] The NYISO's proposed revision will improve consistency between comparable requirements of the Short-Term Reliability Process and the Reliability Planning Process.

xx. *Section 38.24 Generator Deactivation Notice Form*

The NYISO proposes to revise the Generator Deactivation Notice Form in Section 38.24 of the OATT to:

- indicate that Generators with a nameplate rating of one MW or less need not submit the Generator Deactivation Notice Form to the NYISO in order to deactivate;

- make clear that the 365 day notice period will begin to run on the date of the next quarterly Short-Term Assessment of Reliability (STAR) that commences at least one day after the date on which NYISO issues a written notice to the Market Participant indicating that its Generator Deactivation Notice (including the information received and supporting certification) is complete; and

- require Generators that propose to enter a Mothball Outage to acknowledge that the step-up transformer(s) and other system protection equipment will continue to be operational during the Mothball Outage.

xxi. *Section 38.27 Responsible Generator Party Certification*

In Part III.D.i (pages 21-22) of this filing letter, the NYISO explains its proposal to revise Section 38.2 of the OATT and Section 5.18 of the Services Tariff to clarify that the entity that possesses the ultimate authority to decide when a Generator will deactivate (hereafter, the Responsible Generator Party or "RGP") is required to comply with the Generator deactivation rules in the Short-Term Reliability Process and with related tariff rules in Section 5.18 of the Services Tariff that address when and how resources enter into and return from Forced Outages, IIFOs and Mothball Outages, or become Retired. The proposed clarifications were developed to require RGPs that use bidding agents to interface with the NYISO to accept direct responsibility for complying with the Generator deactivation rules and other Tariff rules that address Generator outages and how a Generator can be Retired. The proposed changes are necessary because many of the NYISO's Tariff rules addressing Generator deactivation and outages apply to Market

[132] *New York Independent System Operator, Inc.*, 164 FERC ¶ 61,052 at P 14 (2018).

Participants, Market Parties or Generators, but there are NYCA Generators that are owned by RGPs that are not Market Participants or Market Parties and that have not executed service agreements under the Services Tariff or the OATT.[133] The proposed changes were developed to ensure that the NYISO will receive timely notice of a proposed deactivation and will have the opportunity to assess its expected reliability impacts before the Generator deactivates.

In order to ensure that the NYISO knows the identity of and can contact RGPs that are not Market Participants or Market Parties, and to make sure each RGP is fully aware of its obligation to comply with the NYISO's Commission-accepted Generator deactivation and outage state rules, the NYISO proposes to require RGPs to execute a Responsible Generator Party Certification that clearly states the owner's obligations to comply with the Generator deactivation rule in the Short-Term Reliability Process and the outage state rules in Section 5.18 of the Services Tariff when they register a Generator or update Generator registration materials. The proposed Certification also requires the RGP to inform the NYISO within 10 days if it ceases to have ultimate authority for making determinations concerning outages affecting and the repair of and/or deactivation or retirement of a Generator that is participating in the ISO Administered Markets, and to provide to the NYISO the identity of any new RGP, so that the NYISO can require that entity to execute the Responsible Generator Party Certification.

If an RGP fails to timely comply with the requirements of Section 5.18 of the Services Tariff or Section 38 of the OATT then, under the Responsible Generator Party Certification, the NYISO will have the right to submit a public filing to the Commission (and to the New York Public Service Commission, which also requires prior notice of Generator deactivations) informing the Commission of the RGP's failure to comply with the NYISO's Tariffs and asking the Commission to exercise its authority to require the RGP to promptly remedy its failure to comply with the applicable requirement(s) of the NYISO's Tariffs.

Because the proposed Responsible Generator Party Certification sets forth the terms and conditions of Commission-jurisdictional service that will apply to RGPs, the NYISO proposes to incorporate the *pro forma* Responsible Generator Party Certification into its OATT as Section 38.27. The Responsible Generator Party Certification form will become Appendix D to Attachment FF to the OATT.[134] Following Commission review and acceptance of the NYISO's proposed Short-Term Reliability Process Tariff revisions, the NYISO will begin working with its stakeholders to obtain updated Generator registration materials, including Responsible Generator Party Certifications.

[133] An RGP that is currently a NYISO Market Participant or Market Party can elect to restructure its business such that it no longer participates in the NYISO's markets directly, but instead participates through an intermediary (bidding agent) on a going-forward basis. For this reason, the NYISO proposes to require ***all*** entities that possess the ultimate authority to make determinations concerning outages, about whether and when a Generator will be repaired, and/or about the deactivation or retirement of a Generator, to complete and have on file with the NYISO, and timely update a Responsible Generator Party Certification.

[134] Attachment FF contains the Short-Term Reliability Process rules.

B. OATT Section 31—Reliability Planning Process

The NYISO proposes revisions to its Comprehensives System Planning Process requirements located in Attachment Y of the OATT to align the Short-Term Reliability Process with the Reliability Planning Process.

i. *Section 31.1.1, Definitions*

The NYISO proposes to revise the definition of "Study Period" to modify the study period for the Reliability Planning Process. Specifically, the NYISO proposes to revise the study timeframe for the Reliability Planning Process from a ten-year study period to a seven-year study period, running from years four through ten following the year in which the NYISO conducts the RNA.[135]

As discussed in Part III.B.x (pages 15-17) of this filing letter, the NYISO also proposes to create a capitalized defined term for its "Reliability Planning Process," which is the "process set forth in this Attachment Y by which the ISO determines in the RNA whether any Reliability Need(s) on the BPTFs will arise in the Study Period and addresses any identified Reliability Need(s) in the CRP, as the process is further described in Section 31.1.2.2."[136] This definition will clarify and align the scope of the Reliability Planning Process with the use of defined terms for other planning processes, including the Public Policy Transmission Planning Process, the Congestion Assessment and Resource Integration Study ("CARIS"), and the new Short-Term Reliability Process. The NYISO proposes to make conforming changes through its Tariffs to use the capitalized defined term "Reliability Planning Process."

Finally, the NYISO proposes to define the term "Short-Term Reliability Process" by adding a cross-reference to the definitions in Section 38.1 of Attachment FF of the OATT.[137]

ii. *Section 31.1.2, Reliability Planning Process*

Section 31.1.2 sets forth a high-level description of the Reliability Planning Process. The NYISO proposes to revise this provision to insert a high-level description of the Short-Term Reliability Process, to make conforming revisions to the description of the Reliability Planning Process, and to specify how the Short-Term Reliability Process and the Reliability Planning Process interact.

iii. *Section 31.1.7, Enrollment in the ISO's Transmission Planning Region*

Section 31.1.7.3 of the OATT establishes the process by which a transmission owner that is not a party to the ISO/TO Agreement or an Operating Agreement with the NYISO must enter into an Operating Agreement prior to energizing its transmission facilities. The NYISO proposes to amend this provision to clarify that it will tender a draft Operating Agreement to such a transmission owner following the NYISO's selection of the transmission owner's transmission

[135] Proposed revision to OATT Section 31.1.1 (definition of Study Period).

[136] Proposed revision to OATT Section 31.1.1 (definition of Reliability Planning Process).

[137] Proposed revision to OATT Section 31.1.1 (definition of Short-Term Reliability Process).

facilities under the Short-Term Reliability Process. The revision clarifies that the transmission owner must be a party to an Operating Agreement with the NYISO, regardless of whether its transmission facilities were selected in one of the NYISO's Comprehensive System Planning Processes or in the Short-Term Reliability Process.

iv. *Section 31.1.8, NYISO Implementation and Administration*

The NYISO proposes to revise Section 31.1.8.1 to add that it will adopt the procedures for the implementation and administration of its Short-Term Reliability Process, which requirement mirrors the rules for the NYISO's Comprehensive System Planning Process. In addition, the NYISO proposed to revise Section 31.1.8.2 to specify how the Short-Term Reliability Process fits within the timeframes for the Comprehensive System Planning Process timelines. Specifically, the Short-Term Reliability Process will be conducted on a quarterly basis and will run in parallel with the other planning processes.

v. *Section 31.2.8, Determination of Necessity*

If the NYISO has selected a regulated transmission solution to address a Reliability Need in its Reliability Planning Process, it will determine pursuant to the requirements in Section 31.2.8 whether to trigger the solution to proceed. The NYISO proposes to revise the triggering requirements to provide that the NYISO will consider in making its triggering determination whether, based upon circumstances at the time of the review, there is no longer a Reliability Need. The proposed revisions will enable the NYISO to account for system changes, including the implementation of Short-Term Reliability Process Solutions, in determining whether it is necessary to trigger a regulated transmission solution in the Reliability Planning Process to address a Reliability Need. This will ensure that the NYISO is not required to trigger a transmission project, and ratepayers are not required to incur the costs of transmission facilities, when a Reliability Need no longer exists.[138] The NYISO proposes to similarly revise its requirements for when it can halt a project, to allow the NYISO to halt the project if there is no longer a Reliability Need.[139]

vi. *Section 31.2.10, Process for Addressing Inability of Responsible Transmission Owner, Other Developer, or Transmission Owner to Complete Triggered Solution*

Section 31.2.10.1.3 establishes the requirements in the Reliability Planning Process pursuant to which the NYISO has several options for addressing a Reliability Need when a selected transmission solution Developer does not enter into a Development Agreement with the NYISO or the NYISO determines that a Development Agreement must be terminated because the project is not progressing to completion. The NYISO proposes to revise this provision to enable the NYISO to address the Reliability Need in its next quarterly STAR. The proposed revision will provide the NYISO with an additional option to address the Reliability Need.

[138] Proposed revisions to OATT Sections 31.2.8.1.1, 31.2.8.1.2, 31.2.8.1.3, 31.2.8.1.4.

[139] Proposed revisions to OATT Sections 31.2.8.2.1, 31.2.8.2.2.

vii. *Section 31.5, Cost Allocation and Cost Recovery*

Section 31.5 of Attachment Y of the OATT establishes the cost allocation and cost recovery requirements for transmission projects eligible for cost recovery under the reliability, economic, or public policy transmission planning process in the NYISO's Comprehensive System Planning Process. The NYISO proposes to revise Section 31.5 to clarify that the cost allocation requirements in Section 31.5 apply to transmission solutions to Reliability Needs "identified in the Reliability Planning Process."[140] The proposed revision distinguishes these cost allocation requirements from the requirements in Section 38.22 of Attachment FF of the OATT that apply to transmission solutions to Short-Term Reliability Process Needs that are identified in the Short-Term Reliability Process. The two sets of requirements differ in whether and when to include the local transmission security step in cost allocation, and which rate schedule to employ to effectuate cost recovery.

C. Services Tariff Rate Schedule 8—Payments to Interim Service Providers and Recovery of Cost of System Protection Equipment Paid to Generators in IIFO

The NYISO proposes to revise Section 15.8.6 of the Services Tariff to (a) incorporate the proposed revised timeline for initiating payments to Interim Service Providers, (b) incorporate the proposed rules for compensating Interim Service Providers that are required to keep their step-up transformer and system protection equipment in-service after the associated generating unit has been retired, and (c) cease paying the Generator pursuant to the rate schedule 365 days after the relevant Short-Term Assessment of Reliability Start Date.[141]

The NYISO proposes to revise Sections 15.8.7 and 15.8.7.1 to enable it to assess a monthly repayment obligation to an Interim Service Provider or IIFO Generator that returns to participating in the ISO Administered Markets at market-based rates after the NYISO (i) reimbursed the cost of a Capital Expenditure that was necessary to permit a Generator to provide service as an Interim Service Provider, or (ii) reimbursed costs that a Generator in an IIFO incurred to repair or replace its step-up transformer and/or other system protection equipment.[142]

D. OATT Rate Schedule 14

The NYISO proposes to revise Sections 6.14.1 and 6.14.3.5 of the OATT to permit it to charge to "RMR LSEs" in the Load Zones or Subzones that are assigned cost allocations the

[140] Proposed revisions to OATT Sections 31.5.1.1, 31.5.3.1, 31.5.3.2, 31.5.6.1 (heading).

[141] Additional information regarding the proposed changes is provided in Part III.B.ii (pages 10-11) of this filing letter.

[142] Additional information regarding the proposed changes is provided in Part III.D.iii (pages 22-23) of this filing letter.

compensation it pays to an Interim Service Provider for keeping its step-up transformer and other system protection equipment in service after the associated generating unit deactivates.[143]

E. OATT Rate Schedule 16

Section 6.16 (Rate Schedule 16) of the OATT currently establishes the Generator Deactivation Facilities Charge ("GDFC") for the recovery of the cost of a regulated solution to address a Generator Deactivation Reliability Need. The NYISO proposes to revise Rate Schedule 16 to change the name of the charge to the Short-Term Reliability Process Facilities Charge ("STRPFC") and proposes conforming changes to the defined terms. In addition, the NYISO proposes to revise Section 6.16.1 of the OATT to allow cost recovery for an Interregional Transmission Project that is selected to address a Short-Term Reliability Process Need. The NYISO proposes to include in the costs that a Developer is eligible to recover under the NYISO OATT the portion of an Interregional Transmission Project that is proposed to address a Short-Term Reliability Process Need and is selected by the NYISO in the Short-Term Reliability Process. Allowing such cost recovery in the Short-Term Reliability Process is consistent with the NYISO's approach for Interregional Transmission Projects in its Reliability Planning Process.[144]

F. Services Tariff Section 5.18—Outage State Rules

As the NYISO explains in Sections III.D.i (pages 21-22) and IV.A.xxi (pages 37-38) of this filing letter, it proposes to revise Section 5.18 of the Services Tariff to clarify that the entity that possesses the ultimate authority to decide when a Generator will enter an outage, be repaired and return from an outage, or become Retired (hereafter, the Responsible Generator Party or "RGP") will be required to comply with the rules in Section 5.18 of the Services Tariff that address when and how resources enter into and return from outages, including Forced Outages, IIFOs and Mothball Outages, or become Retired. The proposed clarifications were developed to require RGPs that use bidding agents to interface with the NYISO to accept direct responsibility for complying with the Tariff rules that address Generator outages and how a NYCA Generator can become Retired. The proposed changes are appropriate because many of the rules in Section 5.18 of the Services Tariff that address outages, including Forced Outages, IIFOs, Mothball Outages and becoming Retired apply to Market Participants, but there are NYCA Generators that are owned by RGPs that are not Market Participants and that have not executed service agreements under the Services Tariff or the OATT.[145] The proposed changes were developed to enhance compliance with Section 5.18 of the Services Tariff.

---

[143] *Id*.

[144] OATT Section 6.10.1.1.

[145] An RGP that is currently a NYISO Market Participant or Market Party can elect to restructure its business such that it no longer participates in the NYISO's markets directly, but instead participates through an intermediary (bidding agent) on a going-forward basis. For this reason, the NYISO proposes to require ***all*** entities that possess the ultimate authority to make determinations concerning outages, about whether and when a Generator will be repaired, and/or about the deactivation or retirement of a Generator, to complete and have on file with the NYISO, and timely update a Responsible Generator Party Certification.

G. Market Mitigation Measures and Market Monitoring Plan; Services Tariff Sections 23 and 30

The NYISO proposes revisions to its Market Mitigation Measures (Section 23 of the Services Tariff) to clarify that it will consider information submitted by a Market Participant in support of its decision to derate, retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone.[146] The NYISO also proposes revisions that states it will review the decision that an owner makes to deactivate its Generator based on the information that was available to the owner on or about the date the Generator actually deactivated,[147] or on or about the date on which the owner took an irrevocable action or make an irreversible decision that effectively required the Generator to deactivate.[148]

The NYISO proposes corresponding revisions to Sections 30.4.6.2.10 and 30.4.6.2.11 of its Market Monitoring Plan (Section 30 of the Services Tariff). The identified sections of the Market Monitoring Plan set forth the Market Monitoring Unit's duties related to the NYISO's review of possible physical withholding under the provisions of the Market Mitigation Measures that specified in the preceding paragraph.

Finally, the NYISO proposes to revise Section 23.6 of the Services Tariff to clarify that Interim Service Providers that are only required to keep their generator step-up transformer and other system protection equipment in service are not subject to the Bidding or reference level development requirements in that Section of the Services Tariff. If such an Interim Service Provider fails to keep its generator step-up transformer and other system protection equipment in service then NYISO may evaluate it for possible physical withholding.

H. Interconnection Requirements in Attachments P (Section 22) and S (Section 25) of the OATT

The NYISO proposes revisions to the Transmission Interconnection Procedures ("TIP") in Attachment P of the OATT and to the interconnection requirements in Attachment S of the OATT to take account of the Short-Term Reliability Process requirements.

First, the NYISO proposes to revise Attachments P and S of the OATT to clarify that certain interconnection requirements that apply to transmission solutions identified in other planning processes of the Comprehensive System Planning Process in Attachment Y of the OATT also apply to transmission solutions selected in the Short-Term Reliability Process. Specifically, the NYISO propose to revise the definition of a Transmission Project that is subject to the TIP to exclude transmission facilities proposed by the Transmission Owner that are part of its local plan and for which it is not seeking cost allocation.[149] The NYISO also proposes to specify that it will not send a Transmission Interconnection Application for a competitive

[146] Proposed Services Tariff Section 23.4.5.6.1.

[147] Proposed Services Tariff Sections 23.4.5.6.1 and 23.4.5.6.4.2.1.

[148] Proposed Services Tariff Sections 23.4.5.6.1 and 23.4.5.6.4.2.1.

[149] Proposed revision to OATT Section 22.3.1.3.

transmission project submitted under the Short-Term Reliability Process to the Connecting Transmission Owner until the close of the applicable solicitation window.[150] Similarly, the NYISO proposes to clarify the that it will address deficiencies in Transmission Interconnection Applications for competitive transmission solutions proposed in the Short-Term Reliability Process in the same manner as other planning processes, to ensure that the NYISO does not disclose proposal information to the Connecting Transmission Owner prior to the close of the applicable solicitation window.[151] In addition, the NYISO proposes to clarify that modifications to the Transmission Project that are permitted under the TIP may not be permitted under the requirements of the Short-Term Reliability Process.[152]

Second, the NYISO proposes to revise the base case requirements for the TIP and for its Class Year Study and Expedited Deliverability Study to clarify that the NYISO will include transmission solutions selected in the Short-Term Reliability Process in these bases cases on a similar basis as it does transmission solutions identified in its other planning processes.[153]

Third, Section 25.7.12.3.3 of Attachment S establishes requirements pursuant to which a transmission project selected in one of the planning processes of its Comprehensive System Planning Process (or triggered in the case of the Reliability Planning Process) can replace a System Deliverability Upgrade ("SDU") identified by the NYISO in its interconnection process. In such case, funds collected from Developers to construct the SDU would be used to cover a portion of the transmission solution. The NYISO proposes to clarify that a transmission project selected under the Short-Term Reliability Process could also be determined to replace an SDU and make use of funds collected from Developers for the replaced SDU in the manner detailed in Section 25.7.12.3.3.

I. Miscellaneous and Ministerial Changes

The NYISO's proposed revisions to the OATT and Services Tariff include a number of minor revisions intended to conform, clarify or clean-up existing language. The NYISO proposes to make the following types of revisions in a number of places in the Tariffs.

- The NYISO changed the defined terms used in the Generator Deactivation Process to the defined terms used in the Short-Term Reliability Process.

- The NYISO capitalized the lower cased term "reliability planning process" to incorporate its proposed new defined term "Reliability Planning Process."[154]

[150] Proposed revision to OATT Section 22.4.2.2.

[151] Proposed revision to OATT Section 22.4.2.3.

[152] Proposed revision to OATT Section 22.5.4.5.

[153] Proposed revisions to OATT Sections 22.6.1, 25.5.5.1.

[154] *See* the proposed revisions to Section 31.1.1 of the OATT (definition of Reliability Planning Process).

- The NYISO replaced outdated references to the "Comprehensive System Planning Process" with "Comprehensive System Planning Process" or "Reliability Planning Process" as applicable.[155]

- The NYISO made necessary revisions or corrections to internal tariff cross-references.

- The NYISO clarified that a requirement (such as the requirement to provide Voltage Support service, or to Bid Energy) only applies to Interim Service Providers that are required to keep their generating unit in service.[156]

- The NYISO corrected spacing and inserted (or deleted inadvertent) periods and commas.

- The NYISO updated the headings and section numbering to address new, revised, and delated tariff provisions.

- The NYISO amended OATT Section 22.1 to revise the definitions section of the Transmission Interconnection Procedures to clarify that terms not defined there may instead be defined in the Short-Term Reliability Process in Attachment FF of the OATT.

- The NYISO amended OATT Section 25.7.12.3.3: (i) to correct a typo (replacing "Reliability Need" with a "transmission project under the Reliability Planning Process") and (ii) to update outdated tariff cross-references.

V. EFFECTIVE DATE

The NYISO respectfully requests that the Commission accept the Tariff revisions proposed in this filing with a May 1, 2020 effective date. The NYISO's requested effective date is 63 days after the date of this filing.

VI. COMMUNICATIONS

Communications and correspondence regarding this filing should be directed to:

Robert E. Fernandez, Executive Vice President & General Counsel
Raymond Stalter, Director of Regulatory Affairs
Karen Georgenson Gach, Deputy General Counsel
*Alex M. Schnell, Assistant General Counsel, Registered Corporate Counsel
*Carl F. Patka, Assistant General Counsel
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

* Ted J. Murphy
Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue, NW
Washington, D.C. 20037
Tel: (202) 955-1500
Fax: (202) 778-2201
tmurphy@huntonak.com

*Michael J. Messonnier
Hunton Andrews Kurth LLP

[155] *See* proposed revisions to OATT Sections 3.12, 25.7.8.2.1.5, and 25.7.8.2.1.6.

[156] *See* proposed revisions to OATT Section 5.12.4(c), 5.14.1.1.

Tel: (518) 356-6000
Fax: (518) 356-8825
rfernandez@nyiso.com
rstalter@nyiso.com
kgach@nyiso.com
aschnell@nyiso.com
cpatka@nyiso.com

Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23219
Tel: (804) 788-8712
Fax: (804) 343-4646
mmessonnier@huntonak.com

*Persons designated to receive service[157]

VII. LIST OF DOCUMENT SUBMITTED

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

1. A clean version of the proposed revisions to the OATT, effective May 1, 2020 (Attachment I);

2. A blacklined version of the proposed revisions to the OATT, effective May 1, 2020 (Attachment II);

3. A clean version of the proposed revisions to the Services Tariff, effective May 1, 2020 (Attachment III);

4. A blacklined version of the proposed revisions to the Services Tariff, effective May 1, 2020 (Attachment IV); and

5. A clean version of sections of the Services Tariff incorporating Tariff revisions that will become effective subsequent to the May 1, 2020 effective date requested for the tariff revisions proposed herein (Attachment V).[158]

VIII. SERVICE

The NYISO will send an electronic copy of this filing to the official representative of each party to this proceeding, to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission and the New Jersey Board of Public Utilities. In addition, the complete public version of this filing will be posted on the NYISO's website at www.nyiso.com.

[157] Waiver of the Commission's regulations (18 C.F.R. § 385.203(b)(3) (2020)) is requested to the extent necessary to permit service on counsel for the NYISO in Rensselaer, New York, Washington, D.C. and Richmond, Virginia.

[158] Services Tariff Sections 5.11, 5.12, and 5.14 were filed June 27, 2019 in ER19-2276-000 and accepted by the Commission in *New York Independent System Operator, Inc*., 170 FERC ¶ 61,033 (2020) to become effective March 1, 2021.

IX. CONCLUSION

WHEREFORE, for the foregoing reasons the New York Independent System Operator, Inc. respectfully requests that the Commission accept this filing without requiring any modifications effective May 1, 2020.

Respectfully submitted,

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: */s/ Alex M. Schnell*
Alex M. Schnell,
Assistant General Counsel,
Registered Corporate Counsel

By: */s/ Carl F. Patka*
Carl F. Patka,
Assistant General Counsel

By: */s/ Michael J. Messonnier*
Michael J. Messonnier
Hunton Andrews Kurth LLP
Counsel to the New York Independent System Operator

cc: Anna Cochrane
James Danly
Jignasa Gadani
Jette Gebhart
Kurt Longo
John C. Miller
David Morenoff
Daniel Nowak
Larry Parkinson
Douglas Roe
Frank Swigonski
Eric Vandenberg
Gary Will