38.1 Definitions

Whenever used in the **Short-Term Reliability Process** requirements in this Section 38 with initial capitalization, the following terms shall have the meaning specified in this Section 38.1. Terms used in this Section 38 with initial capitalization that are not defined in this Section 38.1 shall have the meanings specified in Section 31.1.1 of Attachment Y of the ISO OATT or, if not defined therein, in Section 1 of the ISO OATT or Section 2 of the ISO Services Tariff.

Developer: A person or entity, including a Transmission Owner, sponsoring or proposing a solution to a Short-Term Reliability Process Need pursuant to this Attachment FF.

Designated Entity: A Developer or Transmission Owner that the ISO designates pursuant to Section 31.2.7, 31.3.2.4, or 31.4.11 of Attachment Y or Section 38.10.2.1.3 or 38.10.5 of Attachment FF as the person or entity to build, own, and recover the costs of a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, or Designated Short-Term Transmission Project, or a Transmission Owner that the ISO designates pursuant to Section 22.9.6 of Attachment P as the entity to build, own, and recover the costs of Designated Network Upgrade Facilities. For Public Policy Transmission Projects selected by the ISO as the more efficient or cost effective solution to a Public Policy Transmission Need prior to the 2020-2021 cycle of the Public Policy Transmission Planning Process, the Designated Entity shall mean the Developer of the selected Public Policy Transmission Project.

Designated Network Upgrade Facilities: The Network Upgrade Facilities that are identified through the Transmission Interconnection Procedures for a Designated Reliability Transmission Project, Designated Economic Transmission Project, Designated Public Policy Project, or Designated Short-Term Transmission Project; that meet the definition of upgrade under Section 31.6.4 of Attachment Y; and that are designated to the Connecting Transmission Owner or Affected Transmission Owner pursuant to Section 22.9.6 of Attachment P.

Designated Short-Term Transmission Project: The regulated transmission Short-Term Reliability Process Solution selected by the ISO to address a Short-Term Reliability Process Need, or a portion of such regulated transmission solution, that the ISO designates to a Designated Entity pursuant to Section 38.10.2.1.3 or Section 38.10.5 of Attachment FF.

Generator Deactivation Assessment: The ISO's analysis, in coordination with the Responsible Transmission Owner(s), of whether a Generator Deactivation Reliability Need will result from a Generator becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Except when the ISO elects to assess the reliability impacts of a Generator's ICAP Ineligible Forced Outage outside the quarterly STAR, a Generator Deactivation Assessment will be a component of a STAR.

Short-Term Assessment of Reliability Start Date: The date on which the ISO next commences a STAR after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete. If a Market Participant's Generator enters into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, then the Short-Term Assessment of Reliability Start Date is the date on which the ISO next commences a STAR; except (i) when the ISO determines that it should commence a stand alone Generator Deactivation Assessment based on the potential for an immediate reliability need to arise (*see* Section 38.3.4), or (ii) when the ISO is able to and elects to add a Generator that is in an ICAP Ineligible Forced Outage to a STAR that has already begun. Under either exception [(i) or (ii)], the Short-Term Assessment of Reliability Start Date is the date on which the Generator entered an ICAP Ineligible Forced Outage.

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

Generator Deactivation Reliability Need: A condition identified by the ISO in a STAR or a Generator Deactivation Assessment as a violation or potential violation of one or more Reliability Criteria and applicable local criteria. Violations and potential violations identified in a STAR are only Generator Deactivation Reliability Needs if the need can be resolved, in whole or in part, by the continued availability or operation of an Initiating Generator. A Generator Deactivation Reliability Need is a type of Short-Term Reliability Process Need.

Generator Owner: (a) the entity or entities that have executed an RMR Agreement and assumed ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets; (b) the entity or entities that have indicated their willingness to execute an RMR Agreement and assume ultimate responsibility for the operation of an RMR Generator and its participation in the ISO Administered Markets by submitting a filing to FERC proposing a rate for providing RMR service or seeking to recover the cost of Capital Expenditures; or (c) the entity or entities that possess ultimate responsibility for the operation of an Interim Service Provider and its participation in the ISO Administered Markets. The Generator Owner may be a Market Party and/or a Market Participant, may include one or more Market Parties and/or Market Participants, or may participate in the ISO Administered Markets by and through one or more Market Parties and/or Market Participants.

Initiating Generator: A Generator with a nameplate rating that exceeds 1 MW that submits a Generator Deactivation Notice for purposes of becoming Retired or entering into a Mothball Outage or that has entered into an ICAP Ineligible Forced Outage pursuant to Section 5.18.2.1 of the ISO Services Tariff, which action is being evaluated by the ISO in accordance with its Short-Term Reliability Process requirements in this Section 38 of the ISO OATT.

Interim Service Provider: A Generator that must remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181st day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date. A Generator that submitted a Generator Deactivation Notice to be Retired is an Interim Service Provider even if the ISO authorizes the Generator to be deactivated,

if the ISO or a Responsible Transmission Owner requires the step-up transformer(s) and/or other system protection equipment to remain in service during the 365 days that follow the Short-Term Assessment of Reliability Start Date beyond the latest of (a) the 181st day after the ISO issues a written notice to a Market Participant pursuant to Section 38.3.1.4 indicating that the Generator Deactivation Notice for its Generator is complete, or (b) ten days after the posting of a STAR that assessed the Generator's deactivation, or (c) the Generator's requested deactivation date, or (d) the date on which the generating unit(s) deactivate. Interim Service Providers are compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.

Market Party: Any person or entity that is, or proposes or plans (including any participant therein,) a project that would be, a buyer or a seller in, or that makes bids or offers to buy or sell in, or that schedules or seeks to schedule Transactions with the ISO in or affecting any of the ISO Administered Markets, or any combination of the foregoing.

Near-Term Reliability Need: A Generator Deactivation Reliability Need that the ISO determines will arise within three years of the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date; or a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need that the ISO determines will arise within three years of the posting of the STAR in which the need is identified.

New York State Bulk Power Transmission Facilities ("BPTFs"): Defined in Section 31.1.1 of the OATT.

Reliability Need: Defined in Section 31.1.1 of the OATT.

Reliability Planning Process: The term shall have the meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT.

Reliability Transmission Upgrade: Any portion(s) of a regulated transmission solution submitted to address a Reliability Need or a Short-Term Reliability Process Need that satisfies the definition of upgrade in Section 31.6.4 of Attachment Y.

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

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

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

Short-Term Assessment of Reliability (STAR): 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 ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures.

Short-Term Reliability Process Need: A Generator Deactivation Reliability Need or a condition identified by the ISO in a STAR as a violation or potential violation of one or more Reliability Criteria on the BPTF.

Short-Term Reliability Process: The process set forth in this Attachment FF 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.

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

38.2 Scope of Short-Term Reliability Process

The Short-Term Reliability Process includes within its scope the ISO's review of Generator deactivations to address any identified Generator Deactivation Reliability Needs and the ability for the ISO to address other Reliability Needs on the BPTF that are identified in a STAR. The STAR will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process, and the ISO will review key study assumptions with its stakeholders.

The Short-Term Reliability Process set forth in this Attachment FF establishes the process by which the ISO will address a Generator Deactivation Reliability Need that results from a Generator that has a nameplate rating that exceeds 1 MW becoming Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. Pursuant to this process, the ISO will first determine through a STAR (or possibly a Generator Deactivation Assessment for Generators in an ICAP Ineligible Forced Outage) whether a Generator Deactivation Reliability Need would result from a Generator's deactivation. If the STAR or Generator Deactivation Assessment identifies a Generator Deactivation Reliability Need that arises three years or less after the conclusion of the 365 day prior notice period set forth in Section 38.3.1 below, then the ISO will solicit and evaluate market-based and regulated Short-Term Reliability Process Solutions to address the need, including, but not limited to, entering into an RMR Agreement with the Initiating Generator. Generator Deactivation Reliability Needs that arise more than three years after the conclusion of the 365 day prior notice period will only be addressed using this Short-Term Reliability Process if the identified needs cannot timely be addressed through the ISO's Reliability Planning Process. Rules addressing cost allocation for Short-Term Reliability Process Solutions are set forth in Section 38.22. Rules addressing cost

recovery for Short-Term Reliability Process Solutions are set forth in Section 38.23, Rate Schedules 14 and 16 to the ISO OATT, and Rate Schedule 8 to the ISO Services Tariff.

The Short-Term Reliability Process enables the ISO to perform STARs to assess reliability concerns that should not wait for the next Reliability Needs Assessment to be conducted, and to procure solutions to identified Short-Term Reliability Process Needs. In addition to evaluating the reliability impacts of Generator deactivations, the ISO can assess the reliability impacts of other changes to the availability of Resources and to the New York State Transmission System in a STAR. STARs are performed on a quarterly basis. Each STAR looks out five years from its start date. 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 the ISO will review key study assumptions with its stakeholders.

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 this 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 ISO's Reliability Planning Process.

If the Market Participant that administers a Generator's participation in the ISO Administered Markets is a different entity than the entity that possesses the ultimate decision-

making authority concerning the deactivation, retirement and/or outage or repair of a Generator that has a nameplate rating that exceeds 1 MW, then (i) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or outage or repair of the Generator must agree, as part of the registration of the Generator with the ISO for participation in the ISO Administered Markets, that it will be subject to and comply with the requirements of this Attachment FF, and (ii) the entity with ultimate decision-making authority regarding the deactivation, retirement and/or repair of the Generator shall, along with the Market Participant, be subject to all of the requirements in this Attachment FF that apply to a Market Participant, Market Party, Generator Owner or a Generator.

38.3 Generator Deactivation Requirements

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

38.3.1.1 A Market Participant must provide the ISO with a minimum of 365 days prior notice (such period beginning after its Generator Deactivation Notice has been determined to be complete by the ISO, as explained in Section 38.3.1.4 below) before its Generator that has a nameplate rating that exceeds 1 MW may be Retired or enter into a Mothball Outage; except for Generators reclassified as Retired pursuant to Sections 5.18.2.3.1 or 5.18.3.3.1 of the ISO Services Tariff, or as provided for an RMR Generator under an RMR Agreement.

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

38.3.1.3 The Market Participant must specify in the Generator Deactivation Notice its proposed date for its Generator that has a nameplate rating that exceeds 1 MW to be Retired or enter into a Mothball Outage.

38.3.1.4 The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run on the date the ISO commences the next STAR after it issues a written notice to the Market Participant indicating that the Generator Deactivation Notice, including the supporting information and certification, is complete. For purposes of this

Attachment FF, "complete" shall mean sufficiently complete for the ISO to begin its review of the reliability impacts that would result from a Generator being Retired or entering into a Mothball Outage under this Attachment FF, to review as required by Sections 38.7 and 38.8 the information provided in accordance with Appendix B of this Attachment FF, and to assess market impacts under Section 23 of Attachment H of the ISO Services Tariff.

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

38.3.1.6 If one of the two Generators in a CSR enters a Mothball Outage but the other CSR Generator continues operating, the remaining Generator may continue

to participate as a Generator in a CSR unless or until the Generator in the Mothball Outage becomes Retired.

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

Within 20 days of a Market Participant's Generator that has a nameplate rating that exceeds 1 MW entering into an ICAP Ineligible Forced Outage, the Market Participant shall submit the information required for an Initiating Generator in accordance with Sections 38.25.2 and 38.25.5 through 38.25.7 of Appendix B of this Attachment FF. It shall also provide the information required by Section 38.25.4 of Appendix B of this Attachment FF.

Distinct from the Initiating Generator's obligation to timely submit required information to the ISO that is set forth above, when a Generator that has a nameplate rating that exceeds 1 MW enters an ICAP Ineligible Forced Outage the ISO shall determine whether it will (a) immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, or (b) if practicable, add the Initiating Generator to a STAR that is already in progress, or (c) include the Initiating Generator in the next STAR it commences. The ISO will make its determination based on the expected likelihood of identifying a Generator Deactivation Reliability Need, and the expected immediacy of any need that may arise. The ISO shall consult with the Responsible Transmission Owner(s) to the extent feasible before reaching its determination. The ISO will notify the Initiating Generator and post a notice on its website specifying whether it will immediately commence a Generator Deactivation Assessment to review the deactivation of the Initiating Generator, add the Initiating Generator to a STAR that is already in progress, or include the Initiating Generator in the next STAR it commences.

If one of the two Generators in a CSR enters an ICAP Ineligible Forced Outage but the other CSR Generator continues operating, the remaining Generator may continue to participate

as a Generator in a CSR unless or until the Generator in the ICAP Ineligible Forced Outage becomes Retired.

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

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

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

38.3.4 Immediate Reliability Need

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

To address an immediate Short-Term Reliability Process Need the ISO may pay the demonstrated costs in excess of $100,000 that a Market Party or Generator Owner incurs to repair or replace a damaged step-up transformer and/or other system protection equipment. Such costs may be recovered as Capital Expenditures in accordance with the requirements of Sections 38.17.3 and 38.17.4 of this Attachment FF to the ISO OATT even if the Generator is not eligible to be an Interim Service Provider because it is in an ICAP Ineligible Forced Outage. If the cost of returning a damaged step-up transformer and/or other system protection equipment is not expected to exceed $100,000, then the Generator Owner shall promptly return the step-up transformer and/or other system protection equipment designated by the ISO to service without additional recompense.

38.3.5 Performance of STAR or Generator Deactivation Assessment

38.3.5.1 The ISO performs STARs on a quarterly basis, commencing on the dates specified in ISO Procedures. Following the quarterly Short-Term Assessment of Reliability Start Date, the ISO will perform, in coordination with the Responsible Transmission Owner(s) identified by the ISO, a Generator Deactivation Assessment concerning the Initiating Generator(s) that have complete Generator Deactivation Notices (*see* Section 38.3.1.4 above). Except when the ISO is assessing a potential immediate reliability need, one or more Generator Deactivation Assessment(s) will be performed together as components of a STAR. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs that would result from the Generator that has a nameplate rating that exceeds 1 MW being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. The

Responsible Transmission Owner(s) will conduct the necessary reliability studies to review the impact on the reliability of the non-BPTFs that are part of the New York State Transmission System, which studies the ISO will review and verify.

In addition to reviewing Generator deactivations, STARs will also (or alternatively) assess the potential BPTF reliability impacts of other changes to the availability of Resources or to the New York State Transmission System in accordance with ISO Procedures for the Reliability Planning Process. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs, which may include assistance from the Responsible Transmission Owner(s).

For the STAR or Generator Deactivation Assessment, the ISO will use the most recent base case from the Reliability Planning Process, updated in accordance with ISO Procedures for the Reliability Planning Process. The study period for a stand-alone Generator Deactivation Assessment will be the four years following the conclusion of the 365-day notice period. The study period for a STAR will be the five years following the Short-Term Assessment of Reliability Start Date. For both types of assessments, the ISO will review key study assumptions with its stakeholders.

38.3.5.2 As part of the assessment, the ISO shall review whether any potential Short-Term Reliability Process Need can be addressed through the adoption of alternative ISO or Transmission Owner operating procedures or by updates to Local Transmission Owner Plans, other than an agreement with the Generator addressed in the Generator Deactivation Notice or a Generator already in a

Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015.

38.3.5.3 Within ninety days of the Short-Term Assessment of Reliability Start Date, the ISO shall concurrently notify the Initiating Generator(s) and post on its website the results of the STAR or Generator Deactivation Assessment. The assessment will specify: (i) whether one or more Short-Term Reliability Process Need(s) would arise, and (ii) whether the retention of one or more Initiating Generator(s) would resolve, in whole or in part, one or more Short-Term Reliability Process Need(s), and (iii) whether the ISO has determined that any Short-Term Reliability Process Need can be timely addressed in the current or next planning cycle of the biennial Reliability Planning Process, or must be addressed using this Short-Term Reliability Process. The Short-Term Reliability Process will conclude if the STAR or Generator Deactivation Assessment: (i) does not identify a Short-Term Reliability Process Need, or (ii) states that a Short-Term Reliability Process Need identified in the assessment will be addressed in the Reliability Planning Process. The STAR or Generator Deactivation Assessment will also state whether a Generator Deactivation Reliability Need is only a reliability need on non-BPTFs for which solely the Responsible Transmission Owner may propose a regulated transmission Short-Term Reliability Process Solution. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Short-Term Reliability Process Need, including a Generator Deactivation Reliability Need arising only on the non-BPTFs.

38.3.5.4 If a Short-Term Reliability Process Need is identified in a STAR that 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 ISO shall temporarily retain as Interim Service Providers the Initiating Generator(s) necessary to resolve the Short-Term Reliability Process Need. The ISO shall 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 by the ISO; retaining the necessary Generator(s) that completed their Generator Deactivation Notice last. However, the ISO shall not retain more Initiating Generators as Interim Service Providers than are necessary to resolve a Short-Term Reliability Process Need.

38.3.6 Near-Term Reliability Needs

38.3.6.1 As part of the STAR or Generator Deactivation Assessment, the ISO will determine whether any Short-Term Reliability Process Need identified in the assessment is a Near-Term Reliability Need. Any Generator that the ISO determines is Viable and Sufficient may participate as a Short-Term Reliability Process Solution to part or all of a Near-Term Reliability Need, including a Generator Deactivation Reliability Need arising only on non-BPTFs.

38.3.6.2 If the ISO determines that a Short-Term Reliability Process Need is a Near-Term Reliability Need, the ISO shall:

38.3.6.2.1 Include an explanation in the STAR or Generator Deactivation Assessment of the Near-Term Reliability Need in sufficient detail, including the

reliability criteria violations and system conditions, to allow stakeholders to understand the need and why it is time sensitive.

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

38.3.6.2.3 Provide the appropriate stakeholder working group a reasonable opportunity to provide comments to the ISO on the written explanation and publicly post any written comments that the ISO receives on its web site.

38.3.6.3 The ISO shall maintain and post on its website a list of all transmission solutions selected by the ISO in prior years to be built in response to Near-Term Reliability Needs for which the ISO designated solely the Responsible Transmission Owner to propose a regulated Short-Term Reliability Process Solution. The list must include the Near-Term Reliability Need, the identity of the designated Responsible Transmission Owner, the transmission solution selected by the ISO, its in-service date, and the date on which the Responsible Transmission Owner energized or otherwise implemented the transmission solution. The ISO shall file the list with the Commission as an informational filing in January of each year covering the designations of the prior calendar year,

if the ISO selected a Responsible Transmission Owner's regulated transmission solution to a Near-Term Reliability Need in the prior year.

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

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

38.4 Solicitation of Short-Term Reliability Process Solutions to a Short-Term Reliability Process Need

38.4.1 If the ISO determines in its STAR or Generator Deactivation Assessment that a Short-Term Reliability Process Need should be addressed in the Short-Term Reliability Process, the ISO shall solicit Short-Term Reliability Process Solutions to address the need. The ISO shall issue one solicitation seeking solutions to all of the Short-Term Reliability Process Needs identified in a STAR. A Developer must submit a proposed Short-Term Reliability Process Solution within sixty (60) days of the ISO's request.

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

38.4.2 In response to the ISO's solicitation of proposed Short-Term Reliability Process Solutions:

38.4.2.1 The Responsible Transmission Owner must submit a proposed Short-Term Reliability Process Solution. The proposed solution must, to the extent practicable, completely address the Short-Term Reliability Process Need and satisfy the project information requirements in Sections 31.2.4.4.1 and~~,~~ 31.2.4.4.2~~,~~ ~~and 31.2.6.5.1.1~~ of Attachment Y of the ISO OATT. The Responsible

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

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

38.4.2.3 Any Developer may submit a proposed new Generator that requires an RMR Agreement to operate as a temporary Short-Term Reliability Process

Solution. A proposed new Generator that requires an RMR Agreement must satisfy the project information requirements in Sections 31.2.4.8.1 and 31.2.4.8.2 of Attachment Y of the ISO OATT.

38.4.2.4 Any Developer that has been determined to be qualified under Section 31.2.4.1.1.2 of Attachment Y to the ISO OATT may submit a proposed regulated transmission Short-Term Reliability Process Solution, unless: (i) the Short-Term Reliability Process Need is a Near-Term Reliability Need, or (ii) the Generator Deactivation Reliability Need is only a reliability need on non-BPTFs as stated by the ISO in the STAR or Generator Deactivation Assessment pursuant to Section 38.3.5.3. The proposed regulated transmission solution must satisfy the project information requirements in Sections 31.2.4.8.1~~,~~ and 31.2.4.8.2~~, and 31.2.6.5.1.1~~ of Attachment Y of the ISO OATT.

38.4.2.5 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then for purposes of Sections 38.4.2.1, 38.4.2.2, and 38.4.2.4 of this Attachment FF, an Interregional Transmission Project (as defined in Section 31.1.1 of the ISO OATT), may be proposed as a Short-Term Reliability Process Solution. Interregional Transmission Projects proposed as Short-term Reliability Process Solutions shall be: (i) evaluated by the ISO in accordance with the applicable requirements of this Attachment FF, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol (defined in Section 31.1.1 of the OATT).

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

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

38.4.5 The ISO may disclose to Market Participants and other interested parties the Short-Term Reliability Process Solution and plans proposed pursuant to this Section 38.4; *provided, however*, that the ISO will maintain as confidential the following information if designated as "Confidential Information": (i) a Responsible Transmission Owner's conceptual permanent solution, except for its proposed project type, general geographic location, and in-service date; (ii) the information required to be maintained as confidential for a market-based solution pursuant to Sections 31.2.12.~~4~~ 5 and 31.2.12.~~5~~ 6 of Attachment Y to the ISO OATT, and (iii) any non-public financial qualification information submitted in accordance with Section 31.2.4.1.1.1.3 of Attachment Y of the ISO OATT.

Following submission of the required information pursuant to this Section 38.4 of this Attachment FF and prior to the ISO's posting of the initial facility characterization list pursuant to Section 38.10.2.1.2 of this Attachment FF, the

ISO shall make available upon request the submission of (i) a description of a transmission solution (with the exception of a Responsible Transmission Owner's conceptual permanent solution), including type, size, and geographic and electrical location, as well as planning and engineering specifications and drawings, and (ii) the Responsible Transmission Owner's or Developer's identification of any Reliability Transmission Upgrade(s) included as part of its proposed transmission solution, subject to a requestor's compliance with the ISO's requirements concerning the disclosure of Critical Energy Infrastructure Information.

38.4.6 Application Fee and Study Deposit

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

38.4.6.2 If the ISO performs a selection process among regulated transmission solutions, the ISO shall charge, and a Developer proposing a regulated transmission Short-Term Reliability Process Solution shall pay, the actual costs of the ISO's evaluation of the Developer's proposed transmission solution for purposes of the ISO's selection among transmission solutions to address the Short-Term Reliability Process Need, including costs associated with the ISO's

use of subcontractors. The ISO will track its staff and administrative costs, including any costs associated with using subcontractors, that it incurs in performing the evaluation of a Developer's proposed transmission solution and any supplemental evaluation or re-evaluation of the proposed transmission solution. If the ISO or its subcontractors perform study work for multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers.

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

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

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

38.4.7 Including Identified Short Term Reliability Process Solutions in Subsequent STARs and Generator Deactivation Assessments

38.4.7.1 Short-Term Reliability Process Needs that have been identified in a STAR or a Generator Deactivation Assessment and that are in the process of being resolved shall continue to be included in subsequent STARs to identify possible changes in the scope, scale or nature of the need.

38.4.7.2 Solutions to Short-Term Reliability Process Needs will be included in subsequent STARs and Generator Deactivation Assessments when they satisfy the Reliability Planning Process base case development and inclusion rules set forth in ISO Procedures.

38.4.8 Change in Scope, Scale or Nature of Short-Term Reliability Process Need After Solicitation Issued

38.4.8.1 If the ISO determines that the scope, scale or nature of a Short-Term Reliability Process Need for which it has already solicited Short-Term Reliability Process Solutions in accordance with Sections 38.4 and 38.5 of this Attachment FF changed in a subsequent STAR, Generator Deactivation Assessment or Reliability Needs Assessment, then the ISO may:

(a) select one or more of the proposed Short-Term Reliability Process Solution(s) that address the changed scope, scale or nature of the Short-Term Reliability Process Need that the ISO identified from the solutions that the ISO received in response to its solicitation; or

(b) reject all of the proposals it received, withdraw the solicitation it issued, return all fees and deposits it received to Developers except for monies the ISO owes to third-party contractors for their assistance in

assessing a proposal or proposals, and issue a new solicitation in accordance with Sections 38.4 and 38.5 of this Attachment FF that reflects the updated Short-Term Reliability Process Need; or

(c) select one or more of the proposed Short-Term Reliability Process Solution(s) that partially address the changed scope, scale or nature of the Short-Term Reliability Process Need, and issue a new, additional solicitation covering only the unaddressed, incremental Short-Term Reliability Process Need that is not expected to be resolved by the Short-Term Reliability Process Solution(s) that the ISO has already selected.

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

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

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

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

38.6 Viability and Sufficiency Evaluation of Proposed Short-Term Reliability Process Solutions and Monitoring of Selected Short-Term Reliability Process Solutions

38.6.1 The ISO shall evaluate all proposed Short-Term Reliability Process Solutions and, if applicable, shall evaluate the conceptual permanent solution provided by the Responsible Transmission Owner pursuant to Section 38.4.2.1 to determine whether each is viable and sufficient to satisfy individually, or in conjunction with other solutions, the Short-Term Reliability Process Need. The ISO shall perform this viability and sufficiency evaluation consistent with the requirements set forth in Sections 31.2.5.3 and 31.2.5.4 of Attachment Y of the ISO OATT. The ISO shall coordinate with the Responsible Transmission Owner(s), as necessary, in performing its evaluation.

38.6.2 If the ISO determines that there are adequate Viable and Sufficient market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the identified Short-Term Reliability Process Need, the ISO will conclude the Short-Term Reliability Process under this Attachment FF. As part of its final Short-Term Reliability Process report, the ISO shall present the results of its viability and sufficiency assessment to interested parties if the Short-Term Reliability Process has been concluded because there are adequate market-based or demand response Short-Term Reliability Process Solutions to satisfy completely the Short-Term Reliability Process Need.

38.6.3 Monitoring of Selected Short-Term Reliability Process Solutions—the ISO will monitor the development of all Short-Term Reliability Process Solutions, including market-based and demand response solutions, to confirm that

they continue to develop consistent with the conditions, actions, or schedules for the projects in accordance with ISO Procedures.

38.7 ISO Review of Information

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

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

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

Sections 23.4.5.6 (physical withholding) and/or 23.6 (energy market participation rules) of Attachment H of the ISO Services Tariff.

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

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

38.7.4.2 The notice that the ISO provides to a Market Participant or Generator Owner that it has received all of the data and information it requires to perform its obligations under this Attachment FF and under Section 23 of Attachment H of the ISO Services Tariff does not bar the ISO from asking additional questions of the Market Participant or the Generator Owner, nor does it excuse the Market Participant or the Generator Owner from its continuing obligation to promptly

respond to ISO requests for information or data in accordance with Sections 38.3.3 and 38.7 of this Attachment FF.

38.8 Determining RMR Avoidable Costs

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

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

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

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

placed into service, or otherwise integrated into the Short-Term Reliability Process Solution.

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

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

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

38.9 RMR Service Offers

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

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

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

Generator was viable and sufficient to meet (in whole or in part) the Short-Term Reliability Process Need, (c) the deadline by which offers must be received by the ISO, and (d) any other information that must be provided in the Generator's response in accordance with ISO Procedures.

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

The ISO shall exclude from consideration offers that are received after the deadline.

38.10 ISO Selection of Solution to Address Short-Term Reliability Process Need

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

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

38.10.1.1 If the ISO determines that there is a Viable and Sufficient permanent transmission solution that completely satisfies the Short-Term Reliability Process Need, the ISO may select that solution.

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

If a Generator Deactivation Reliability Need arises on non-BPTFs, it shall be resolved in the Short-Term Reliability Process. Other reliability needs that arise on non-BPTFs may be reported in a STAR for informational purposes.

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

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

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

38.10.2.1.1 If a Short-Term Reliability Process Need is not a Generator Deactivation Reliability Need or a Near Term Reliability Need, and the ISO addresses the need in the Short-Term Reliability Process, then the ISO shall, in performing its evaluation of transmission solutions that are proposed as Short-Term Reliability Process Solution, do so consistent with the following tariff requirements from

Attachment Y of the ISO OATT: Sections 31.2.2.7 (Consequences for Other Regions), 31.2.6.3 (Evaluation of System Impact of Proposed Regulated Transmission Solution), and 31.2.6.4 (Evaluation of Regional Transmission Solutions to Address Local and Regional Reliability Needs More Efficiently or More Cost Effectively than Local Transmission Solutions).

When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, interested parties may invoke the Dispute Resolution Procedure set forth in Section 11 of the ISO Services Tariff to resolve any disputes.

38.10.2.1.2 If the ISO is required to evaluate pursuant to this Attachment FF a regulated transmission Short-Term Reliability Process Solution to address a Short-Term Reliability Process Need or if a Responsible Transmission Owner submits a regulated transmission Short-Term Reliability Process Solution to address a Near-Term Reliability Need, the ISO shall post on its website, at least 45 Calendar Days prior to its presentation to stakeholders of a the initial draft Short-Term Reliability Process Report for their review and comment, a list of facilities (not including any potential interconnection facilities) that make up the proposed regulated transmission Short-Term Reliability Process Solutions that the ISO determined to be Viable and Sufficient. The list will identify which facilities are new transmission facilities and which facilities satisfy the definition of a Reliability Transmission Upgrade. For those facilities that satisfy the definition of a Reliability Transmission Upgrade, the list will also specify the Transmission

Owner that owns the existing transmission facility to be upgraded by an identified Reliability Transmission Upgrade, to the extent such information is available. The ISO shall also post on its website a list of interconnection facilities identified in proposal submitted by a Developer in accordance with Sections 31.2.4.8 and 38.4.2 of the ISO OATT; however, this list of interconnection facilities shall be for informational purposes only and separate from the list of new transmission facilities and Reliability Transmission Upgrades. With the exception of the list of interconnection facilities, any interested party may dispute the ISO's determination to identify, or not identify, a facility as a Reliability Transmission Upgrade by providing the ISO with written notice within 20 Calendar Days of the ISO's posting of the list pursuant to this Section 38.10.2.1.2, which notice shall be posted on the ISO's website. The ISO and the disputing party(ies) should attempt to resolve such dispute(s) as provided in Section 31.1.8.4 of Attachment Y. The ISO shall include the final list pursuant to this Section 38.10.2.1.2 when it posts the final Short-Term Reliability Report.

38.10.2.1.3 When the ISO addresses a Short-Term Reliability Process Need that is not a Generator Deactivation Reliability Need or a Near Term Reliability Need in the Short-Term Reliability Process, and the ISO is selecting among proposed transmission solutions to address the need, the ISO shall prepare and present to stakeholders a draft Short-Term Reliability Process Report for review and comment. The draft report shall describe the transmission Short-Term Reliability Process Solution(s) the ISO proposes to select and explain the reasons supporting the ISO's proposed selection(s). The ISO shall 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 accordance with Section 38.10.5 of this Attachment FF. The final Short-Term Reliability Process Report shall include a list preliminarily identifying the Designated Short-Term Transmission Project(s) that is, or is a part of, a selected regulated transmission solution and the Designated Entity responsible for each Designated Short-Term Transmission Project, which designations will be based on the criteria set forth in Section 31.2.7 of Attachment Y and finalized in accordance with Section 38.10.6 of this Attachment FF.

38.10.2.2 Determining if a Solution has a "Distinctly" Higher Net Present Value

A Short-Term Reliability Process Solution has a "distinctly" higher net present value if it is the Viable and Sufficient solution with the lowest reasonably calculated net cost to consumers to meet the identified Reliability Need until the permanent solution can be implemented. A generation solution has a "distinctly" higher net present value than a transmission solution if, after accounting for the accuracy range of each transmission project cost estimate and generation revenue estimate using the confidence interval the ISO selects, the ISO determines that the range of net present values of the generation solution is higher than the range of the net present values of the transmission solution. If there is an overlap between the ranges of net present values between a generation solution and a transmission solution, then the generation solution does not have a distinctly higher net present value than the transmission solution. If the ISO determines that a generation solution has a distinctly higher net present value than a transmission solution, then both solutions will be considered in accordance with Section 38.10.2.4 of this solution selection process.

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

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

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

38.10.2.3 Multi-Element Solutions

If there are no Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution, but the transmission solution or combination of transmission solutions selected by the ISO only partially satisfy the duration or the size of the Short-Term Reliability Process Need, then the ISO may supplement the partial transmission solution with one or more Viable and Sufficient generation solutions that will be eligible to enter into an RMR Agreement with the ISO. The ISO will select the supplemental Generator or Generators primarily based on which RMR Service Offer, or set of RMR Service

Offers from more than one Generator, results in the highest net present value solution to the Short-Term Reliability Process Need. The ISO shall also consider any blacklined modifications to the Form of Reliability Must Run Agreement set forth in Appendix C of this Attachment FF of the ISO OATT when selecting a generation solution. If these two criteria do not provide for a clear delineation between two or more RMR Service Offers, the ISO shall also consider the operational, performance, and market impacts and the size of the Generators when selecting the generation component of a multi-element solution.

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

38.10.2.4 Viable and Sufficient generation solutions that have a distinctly higher net present value than a Viable and Sufficient transmission solution will be considered when the ISO selects the solution or combination of solutions to address the Short-Term Reliability Process Need based on: (i) the net present value of each solution calculated in accordance with Section 38.8 and 38.9, and (ii) the degree to which each solution satisfies the metrics set forth in Section 38.10.4.

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

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

38.10.4 Metrics for Evaluating Solution to Address Short-Term Reliability Process Need

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

38.10.4.1 The capital cost estimates for the proposed transmission Short-Term Reliability Process Solution or the cost information submitted by the Initiating Generator or the generation Short-Term Reliability Process Solution, including the accuracy of the proposed estimates.

38.10.4.2 The cost per MW ratio of the proposed transmission Short-Term Reliability Process Solution or the RMR Service Offers of the Initiating Generator or the generation Short-Term Reliability Process Solution. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed solution in current year dollars. The ISO will then determine the

MW value of the solution by summing the Short-Term Reliability Process Need, in MW, with the additional improvement, in MW, that the proposed solution offers beyond serving the Short-Term Reliability Process Need. The ISO will then determine the cost per MW ratio by dividing the present worth of the total capital cost by the MW value.

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

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

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

38.10.4.6 The extent to which the Developer of a proposed transmission Short-Term Reliability Process Solution or each generation Short-Term Reliability Process

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

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

38.10.4.8 The impact on other pending Short-Term Reliability Process Needs, other system reliability needs, and pending solutions to those needs.

38.10.5 Short-Term Reliability Process Report

If the ISO selects a transmission solution proposed by a Responsible Transmission Owner in response to a Near-Term Reliability Need, then: (i) the ISO shall 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; (ii) the ISO will provide stakeholders an opportunity to submit written comments, which will be posted on the ISO's website, and (iii) the ISO will consider stakeholder comments before making its final selection in the Short-Term Reliability Process Report. The final Short-Term Reliability Process Report shall include a list preliminarily identifying the Designated Short-Term Transmission Project(s) that is, or is a part of, a selected regulated transmission solution and the Designated Entity responsible for each Designated Short-Term Transmission Project, which designations will be based on the criteria set forth in Section 31.2.7 of Attachment Y and finalized in accordance with Section 38.10.6 of this Attachment FF.

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

Finally, following the conclusion of the Transmission Owner notification period identified in Section 38.10.6, if applicable, the ISO shall post on its website a list of (i) all Developers that have undertaken a commitment to the ISO to build a project (which may be a regulated non-transmission or partial transmission backstop solution~~,~~ or market-based response ~~or alternative~~) and/or (ii) all Designated Entities that are responsible for the Designated Short-Term Transmission Project(s) that make up a regulated ~~response)~~transmission solution that was selected as a Short-Term Reliability Process Solution.

38.10.6 Transmission Owner's Responsibility to Notify the ISO

Within 30 Calendar Days following the posting of a list preliminarily identifying any Designated Short-Term Transmission Project(s) that is, or a part of, a selected regulated

transmission solution, and the Designated Entity responsible for each Designated Short-Term Transmission Project in accordance with Section 38.10.2.1.3 or 38.10.5, a Transmission Owner that has been identified as a Designated Entity for a Designated Short-Term Transmission Project shall provide notice to the ISO if the Transmission Owner does not intend to exercise its right under Section 31.6.4 of Attachment Y to build, own, and recover the cost of the Reliability Transmission Upgrade(s) and serve as the Designated Entity for the Designated Short-Term Transmission Project identified for the Transmission Owner in the Short-Term Reliability Process Report. If the Transmission Owner notifies the ISO of its rejection to be the Designated Entity for one or more Reliability Transmission Upgrades identified for its Designated Short-Term Transmission Project, the Developer that proposed the regulated transmission Short-Term Reliability Process Solution shall be the Designated Entity for such Reliability Transmission Upgrades, which shall be incorporated into that Developer's Designated Short-Term Transmission Project. If the Transmission Owner does not take action within the 30 Calendar Days with regard to one or more Reliability Transmission Upgrades identified for its Designated Short-Term Transmission Project, the Transmission Owner shall be the Designated Entity for such Reliability Transmission Upgrade(s) and shall have the obligations of a Designated Entity set forth in the ISO OATT, ISO Procedures, and a Development Agreement entered into by the Designated Entity and the ISO in accordance with Section 38.12.3 of this Attachment FF for constructing and placing the Reliability Transmission Upgrade(s) in service to address the Short-Term Reliability Process Need.