New York ISO
Independent System Operator

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

April 7, 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., Compliance Filing and Request for Commission Action No Later Than June 8, 2020; Docket No. ER16-1404-___**

Dear Ms. Bose:

In accordance with Ordering Paragraph "B" of the Commission's February 20, 2020 Order ("February 20 Order"),[1] and its March 25 *Notice of Extension of Time* the New York Independent System Operator, Inc. ("NYISO") respectfully submits this compliance filing. The NYISO's proposed compliance tariff revisions address the proposed "Renewable Exemption" under the "buyer-side" capacity market power mitigation measures (the "BSM Rules") in Attachment H to the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff"). Specifically, the NYISO is proposing a new methodology for calculating the limit on the amount of Unforced Capacity available for a Renewable Exemption (the "Renewable Exemption Limit") for each Mitigated Capacity Zone[2] within each Class Year Study, Additional SDU Study and Expedited Deliverability Study. The NYISO is also proposing to modify the procedures that govern the revocation of previously awarded Renewable Exemptions.[3] As discussed below these revisions implement the directives of the February 20 Order, are just, reasonable, and not unduly discriminatory, and are consistent with other applicable Commission precedent.

The proposed revisions included in this compliance filing are expressly required by the February 20 Order, are necessary to implement or clarify the NYISO's existing tariff language to accommodate the Commission's directives, or are non-substantive organizational or clarifying adjustments. The Commission has previously allowed the NYISO to include revisions in compliance filings that were not explicitly directed by an order but were necessary to

[1] *New York Independent System Operator, Inc.*, 170 FERC ¶61,121 (2020).

[2] Capitalized terms that are not otherwise defined herein shall have the meaning specified in the Services Tariff.

[3] The February 20 Order also directed the NYISO to make compliance revisions to the proposed Self-Supply Exemption ("SSE") under the BSM Rules. On March 17, 2020, the Commission issued a *Notice of Extension of Time* authorizing the NYISO to defer submitting its SSE-related revisions until September 21, 2020. Consequently, this compliance filing does not address the SSE.

accommodate or implement required compliance revisions.[4] As discussed below, the NYISO is proposing a number of such necessary additional revisions, principally to address ministerial and clarifying changes to the language in pertinent sections of the Services Tariff that occurred in the four years since the Renewable Exemption was first proposed.

The NYISO reviewed its compliance proposal for the revised Renewable Exemption Limit at multiple stakeholder meetings and has made various changes in response to stakeholder input. It also consulted closely with the independent Market Monitoring Unit ("MMU") throughout the development of the proposal. The MMU supports the methodology for calculating the Renewable Exemption proposed in this compliance filing.

The NYISO respectfully requests that the Commission issue an order accepting this filing within sixty-two days, *i.e.*, by June 8, 2020, without imposing any conditions or instituting any further proceedings. The NYISO further requests that the Commission make its proposed compliance revisions effective one day after that date, *i.e.*, on June 9, 2020. It is very important that the Commission act by early June. The NYISO is working diligently to complete the Class Year 2019 process on schedule. Completing the Class Year Study in a timely manner is a major priority for the NYISO and many stakeholders. The NYISO has implemented many improvements to its interconnection process, including the Class Year Study, in order to streamline the process and manage the unprecedented increase in the number of proposed projects in the NYISO interconnection queue. Commission action on this filing by early June will allow the NYISO to make determinations under the BSM Rules, including eligibility for exemptions, for Class Year 2019 projects without disrupting the current schedule or creating significant uncertainty. Further, it is also important to complete Class Year 2019 in a timely manner to facilitate developers' decisions about whether to enter an upcoming Expedited Deliverability Study and to allow the next Class Year Study to begin.

In order to complete Class Year 2019 on time, the Renewable Exemption rules must be in place well in advance of the point in the Class Year process when the NYISO is required by tariff to make Offer Floor and exemption determinations under the BSM Rules ("BSM Determinations").[5] The Commission ruled in 2015[6] that it would be unjust and unreasonable for the NYISO to mitigate Renewable Resources with characteristics that warranted an exemption. The NYISO's currently believes that it will be required to make BSM Determinations in Class Year 2019 for renewable projects with such characteristics. It will require some time for the

[4] *See, e.g., New York Independent System Operator, Inc.*, 125 FERC ¶ 61,206 (2008), *reh'g*, 127 FERC ¶ 61,042 (2009) (accepting proposed additional tariff revisions that were necessary to implement the modifications directed by the Commission and to correct drafting errors or ambiguities in a compliance filing).

[5] *See Motion Requesting Commission Action on Compliance Filing, Notice of Implementation Plans, and Conditional Request for Tariff Waivers of the New York Independent System Operator, Inc.*, Docket No. ER16-1404-000 (July 19, 2019) (describing connections between the BSM Rules and Class Year rules that dictate the timing of BSM Determinations).

[6] *New York State Public Service Commission, et al. v. New York Independent System Operator, Inc.*, 153 FERC ¶ 61,022 (2015) (the "October 2015 Order").

NYISO to implement the Renewable Exemption rules, including the determination of "Renewable Exemption Limits" as proposed herein, after this compliance filing is accepted by the Commission. Thus, a delay in acting on this filing would likely cause a delay in the completion of Class Year 2019.

## I. COMMUNICATIONS

Communications regarding this proceeding should be sent to:

Robert E. Fernandez, Executive Vice President & General Counsel
Karen Georgenson Gach, Deputy General Counsel
Raymond Stalter, Director, Regulatory Affairs
*David Allen, Senior Attorney
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
rfernandez@nyiso.com
kgach@nyiso.com
rstalter@nyiso.com
dallen@nyiso.com

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

***Designated to receive service.**

## II. LIST OF DOCUMENTS SUBMITTED

The NYISO submits the following documents with this transmittal letter:

1. A blacklined version of the NYISO Services Tariff compliance revisions proposed in this filing ("Attachment I");

2. A clean version of the NYISO Services Tariff compliance revisions proposed in this filing ("Attachment II"); and

3. The Affidavit of Shaun Johnson ("Attachment III").

## III. BACKGROUND

The October 2015 Order directed the NYISO to establish the Renewable Exemption and Self Supply Exemption ("SSE").[7] The NYISO submitted the required compliance filing in April

[7] *See New York State Public Service Commission, et al. v. New York Independent System Operator, Inc.*, 153 FERC ¶ 61,022 (2015) (the "October 2015 Order").

2016 (the "April 2016 Filing").[8] During the years that this filing was pending at the Commission certain NYISO filings proposed limited changes to the pending Renewable Exemption language. To the extent necessary, these filings are addressed in Section V.E below.

In July 2019, the NYISO filed a motion asking the Commission to act on the April 2016 Filing.[9] The NYISO explained that the Commission's delay had not resulted in any material consequences as of July 2019, because no resources eligible to obtain a Renewable Exemption had yet sought to enter the NYISO-administered markets. However, the NYISO anticipated that multiple resources would seek Renewable Exemptions in Class Year 2019, which began in August 2019. The NYISO therefore urged Commission action and explained that it would implement the Renewable Exemption as-filed if the Commission did not issue an order before the tariff deadline for making BSM Determinations during Class Year 2019.

The NYISO has in fact received requests for a Renewable Exemption from Examined Facilities participating in Class Year 2019. The NYISO also began its first Expedited Deliverability Study ("EDS") on March 20, 2020 ("March 20 EDS").[10] There are no Examined Facilities participating in the March 20 EDS; and as such implementation of the Renewable Exemption, and the NYISO's proposed Renewable Exemption Limit methodology, will first impact Examined Facilities in Class Year 2019.

The February 20 Order conditionally accepted the April 2016 filing but required the NYISO to make substantive changes to both the proposed Renewable Exemption and SSE. With respect to the Renewable Exemption, the Commission conditionally accepted the NYISO's proposed eligibility criteria and process. The Commission found that the NYISO's proposal was consistent with earlier directives because it limited eligibility for the exemption to "Exempt Renewable Technology" which is initially defined (per the NYISO's proposed definition in Section 23.2) as purely intermittent renewable resources with low capacity factors and high development costs. The Commission also accepted as just and reasonable the NYISO's proposal to subject Renewable Exemption Applicants that are not solely powered by Exempt Renewable Technology to an applicant-specific review, based upon criteria set forth in the Services Tariff.

On the other hand, the Commission rejected the NYISO's proposed annual 1,000 MW Renewable Exemption cap (measured in ICAP) and directed the NYISO to submit a revised cap that would be: "(1) narrowly tailored to the mitigated capacity zones, and not based on the entire

[8] *New York State Public Service Commission, et al. v. New York Independent System Operator, Inc., Compliance Filing and Request for Commission Action Within Sixty Days*, Docket No. ER16-1404-000 (April 13, 2016).

[9] *See* n. 5 above.

[10] Expedited Deliverability Studies are a new study type that was added to the NYISO's interconnection process as part of a comprehensive redesign of its Class Year processes that was proposed in 2019 and accepted by the Commissioner in early 2020. *See New York Independent System Operator, Inc., Interconnection Process Improvements*, Docket No. ER20-638-000 (Dec 19, 2019) (the "Class Year Redesign Filing") and *Letter Order*, Docket No. ER20-638-000 (Jan. 31, 2020) (accepting the Class Year Redesign Filing).

NYCA; and (2) based on UCAP rather than ICAP."[11] The February 20 Order emphasized that the MW cap would limit "the risk that the renewable resources exemption will significantly impact market prices and it is such limitation that makes this tariff revision just and reasonable."[12] It further directed the NYISO to "be mindful of the relationship between: (1) the size of the MW cap; and (2) the limit the MW cap imposes on the renewable resource exemption's impact to market prices."[13] Finally, the Commission conditionally accepted NYISO's proposed exemption revocation provisions, but directed the NYISO to create additional procedural protections for an entity facing a possible revocation.[14] All other aspects of the proposed Renewable Exemption that were not discussed by the February 20 Order were accepted.[15]

## IV. JUSTIFICATION FOR THE PROPOSED RENEWABLE EXEMPTION LIMIT CALCULATION

### A. Overview

The February 20 Order reiterated the October 2015 Order's holding that "a capped amount of purely intermittent renewable resources has limited or no incentive and ability to exercise buyer-side market power to artificially suppress ICAP market prices.[16] The Commission emphasized that the "cap" must "limit" the "risk that the renewable resources exemption will significantly impact market prices and it is such limitation that makes this tariff revision just and reasonable."[17] The Commission did not require the NYISO to eliminate all risk that a Renewable Exemption would have any impact on prices. The Commission also gave the NYISO substantial discretion to design a suitable limit. It did not require the NYISO to adopt any specific methodology but indicated that the NYISO was not prohibited from using "some combination of load growth and retirements to set the limit" if appropriate.[18] As explained below, the NYISO's compliance proposal accounts for both load growth and retirements.

In compliance with Paragraph 48 of the February 20 Order the NYISO is proposing to establish a formula to calculate "Renewable Exemption Limits" for each Mitigated Capacity Zone. As required by the February 20 Order, the formula would be based on UCAP, not ICAP values. The advantage of using a formula instead of attempting to define a single static cap is that it would allow for a dynamic limit that is a function of the market conditions occurring in each Mitigated Capacity Zone at the time that a Renewable Exemption Limit is applied.

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[11] February 20 Order at PP 18, 48.

[12] *Id.*

[13] *Id.*

[14] February 20 Order at P 18.

[15] *Id.*

[16] February 20 Order at P 28 *citing* October 2015 Order at P 47.

[17] *Id.* at 48.

[18] February 20 Order at P 51.

The NYISO's proposed formulaic approach is informed by the Commission's guidance. It is "narrowly tailored" to the Mitigated Capacity Zones because it accounts for each of the factors relevant to determining the capacity price impacts of renewable resource entry, such as retirements and load changes, as those factors vary over time. It will also ensure that the Renewable Exemption will not "significantly impact" capacity market prices.

In short, the NYISO's proposed approach will allow intermittent renewable resources that lack the incentive and ability to suppress capacity market prices to qualify for the Renewable Exemption up until the point, based on evolving market and system conditions, that their entry would significantly impact capacity prices. This dynamic approach complies with the February 20 Order, is just and reasonable, is not unduly discriminatory, and will better balance the risks of over- and under-mitigation[19] than a static cap. The Renewable Exemption Limits calculated under the NYISO's proposed method will vary over time as the inputs change, but the formula is designed to produce a value that avoids significant price impacts.[20]

### B. The Renewable Exemption Limit Formula and its Components

Under the NYISO's proposed formula, the Renewable Exemption Limit for each Mitigated Capacity Zone would be equal to the greater of: (a) the UCAP MW associated with the NYISO's calculation of the Minimum Renewable Exemption Limit that would reduce the market price forecast for the Mitigated Capacity Zone by no more than $0.50/kW-month; or (b) the sum of (i) the UCAP MW associated with the "Change in Forecasted Peak Load" calculated by the NYISO in accordance with proposed new Section 23.4.5.7.13.5.2, (ii) the UCAP MW value identified by the NYISO associated with the "Incremental Regulatory Retirements" in accordance with new Section 23.4.5.7.13.5.3, (iii) the "Unforced Capacity Reserve Margin" ("URM") Impact of the Qualified Renewable Exemption Applicants in the Class Year Study, Additional SDU Study, or Expedited Deliverability Study calculated by the NYISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the "Renewable Exemption

[19] *See, e.g., New York State Public Service Commission, et al. v. New York Independent System Operator, Inc.*, 154 FERC ¶ 61,088 at P 31(reiterating the importance of balancing "the need to mitigate the exercise of buyer-side market power to ensure just and reasonable ICAP market prices with the risk of over-mitigating new entrants."); *Consolidated Edison Co. of New York, Inc. v. New York Independent System Operator, Inc*., 150 FERC ¶ 61,139 at P 4 (2015); *New York Independent System Operator, Inc.*, 143 FERC ¶ 61,217 at P 77 (2013) (noting that buyer-side market power mitigation rules must "appropriately balance the need for mitigation of buyer-side market power against the risk of over-mitigation.")

[20] In particular, it is expected that there will be significant generation retirements in New York State during the period covered by Class Year 2019 because of the New York State Department of Environmental Conservation's "Peaker Rule." *See Ozone Season Oxides of Nitrogen ($NO_x$) Emission Limits for Simple Cycle and Regenerative Combustion Turbines*, 6 NYCRR Subpart 227-3 (effective January 16, 2020). https://www.dec.ny.gov/regulations/116131.html. Thus, the Renewable Exemption Limit for Class Year 2019 may be materially higher than in subsequent Class Years, but this difference will be entirely justified by market and system conditions existing in Class Year 2019.

Bank" for each Mitigated Capacity Zone calculated by the ISO in accordance with the proposed new version of Section 23.4.5.7.13.5.5.

Consistent with the February 20 Order, this approach ensures that a Renewable Exemption Limit is narrowly tailored to its corresponding Mitigated Capacity Zone, as opposed to a NYCA-wide value. The formula also adheres to the February 20 Order by providing a Renewable Exemption Limit that will not substantially reduce market prices. The factors proposed that could result in an exemption larger than the amount corresponding to the Minimum Renewable Exemption Limit are each factors that would offset the price effects of the renewable resources that are entering. Each of these factors would tend to increase capacity prices and granting renewable entry exemptions that would tend to offset these increases, but not cause market prices to fall is consistent with the Commission's guidance.

Parameters (b)(i), (ii), and (iii) form the core of the proposed limit because they are tied to factors that would increase capacity market prices and thus should be accounted for in the Renewable Exemption Limit formula. The Minimum Renewable Exemption Limit value will be calculated during each Class Year to reflect the UCAP MW that would be forecasted to cause a $0.50/kW-month impact on ICAP prices. This value would then set an initial minimum amount of UCAP MW available for Renewable Exemptions within the Class Year Study, which may then be adjusted for any Additional SDU and Expedited Deliverability Studies that come to completion prior to the start of the subsequent Class Year Study. This minimum value or floor would be compared to the UCAP MW value arrived at by summing the items listed within (b) above, for each BSM Determination conducted in each Class Year Study, Additional SDU Study and Expedited Deliverability Study. To the extent the sum of the items under (b) equals or exceeds the applicable Minimum Renewable Exemption Limit value, that UCAP MW value would be the Renewable Exemption Limit for that study.[21]

The $0.50/kW-month market price forecast threshold is the same value used in physical withholding thresholds under the NYISO's supplier-side capacity market power mitigation measures[22] to ensure that they are not overly aggressive in inhibiting conduct that would have a *de minimis* impact on market outcomes. Having a minimum threshold is appropriate considering that buyer-side mitigation evaluations are typically performed years before a resource actually enters the market, and are based on a forecast of market conditions. This forecast will naturally tend to under-estimate the actual amount of retirements that will occur since owners of retiring resources are not required to notify the NYISO of their plans more than 12 months in advance. This threshold, which is approximately four percent of the levelized net cost of new entry for the current demand curve unit for New York City, has been used to avoid excessive mitigation of conduct that would have a *de minimis* impact on market outcomes. Thus, this threshold strikes a reasonable balance between preventing price suppression and excessive mitigation that

[21] *See* Attachment III at P 24.

[22] *See* Services Tariff Section 23.4.5.6.3. The Commission has previously declined to act in response to claims that the absence of comparable thresholds in the BSM Rules makes them unjust and unreasonable. *See, e.g.*, Energy Storage Complaint in EL19-86 at 26. But this does not bar the NYISO from proposing to incorporate the threshold into the Renewable Exemption Limit.

unnecessarily limits legitimate public policy objectives. The use of such a price impact threshold is also consistent with Commission precedent involving the renewable exemption from mitigation that was implemented in ISO New England, Inc.[23]

The "Change in Forecasted Peak load" component of the formula would capture both positive and negative Load growth circumstances over time within each Mitigated Capacity Zone. It would allow Renewable Exemptions to be available over time for Qualified Renewable Exemption Applicants when Load growth is a persistent condition in the market without suppressing price. At the same time, it would reduce the amount of Renewable Exemption available when load is expected to contract, thereby avoiding price suppression.

The Renewable Exemption Limit formula would also account for "Incremental Regulatory Retirements." This value is intended to reflect incremental retirements attributable to "direct" regulatory action that has taken place since the prior study period. The core issue or concern associated with State policies that result in sizable new entry of renewable energy resources is that they result in an out-of-market supply increase that can depress capacity prices. The BSM Rules seek to protect the market from the full effects of this artificial supply-demand disequilibrium. However, when out-of-market actions are taken that *reduce supply*, these actions offset the effects of the renewable resource policies that increase supply. Recognizing that out-of-market retirements offset the effects of out-of-market investment is the principle underlying the Competitive Auctions with Sponsored Resource ("CASPR") rules accepted by the Commission and implemented in ISO New England, Inc.[24] This same principle applies to the component of the NYISO's proposed Renewable Exemption Limit formula that would allow Incremental Regulatory Retirements to generate additional renewable resource exemptions. Ultimately, it is the net effect of State policy on supply in the capacity market that matters, including both those policies that increase supply and those that reduce supply. Therefore, recognizing this principle in the proposed renewable entry exemption rules is reasonable and appropriate.

For these rules to be consistent with this principle, however, it is very important that only retirements that are substantially caused by changes in regulatory policies or regulations be included. "Incremental Regulatory Retirements" would not encompass market exit that is a result of changes in market conditions or fluctuations that render a resource uneconomic. Rather, *Incremental Regulatory Retirements* comprise only those retirements where a public policy decision or action *external* to the market contributes materially to the retirement. Decisions to

[23] *See NextEra Energy Resources, LLC v. FERC*, 898 F.3d 14, 21 (D.C. Cir. 2018) ("the Commission reasonably balanced the potential for limited price suppression against competing interests in concluding that the renewable exemption to the minimum offer price rule is consistent with the purpose of the forward capacity market."). *See also ISO New England Inc.*, 147 FERC ¶ 61,173 (2014) (accepting ISO-NE renewable exemption), *reh'g denied*, 150 FERC ¶ 61,065 (2015); *ISO-New England Inc.*, 155 FERC ¶ 61,023 (2016) (order on remand and clarifying renewable exemption by reaffirming that a renewable exemption was not *per se* unjust and unreasonable even if it had the potential to cause some level of artificial price suppression), *reh'g denied*, 158 FERC ¶ 61,138 (2017).

[24] *See ISO New England, Inc.*, 162 FERC ¶ 61,205 (2018).

continue, or cease, operating have typically been driven by the direct impact of *market conditions* upon the economics of a particular facility. Thus, a Generator that is uneconomic and unable to recover its costs sufficiently via the markets, irrespective of external policy actions, is expected to exit and thus would not be included as an Incremental Regulatory Retirement. The proposed mechanism is intended to only capture market exit that is the result of a new regulatory action, for which the anticipated cost of compliance or other financial impact (*e.g.*, elimination of a local property tax exemption) is a significant factor in the Generator's exit.

Although the proposed tariff language defining "Incremental Regulatory Requirements" is clear, the NYISO recognizes that it must weigh the significance of policy and non-policy factors in retirement decisions, and that this determination may significantly increase or decrease the Renewable Entry Limit. As an additional safeguard to ensure that the Incremental Regulatory Requirements rule is not construed too broadly, the NYISO would be required to consult with the independent MMU when determining what qualifies as an Incremental Regulatory Retirement.

The URM Impact value is intended to capture the change in Unforced Capacity Reserve Margin in a Mitigated Capacity Zone that reflects how URM market requirements are expected to increase in response to renewable resource entry. The NYISO will perform an analysis to determine the expected increased impact to URM market requirements as result of the entry of the renewable projects in the Class Year Study, Additional SDU Study, and Expedited Deliverability Study. The consideration of increased URM impacts recognizes that URM market requirements are expected to increase in response to renewable resource entry and, when implemented as proposed, will not lead to price suppression.

For example, the New York State Reliability Council ("NYSRC") recently performed an analysis of the expected change to Installed Reserve Margin ("IRM") and URM requirements using a New York Control Area resource mix containing additional quantities of on-shore wind, off-shore wind, and solar PV renewable resources. The additional renewable resources that connected into the New York City Zone were 2,000 MW of off-shore wind. The UCAP rating of the additional off-shore wind resources was approximately 590 MW under the NYISO's current market rules. The results of the NYSRC's analysis show that the New York City Zone UCAP requirement (*i.e.*, URM as defined in this filing) increased by approximately 350 MW. Thus, the effect on the New York City Zone capacity price due to the off-shore wind would be the UCAP supply added (+590 MW) less the increase in URM demand requirements (-350 MW), for a net increase in supply (relative to requirements) of +240 MW. The NYISO's proposed URM Impact value captures exactly this phenomenon.[25]

[25] The New York State Reliability Council has conducted a study finding that renewable resources increase the URM. The draft whitepaper entitled, *The Impacts of High Intermittent Renewable Resources On the Installed Reserve Margin for New York* (March 31, 2020), can be found at: http://nysrc.org/PDF/MeetingMaterial/ECMeetingMaterial/EC%20Agenda%20252/4.2a%20HR%20White%20Paper%20-%20Clean%20Final%20Draft-Attachment%204.2a.pdf.

The "Renewable Exemption Banks" are the mechanism through which the UCAP MWs which were made available with the calculation of the Renewable Exemption Limit, but were not used, for Renewable Exemptions in a Class Year Study, Additional SDU Study or Expedited Deliverability are "carried over" into subsequent studies. The purpose of the banks is to ensure that any UCAP MWs derived from load growth or Incremental Regulatory Retirements or from the URM impact remain available to Qualified Renewable Exemption Applicants in future BSM Determinations. These measures in aggregate are intended to keep supply and demand in the ICAP market in balance.

The addition of a bank helps to maintain this balance over the long term by accounting for factors directly contributing to renewable entry (*i.e.*, URM) or to policy-driven exits (*i.e.*, Incremental Regulatory Retirements). As exit and entry in the markets is lumpy over time the banks will help to ensure continuity across study periods. Since many of the terms in the formula for the Renewable Exemption Limit are also used in the "Part A" (23.4.5.7.2.(a)) exemption test and in an effort to avoid future price suppression by double counting the same criteria to different exemptions, the UCAP equivalent MWs found exempt under the "Part A" test will be deducted from the bank. This deduction may mean that the bank could have a negative value. Additionally, the bank will be trued-up for previous forecasts which did not materialize. Previously forecasted Incremental Regulatory Retirements that do not actually exit will be deducted from the bank (this can also result in a negative bank) and conversely MWs associated with exemptions previously granted under the Renewable Exemption or "Part A" that do not meet the inclusion rules of the BSM forecast per 23.4.5.7.15 will be added back to the bank.

The attached Affidavit of Shaun Johnson supports the NYISO's proposed compliance approach. It also includes illustrative examples of how Renewable Exemption Bank calculations would interact with each other and how the Minimum Renewable Exemption Limit would operate over time.[26]

## V. DESCRIPTION OF PROPOSED COMPLIANCE TARIFF REVISIONS

### A. Proposed New Definitions

Section 23.2 of the Services Tariff includes the definitions that are used in the BSM Rules and other capacity market-related mitigation provisions. The NYISO is proposing multiple new defined terms that are applicable to the Renewable Exemption rules in Section 23.4.5.7.13. They include adding "Renewable Exemption Applicant" and "Qualified Renewable Exemption Applicant," which were previously terms used within Section 23.45.7.13, to the definitions list in Section 23.2. The NYISO is also defining several terms that are integral to its proposed Renewable Exemption Limit calculation.

[26] As is permitted by the Commission's April 2, *Order Granting Blanket Waiver of In-Person Meeting and Document Notarization Requirements*, 171 FERC ¶ 61,004 (2020), Mr. Johnson's affidavit is signed but not notarized.

The NYISO would add language to Section 23.2 specifying that "Incremental Regulatory Retirements" would be identified by the NYISO in accordance with Section 23.4.5.7.13.5.2 in the Class Year 2019 and in subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that start after July 1, 2020 and will be used in the NYISO's calculation of the Renewable Exemption Limit.

"Minimum Renewable Exemption Limit" would be defined as the UCAP value calculated by the NYISO in the Class Year 2019 and subsequent Class Year Studies in accordance with Section 23.4.5.7.13.5.1 to be used in the NYISO's calculation of the Renewable Exemption Limit.

The April 2016 Filing included references to "Renewable Exemption Applicants" throughout proposed Section 23.4.5.7.13. That term was defined within Section 23.4.5.7.13 as an Examined Facility or NCZ Examined Project that sought a Renewable Exemption. For ease of reference, the NYISO is now proposing to add this term to Section 23.2.

Similarly, as discussed further below in Section V.E, the NYISO proposed modifications to the April 2016 Filing in an October 2017 filing proposing various improvements to the NYISO's interconnection process. The October 2017 Filing modified the (then still-pending) Renewable Exemption proposal to add references to "Qualified Renewable Exemption Applicants," *i.e.*, applicants that are found to satisfy the criteria for seeking a Renewable Exemption.[27] The purpose of adding this term was to clarify the applicability of various tariff provisions to different types of applicants. The "Qualified Renewable Exemption Applicant" revisions were accepted by the Commission in 2017.[28] This change was not incorporated into the effective tariff language at that time but was considered as part of the previously proposed tariff language that would not be superseded by the Class Year Redesign Filing.[29] The NYISO is now proposing to make "Qualified Renewable Exemption Applicant" a defined term in Section 23.2. As noted below, it is also proposing to restore references to "Qualified Renewable Exemption" throughout Section 23.4.5.7.13 when it is appropriate to distinguish them from Renewable Exemption Applicants.

The NYISO also proposes to add a definition of "Renewable Exemption Bank" to Section 23.2. A "Renewable Exemption Bank" would be defined as the amount of UCAP MW calculated separately for each Mitigated Capacity Zone by the NYISO to remain available as described in Section 23.4.5.7.13.5.5 from the most recently completed Class Year Study, Additional SDU Study or Expedited Deliverability Study after deducting the UCAP equivalent

[27] *See* New York Independent System Operator, Inc., *Interconnection Process Improvements*, Docket No. ER18-80-000 (Oct. 16, 2017) (the "October 2017 Filing").

[28] *See Letter* Order, Docket No. ER18-80-000 (Dec. 7, 2017) (accepting the "comprehensive queue improvements" that were proposed in the October 2017 Filing, including Class Year "bifurcation" provisions and conforming adjustments to the BSM Rules (such as the addition of "Qualified Renewable Exemption Applicant" references).

[29] *See* n. 10 above.

MW of awarded Renewable Exemption in that most recent study from the Renewable Exemption Limit.

"Renewable Exemption Limit" would be defined in Section 23.2 as "the maximum amount of UCAP MW calculated by the ISO in accordance with Section 23.4.5.7.13.5.5 in Class Year 2019 and any subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies that start after July 1, 2020 that is available for Qualified Renewable Exemption Applicants to receive Renewable Exemptions pursuant to section 23.4.5.7.13."

Finally, the NYISO is proposing to add a new definition of "Unforced Capacity Reliability Margin" ("URM"). The URM would be defined as, "the megawatt value calculated by the ISO when converting the (a) the IRM for the NYCA or (b) the Locational Minimum Installed Capacity Requirement ("LCR") for a given Locality within the NYCA into UCAP terms using ICAP to UCAP conversion factors consistent with the corresponding resource adequacy study." The impacts of the URM caused by Qualified Renewable Exemption Applicants is captured in the formula for the Renewable Exemption Limit which is proposed in Section 23.4.5.7.13.5.

### B. Proposed Compliance Revisions to Renewable Exemption Eligibility Criteria

The NYISO is proposing several non-substantive updates to the Renewable Exemption eligibility criteria set forth in Section 23.4.5.7.13.1 of the Services Tariff.

First, the NYISO would establish that the Renewable Exemption would first apply "for Class Year 2019, subsequent Class Year Studies, Additional SDU Studies and Expedited Deliverability Studies that start after July 1, 2020 . . . ," instead of for Class Year 2015 as was originally envisioned by the April 2016 Filing. The new language addressing Additional SDU Studies and Expedited Deliverability Studies is necessary because those types of studies were introduced by the Class Year Redesign Filing. The April 2016 Filing's version of the Renewable Exemption proposal only referenced Class Year Studies because they were the only types of studies that existed at the time. Second, the NYISO would delete proposed language in Section 23.4.5.7.13.1 governing the application and allocation of the previously proposed 1,000 MW cap on Renewable Exemption awards. The deletion would reflect the fact that the 1,000 MW cap proposal was rejected by the Commission. Moreover, the NYISO is now proposing to address "exemption allocation" issues that would arise when the UCAP MW of Qualified Renewable Exemption Applicants exceeds the applicable Renewable Exemption Limit using the proposed new rules provided in new Sections 23.4.5.7.13.5 and 23.4.5.7.13.6 (discussed below).

Finally, the NYISO is proposing to replace certain references to "Renewable Exemption Applicants" in Section 23.4.5.7.13.1 with references to "Qualified Renewable Exemption Applicants" and to make other clarifying changes that were either first introduced by the NYISO in the October 2017 Filing but that were removed by the Class Year Redesign Filing or that are necessitated by the Class Year Redesign Filing (*e.g.*, adding rules to address Additional SDU Studies).

### C. Proposed Compliance Revisions Governing the Calculation of "Renewable Exemption Limits"

Proposed new Section 23.4.5.7.13.5 would govern the calculation of Renewable Exemption Limits for each Mitigated Capacity Zone for each Class Year Study, Additional SDU Study and Expedited Deliverability Study. As was noted above, the Renewable Exemption Limit for each Mitigated Capacity Zone would be the greater of: (a) the Minimum Renewable Exemption Limit; or (b) the sum of (1) forecasted changes in Load growth; (2) forecasted retirements that are driven by legislative and regulatory requirements and policy (*i.e.*, "Incremental Regulatory Retirements"), (3) changes to the URMs that reflect the changes to the minimum requirements for each Mitigated Capacity Zone that are indicated by modeling a "BSM base case" and a "BSM case" including the megawatts of Qualified Renewable Exemption Applicants seeking a Renewable Exemption, using the same software and methods used to determine resource adequacy requirements (*e.g.*, NYCA IRM, Locality LCRs) for the ICAP market ("URM Impact"), and (4) the rolling bank of unused UCAP MW from previous BSM Determinations,[30] whichever is greater.

Proposed Section 23.4.5.7.13.5 explains that Renewable Exemption Limits would first be calculated for the Class Year 2019 Study that is expected to be completed at the end of this summer. There are no Examined Facilities in the March 20, 2020 Expedited Deliverability Study and the next Expedited Deliverability Study is not expected to start until late this summer. As a result the NYISO would first expect to implement the Renewable Exemption during Class Year 2019. The NYISO would employ the same methodology to calculate Renewable Exemption Limits for all subsequent Class Year Studies, Additional SDU Studies, and Expedited Deliverability Studies commencing after July 1, 2020.

Section 23.4.5.7.13.5 establishes that each Renewable Exemption Limit "will identify the maximum amount of Renewable Exemption MW that can be granted in each Mitigated Capacity Zone to Qualified Renewable Exemption Applicants that accept their exemption determinations." It states that a Renewable Exemption Limit will be calculated for each Mitigated Capacity Zone in UCAP MW as the greater of "(a) the UCAP MW associated with the ISO's calculation of the Minimum Renewable Exemption Limit as described in Section 23.4.5.7.13.5.1 that will lower the market price forecast for the Mitigated Capacity Zone by $0.50/kW-month or (b) the sum of (i) the UCAP MW associated with the "Change in Forecasted Peak Load" calculated by the ISO in accordance with Section 23.4.5.7.13.5.2, (ii) the UCAP MW value identified by the ISO associated with the Incremental Regulatory Retirements calculated by the ISO in accordance with Section 23.4.5.7.13.5.3, (iii) the URM Impact of the Qualified Renewable Exemption Applicants in the Class Year Study, Additional SDU Study, or Expedited Deliverability Study calculated by the ISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the Renewable Exemption Bank for each Mitigated Capacity Zone calculated by the ISO in accordance with Section 23.4.5.7.13.5.5.

[30] For purposes of initially applying the formula for Class Year 2019, the bank of UCAP MW will be set to zero for each Mitigated Capacity Zone. *See* proposed Services Tariff Sections 23.4.5.7.13.5.5.1 and 23.4.5.7.13.5.5.2.

Section 23.4.5.7.13.5 would also establish that the NYISO will post on its website the assumptions and calculation of the UCAP MW limit of Renewable Exemption available in each study with its "posting of the BSM Forecast inputs in accordance with Section 23.4.5.7.15" of the Services Tariff, subject to any applicable confidentiality restrictions.

Proposed new Section 23.4.5.7.13.5.1 would describe the calculation of the Minimum Renewable Exemption Limit for each Class Year Study beginning with Class Year 2019. As was noted above, the Minimum Renewable Exemption Limit would be equal to the equivalent UCAP MW that is forecasted to cause a price decrease to the Installed Capacity Spot Auction results of $0.50/kW-Month.

The Minimum Renewable Exemption Limit calculated in the preceding Class Year Study carries forward to subsequent Additional SDU Studies and Expedited Deliverability Studies that are completed prior to the start of the Initial Decision Period for the following Class Year Study. Between Class Year Studies, the Minimum Renewable Exemption Limit is reduced if Qualified Renewable Exemption Applicants are awarded a Renewable Exemption when the Minimum Renewable Exemption Limit is in effect as the Renewable Exemption Limit for the Class Year Study, Additional SDU Study, and/or Expedited Deliverability Study (*i.e.*, when the Minimum Renewable Exemption Limit results in the higher UCAP MW value when calculating the Renewable Exemption Limit in the study).

Proposed new Section 23.4.5.13.5.2 specifies how the "Change in Forecasted Peak Load" used in the Renewable Exemption Limit formula is to be calculated. For the Class Year 2019 this value would be equal to the:

> UCAP MW change associated with the difference between the 2020 peak Load forecast published in the ISO's 2020 Load and Capacity Report and the forecasted peak Load for the last year of the applicable Mitigation Study Period used to evaluate Examined Facilities in Class Year 2019 pursuant to Section 23.4.5.7.2(b) of this Services Tariff that is identified from the ISO's most recently published Load and Capacity Report.

And for this calculation in subsequent studies the tariff would require:

> The change in forecasted peak load used in the Renewable Exemption Limit for all subsequent studies shall be the calculated as the difference between the forecasted peak Load for last year of the applicable Mitigation Study Period used to evaluate Examined Facilities pursuant to Section 23.4.5.7.2(b) of this Services Tariff in the immediately preceding Class Year Study, Additional SDU Study, or Expedited Deliverability Study and the forecasted peak Load that applies to the last year of the Mitigation Study Period used to evaluate Examined Facilities pursuant to Section 23.4.5.7.2(b) of this Services Tariff in the ongoing study that is identified from the ISO's most recently published Load and Capacity Report**.**"

Proposed Section 23.4,5.13.5.3 addresses the use of "Incremental Regulatory Retirements" in Renewable Exemption Limit calculations. The "UCAP MW of Incremental Regulatory Retirements" would be determined pursuant to the following process:

> [S]hall include the incrementally new MW of Retirements forecasted in accordance with Sections 23.4.5.7.15.6 and 23.4.5.7.15.7 of the Services Tariff that have retired, or are planning to permanently cease operation, in order to comply with or in response to new or amended regulations or statutes, or other regulatory or related action, including but not limited to those that impact (i) Generator emissions, (ii) inability to renew or modify the necessary operating permits, (iii) availability of fuel supply, (iv) assessment of property taxes, and (v) compensation or other incentive outside of the ISO markets received by a Generator that is contingent upon its permanently ceasing operation. In order for the ISO to identify UCAP MW of Incremental Regulatory Retirements such regulatory action must be a significant factor in the retirement of the Generator (*i.e.*, a factor that contributes materially to the retirement).

As a further safeguard to ensure that these determinations are well-founded, the NYISO's proposal requires that it consult with the independent MMU when determining what qualifies as an Incremental Regulatory Retirement. It would also prescribe the MMU's reporting and posting obligations which provide for greater transparency to stakeholders. These provisions are consistent with other provisions under the BSM Rules[31] that require the NYISO to consider MMU input and authorize the MMU to report on any concerns that it may have with the NYISO's conclusions. But they provide an additional level of protection by specifying that the Commission will review and address the NYISO's determinations if the MMU does not endorse them. Specifically:

> When identifying such UCAP MW of Incremental Regulatory Retirements the ISO shall consult with the Market Monitoring Unit when evaluating whether newly enacted or amended regulatory action plays a significant role in the retirement of the Generator. Prior to the ISO making a determination to include or exclude a Generator retirement in this component of the Renewable Exemption Limit calculation, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation. The Market Monitoring Unit shall also include its assessment in its report issued pursuant to Section 23.4.5.7.6.8 of Attachment H to this Services Tariff and as further specified in Section 30.4.6.2.13 of Attachment O to this Services Tariff. In the event that the ISO view on whether to include a Generator retirement in its calculation of the UCAP MW of Incremental Regulatory Retirements is contrary to the recommendation of the Market Monitoring Unit, the ISO will submit the question to FERC for resolution. The ISO's filing with FERC will describe the ISO's opinion and recommendation and include the Market Monitoring Unit's written opinion and recommendation. The ISO will request FERC to act on this filing within 60 days and will begin the

[31] *See* Services Tariff Sections 23.4.5.7.6.8, 23.4.5.7.9.4.2, and 23.4.5.7.10.

> Initial Decision Period of the Class Year Study, Additional SDU Study, or submit the Class Year Study or Additional SDU Study to the Operating Committee for approval, until FERC acts on the ISO's filing. Once FERC acts on the ISO's filing, the ISO will calculate the Renewable Exemption Limit using the UCAP MW of Incremental Regulatory Retirements consistent with the FERC decision.

Proposed new Section 23.4.5.7.13.5.4 governs the NYISO's calculation of URM Impact values used in the Renewable Exemption Limit formula. The URM Impact of the "CRIS MW requested by the Qualified Renewable Exemption Applicants shall be computed for each Class Year Study, Additional SDU Study, and Expedited Deliverability Study." A URM Impact "shall be calculated separately for each Mitigated Capacity Zone. If there are no Qualified Renewable Exemption Applicants participating in the study the URM Impact of Qualified Renewable Exemption Applicants shall be zero, otherwise the ISO shall calculate the incremental URM associated with Qualified Renewable Exemption Applicants in the study."

In implementing the calculation of this term within the proposed Renewable Exemption Limit formula the NYISO shall calculate the URM Impact of the Qualified Renewable Exemption Applicants separately for each Mitigated Capacity Zone and technology type. When there are no Qualified Renewable Exemption Applicants participating in the study the URM Impact of Qualified Renewable Exemption Applicants shall be zero, otherwise the NYISO shall calculate the URM impacts using the inputs and methods used to determine the most recently approved Installed Capacity requirements for the Localities (*i.e.*, NYISO Locational Minimum Installed Capacity Requirements Study), to the extent practicable. Each Mitigated Capacity Zone's URM impact will reflect the sum of the changes in URM caused by each Qualified Renewable Exemption Applicant in the study, prorated for any Qualified Renewable Exemption Applicants that drop out of the study.

Section 23.4.5.7.13.5.5 describes the "Renewable Exemption Banks." Under the NYISO's proposed language:

> The amount of UCAP MW in the Renewable Exemption Bank shall be calculated separately for each Mitigated Capacity Zone as a running total of UCAP MW determined to be available in the calculation of a Renewable Exemption Limit as described above for the most recently completed Class Year Study that was not awarded to a Qualified Renewable Exemption Applicant as part of that Class Year Study or in subsequent Additional SDU Studies and Expedited Deliverability Studies that are completed prior to the start of the Initial Decision Period of the next Class Year Study. The UCAP equivalent MW of CRIS MW that receive exemptions pursuant to Section 23.4.5.7.2.(a) and that are shall be deducted from the Renewable Exemption Bank. Renewable Exemptions awarded in a Mitigated Capacity Zone during a Class Year Study, Additional SDU Study or Expedited Deliverability Study pursuant to the Minimum Renewable Exemption Limit for that Mitigated Capacity Zone shall not be subtracted from the Renewable Exemption Bank for that Mitigated Capacity Zone. The Bank will further be modified for each Study such that 1) any UCAP MWs from Incremental

> Regulatory Retirement previously forecast pursuant with 23.4.5.7.13.5.3 which did not remove capacity consistent with the forecast or did not retire would be deducted from the Bank and 2) any UCAP MWs previously found exempt under 23.4.5.7.13.4.2 or Section 23.4.5.7.2.(a) which do not meet the criteria per 23.4.5.7.15 to be included into the NYISO forecast shall be added back to the Bank.

Proposed new Sections 23.4.5.7.13.5.5.1 and 23.4.5.7.13.5.5.2 contain additional rules specific to how the Renewable Exemption Banks for the New York City Locality and the G-J Locality interact. These are the two Mitigated Capacity Zones that currently exist in New York. These additional rules are required because the New York City Locality is located wholly within the G-J Locality.

Section 23.4.5.7.13.5.5.1 establishes that:

> The Renewable Exemption Bank for New York City Locality used in the calculation of the Renewable Exemption Limit for New York City Locality in accordance with Section 23.4.5.7.13.5 will be a rolling calculation of UCAP MW calculated using the sum of (i) the UCAP MW associated with the Change in Forecasted Peak Load calculated by the ISO in accordance with Section 23.4.5.7.13.5.2, (ii) the UCAP MW value of the Incremental Regulatory Retirements calculated by the ISO in accordance with Section 23.4.5.7.13.5.3, (iii) the URM Impact of the Qualified Renewable Exemption Applicants calculated by the ISO in accordance with Section 23.4.5.7.13.5.4, and (iv) the UCAP MW in the Renewable Exemption Bank for New York City Locality that carried forward from the immediately prior Class Year Study, Additional SDU Study, or Expedited Deliverability Study, less (v) the UCAP equivalent MW associated with the exempted CRIS MW received by Qualified Renewable Exemption Applicants pursuant to this Section 23.4.5.7.13 of the Services Tariff in the current study in the New York City Locality.

Section 23.4.5.7.13.5.5.2 states that the Renewable Exemption Bank for the G-J Locality will likewise be a rolling calculation computed in the same manner, and using the same factors (and data relevant to the G-J Locality), as the calculation for the New York City bank except that the value subtracted from the sum of items (i) through (iv) is different. For the G-J Locality, the NYISO will subtract the sum of (a) the UCAP equivalent MW associated with the exempted CRIS MW received by Qualified Renewable Exemption Applicants pursuant to this Section 23.4.5.7.13 of the Services Tariff in the current study in both the New York City and the G-J Localities and (b) any positive UCAP MW remaining in the Renewable Exemption Bank for the New York City Locality. That is, the amount of MWs in the G-J Locality Bank will be offset, by the MW in the New York City bank; this can result in a negative value for the G-J Locality Bank. The purpose of this requirement is to avoid double counting "carryover" capacity from one study to the next. As the New York City Locality ("Load Zone J") is wholly nested within the G-J Locality not only the Renewable exemptions awarded, but the remaining New York City Locality bank must be deducted from the G-J Locality calculation.

Both Sections 23.4.5.7.13.5.5.1 and 23.4.5.7.13.5.5.2 provide that the New York City Locality and G-J Locality Renewable Exemption Banks will be set at zero when calculating the initial Renewable Exemption Limits applicable for Class Year 2019. This is appropriate because Class Year 2019 will be the first time that the NYISO implements the Renewable Exemption, and the Renewable Exemption Limit. Thus, there will be no "carryover" MW from prior studies.

Finally, proposed Section 23.4.5.7.13.6 would describe how the NYISO would determine actual Renewable Exemption awards in light of the Renewable Exemption limits. This provision would replace outdated "exemption allocation" rules included in the April 2016 Filing and subsequently addressed by certain other filings. The NYISO's new compliance proposal is that it would convert the CRIS MW requested for each Qualified Renewable Exemption Applicant in a Class Year Study, Additional SDU Study or Expedited Deliverability Study to a UCAP MW equivalent value in accordance with applicable UCAP Deration Factor ("UCDF") and in accordance with ISO Procedures. The UCDF shall be based on specific type of Exempt Renewable Technology being proposed by the Qualified Renewable Exemption Applicant. The NYISO would award Renewable Exemptions to Qualified Renewable Exemption Applicant in each Mitigated Capacity up to, but not to exceed, the UCAP MW value calculated in the applicable Class Year Study, Additional SDU Study or Expedited Deliverability Study to be the Renewable Exemption Megawatt Limit for the Mitigated Capacity Zone as provided in proposed Section 23.4.5.7.13.5. If the UCAP MW equivalent value of the total requested CRIS MW received from Qualified Renewable Exemption Applicants in a given study exceeds the applicable UCAP MW Renewable Exemption Megawatt Limit calculated by the NYISO then the NYISO would award Renewable Exemptions on a *pro rata* basis using the UCAP MW equivalent value it calculated for the requested CRIS MW of each Qualified Renewable Exemption Applicant that remains in the relevant study.

### D. Proposed Compliance Revisions to Renewable Exemption Revocation Provisions

In compliance with the October 2015 Order, the April 2016 Filing included provisions governing the potential revocation of a Renewable Exemption. These provisions were modeled closely on the previously accepted revocation language applicable to Competitive Entry Exemptions.

The February 20 Order conditionally accepted the revocation provisions.[32] It directed the NYISO to further revise the Services Tariff "to provide an opportunity for an exemption holder to explain to NYISO why revocation may be inappropriate" before the NYISO revokes a Renewable Exemption.

In accordance with this new requirement, the NYISO has proposed additional compliance language for inclusion in Section 23.4.5.7.13.3.1 and 23.4.5.7.13.3.3. The new language builds on the NYISO's previous compliance proposal, which already contemplated that exemption

[32] *See* February 20 Order at P 141.

holders would be afforded an opportunity to explain why an exemption should not be revoked. The proposed new tariff language would add further procedural details.

Specifically, Section 23.4.5.7.13.3.1 applies to scenarios in which an exemption holder gives the NYISO timely notice that changed circumstances could mean that it is no longer eligible for a Renewable Exemption. The proposed new compliance language would require the NYISO to respond by providing written notice of its intent to revoke an exemption and set forth its reasons within ten business days of receiving notice from an exemption holder. The NYISO would also be required to provide the exemption holder with twenty business days to schedule a meeting with the NYISO in order to make a final attempt to demonstrate why the exemption should not be revoked. The NYISO would be obliged to determine within ten business days of the meeting whether the revocation of the Renewable Exemption should be finalized and to post a revocation determination on its website.

Similarly, Section 23.4.5.7.13.3.3 applies to scenarios in which an exemption holder has not given the NYISO timely notice of, but the NYISO has identified, a development that could invalidate a Renewable Exemption. Previously accepted language required the NYISO to give an exemption holder notice of a potential revocation in this scenario. Proposed new compliance language would clarify that the NYISO's notice must be in writing and must provide the exemption holder with an opportunity to submit documentation to the NYISO and meet with the NYISO to attempt to rebut the NYISO's findings within thirty days. In addition, the NYISO would be obliged to determine within ten business days of the meeting whether the revocation of the Renewable Exemption should be finalized and post a revocation determination on its website.

### E. Additional Necessary Compliance Tariff Revisions

As noted above, the Commission has previously authorized the NYISO to include additional revisions in compliance filings that were not expressly required by the Commission but that are necessary to implement or accommodate such revisions.[33] A number of such revisions are included in this filing.

For example, as was noted in various places in the preceding sections, the NYISO has added references to Additional SDU Studies and Expedited Deliverability Studies throughout its proposed compliance tariff language. These revisions are necessary because the NYISO's Class Year Redesign Filing created new types of studies that did not exist when the April 2016 Filing was developed. Similarly, the compliance revisions proposed herein include multiple references to "Qualified Renewable Exemption Applicants" for the reasons discussed above.

This filing also modifies the previously filed and accepted tariff language with respect to Qualified Renewable Exemption Applicants[34] and seeks to provide additional clarity with

[33] *See* n. 4 above.

[34] *See* October 2017 Filing and See Letter Order, Docket No. ER18-80-000 (Dec. 7, 2017) (accepting the "comprehensive queue improvements" that were proposed in the October 2017 Filing, including Class Year "bifurcation" provisions and conforming adjustments to the BSM Rules (such as the addition of "Qualified Renewable Exemption Applicant" references).

respect to the previously filed language with respect to both Renewable Exemption Applicants and Qualified Renewable Exemption Applicants by defining these terms in Section 23.2 and clarifying the usage of these terms throughout Section 23.4.5.7.13.

In addition, the NYISO is excluding from this filing the tariff language that was filed in the October 2017 Filing and accepted by the Commission, but that was never effective tariff language because it was superseded by the Class Year Redesign Filing[35] prior to the Commission's order on the original Renewable Exemption proposal in the April 2016 Filing. The excluded language largely pertains to descriptions of the bifurcation of the Class Year Study that was proposed in the October 2017 Filing. For example, this language occurs in a parenthetical that was originally proposed in the October 2017 Filing modifying Section 23.4.5.7.13.1 of the Services Tariff. The superseded language reads "…(a Class Year that is not Bifurcated, or Class Year X-1 and Class Year X-2 together, meaning "the same Class Year")" and is shown as struck through in Attachment IX to the Class Year Redesign Filing. There is a large block of similarly superseded language found in Section 23.4.5.7.13.1(b) of the Services Tariff, which this filing is proposing to delete.

In Section 23.4.5.7.13.4.2, several tariff references were proposed to address the bifurcation of the Class Year Study in the October 2017 filing that have also been mooted by the Class Year Redesign Filing. For instance, the sentence "[f]or a Class Year that is not Bifurcated the ISO shall make such qualification determination prior to the Initial Decision Period" and other related language is no longer relevant tariff language. The NYISO is also eliminating the first sentence in Section 23.4.5.7.13.4.4 of the Services Tariff that was originally proposed in the October 2017 Filing. This sentence read "[c]oncurrent with the ISO's posting on its website of the BSM Forecast inputs, the ISO shall post both the total MW of Examined Facilities that were determined to be Qualified Renewable Exemption Applicants and the total MW of Examined Facilities for which Renewable Exemptions were requested." This sentence has been made redundant by the proposed revisions to the first sentence in Section 23.4.5.7.13.4.4, which reads "[t]he ISO shall post on its website its determination of whether the Renewable Exemption Applicant has been determined to be a Qualified Renewable Exemption Applicant and the quantity of the CRIS MW and UCAP equivalent MW for which the Qualified Renewable Exemption Applicant was determined to be exempt for any quantity of MW, and if exempt, the quantity of MW exempt, or non-exempt, from an Offer Floor as soon as the determination is final." In addition to eliminating superseded and redundant provisions, the NYISO is also proposing new language to Section 23.4.5.7.13.4.2 that is necessary to integrate the various elements that impact the NYISO's implementation of Renewable Exemptions (e.g., new study types, "Qualified Renewable Exemption Applicants," the proposed Renewable Exemption Limit formula, and new exemption allocation provisions proposed in Section 23.4.5.7.13.6).

## VI. STAKEHOLDER AND INDEPENDENT MARKET MONITORING UNIT INPUT

The NYISO worked expeditiously to submit this compliance filing by the deadline dictated by the February 20 Order. In response to stakeholder requests that it take additional time the NYISO obtained the extension that was granted on March 25. The NYISO's proposed

[35] *See* n. 10 above.

methodology for calculating the annual Renewable Exemption was discussed at two meetings of the Installed Capacity Working Group and were substantially revised in response to stakeholder feedback. The NYISO also invited, and considered, written stakeholder comments on the proposal.

In addition, the NYISO also engaged in extensive discussions with the MMU concerning the compliance proposal. The NYISO's understanding is that the MMU supports the methodology for calculating the Renewable Exemption proposed in this compliance filing.

## VII. REQUEST FOR COMMISSION ACTION WITHIN SIXTY-TWO DAYS

The NYISO respectfully asks that the Commission issue an order accepting this compliance filing, without imposing condition or instituting any new proceedings, within sixty-two days, *i.e.*, by June 8, 2020. Action by that date should enable the NYISO to implement the Renewable Exemption in time for BSM Determinations made that will be made in Class Year 2019.[36] The NYISO anticipates that these determinations will not be made until September 2020. It is critically important that the Renewable Exemption be in effect by that date. The October 2015 Order held that it would be unjust and unreasonable "over-mitigation" to subject intermittent renewables to the BSM Rules up to an appropriate cap. The February 20 Order did not alter this holding. The NYISO is committed to completing the Class Year 2019 process on schedule. Delaying the implementation of the Renewable Exemption would seriously threaten the NYISO's ability to meet this vitally important goal.

## VIII PROPOSED EFFECTIVE DATE

The NYISO is requesting an amended effective date of June 9, 2020, *i.e.*, one day after the date that the NYISO has asked the Commission to act, for the compliance tariff revisions proposed herein. The requested effective date will enable the NYISO to implement the Renewable Exemption in Class Year 2019, as contemplated by the February 20 Order.[37]

## IX. SERVICE

The NYISO will send an electronic link to 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 to the New

[36] Paragraph 17 of the February 20 Order stated that if the NYISO anticipated "having to delay its issuance of the Class Year 2019 buyer-side market power mitigation determinations as a result of this order, NYISO should also provide an updated schedule for its issuance of such determinations." To be clear, the NYISO does not anticipate any need to delay Class Year 2019 BSM Determinations so long as the Commission acts by June 8, 2020.

[37] *See* February 20 Order at PP 16-17 (making conditionally accepted Renewable Exemption revisions effective for Class Year 2019 and instructing the NYISO to include in this compliance filing "any tariff revisions necessary to make the [Renewable Exemption] effective for the Class Year 2019."

Jersey Board of Public Utilities. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com.

## X. CONCLUSION

In conclusion, the NYISO respectfully asks that the Commission act within sixty-two days, *i.e.*, by June 8, 2020 to accept this compliance filing without any conditions and without instituting any further proceedings. The NYISO requests that the proposed compliance tariff revisions be made effective the day after that date, *i.e.*, on June 9, 2020.

Respectfully Submitted,

*/s/ David Allen*
David. Allen
Senior Attorney
New York Independent System Operator, Inc.

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