

## **38      Attachment FF – Generator Deactivation Process**

## 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.

**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 181<sup>st</sup> 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 181<sup>st</sup> 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.

**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, 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 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, 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 and 31.2.12.5 of Attachment Y to the ISO OATT, and (iii) any non-public financial qualification information submitted in accordance with Section 31.2.4.1.1.1.3 of Attachment Y of the ISO OATT.

#### **38.4.6 Application Fee and Study Deposit**

38.4.6.1 When the ISO performs a selection process among regulated transmission solutions, any Developer that proposes a regulated transmission 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 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.

### **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.

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, the ISO shall post on its website a list of all Developers that have undertaken a commitment to the ISO to build a project (which may be a regulated backstop solution, market-based

response or alternative regulated response) that was selected as a Short-Term Reliability Process  
Solution.



### **38.11 Entry into RMR Agreements**

38.11.1 The ISO may enter into an RMR Agreement for service from one or more of the Generators that the ISO selected in accordance with Section 38.10 that can individually, or in conjunction with other Viable and Sufficient Short-Term Reliability Process Solutions, satisfy the identified Reliability Need. If multiple Generators are capable of satisfying in whole or in part the identified Reliability Need, the ISO may execute an RMR Agreement with the Generator, or more than one Generator that the ISO selected pursuant to Section 38.10, provided that the RMR Service Offer accepts the Availability and Performance Rate, does not exceed the RMR Avoidable Costs determined by the ISO, and that the amount of Capital Expenditures in any given year included in the RMR Service Offer does not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, and 25,000,000 U.S. Dollars if a nuclear Generator. If the RMR Service Offer satisfies the stated requirements, but the amount of Capital Expenditures in any given year included in the RMR Service Offer exceeds the applicable limit in the preceding sentence, then the ISO may accept the RMR Service Offer conditioned upon the Commission approving the Capital Expenditure amount. If the RMR Service Offer exceeds the RMR Avoidable Costs determined by the ISO, and if there are no modifications, or only modifications which the ISO has determined are reasonable, to the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF, then the ISO will identify the Generator, and the ISO and the Generator Owner will submit filings to the Commission in accordance with Section 38.11.5. If a Generator's RMR Service Offer is lower than the other

RMR Service Offers but the Generator's proposed revisions to the *Form of Reliability Must Run Agreement* are not acceptable to the ISO, then the ISO may proceed to enter into an RMR Agreement, in accordance with this section, with one or more Generator(s) that submitted the next best offer or offers pursuant to Section 38.10.3.

38.11.2 The ISO will tender to the Generator Owner(s) of the selected Generator(s) the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF. The term of the RMR Agreement will be determined by the ISO based on: (i) the in-service date of the conceptual permanent solution to the identified Reliability Need submitted by the Responsible Transmission Owner(s) pursuant to Section 38.4.2.1, and (ii) any modifications to the scope and timing of the Short-Term Reliability Process Need resulting from circumstances including information provided by the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of non-generation Short-Term Reliability Process Solutions), information provided by the Responsible Transmission Owner, the ISO's identification of market-based solutions, and RMR Agreements entered into between the ISO and other Generators. If the Short-Term Reliability Process Need is identified pursuant to a STAR or a Generator Deactivation Assessment, the effective date of the RMR Agreement shall be no earlier than the completion of the applicable 365-day notice period, except as provided in Section 38.3.4 of this Attachment FF.

### **38.11.3 Filing of Executed RMR Agreement**

The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement, Generator Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator, and the ISO and Generator Owner execute the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to.

### **38.11.4 Filing of Unexecuted RMR Agreement by ISO and Capital Expenditures in Excess of Annual Limit by Generator Owner**

The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement and Generator Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to. Generator Owner shall submit a filing pursuant to Section 205 of the Federal Power Act in addition to the ISO's filing of the RMR Agreement that proposes the inclusion of the costs of certain Capital Expenditures in the Availability and Performance Rate that exceed the U.S. Dollar limits specified in Section 38.11.1, which filing shall be consistent with the terms and conditions of service proposed in the RMR Agreement that the ISO submits, and shall track the format of the RMR Agreement that the ISO submits.

### **38.11.5 Filing of Unexecuted RMR Agreement and Generator Owner Developed Rate**

If the ISO and Generator Owner agree on the terms and conditions of the RMR Agreement, but Generator Owner rejects the Availability and Performance Rate calculated by the ISO for its Generator and proposes an Owner Developed Rate, the ISO will submit an unexecuted RMR Agreement to the Commission pursuant to Section 205 of the Federal Power Act that sets forth the agreed upon terms and conditions of the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Generator Owner have mutually agreed to. Generator Owner shall submit a separate filing to the Commission pursuant to Section 205 of the Federal Power Act that proposes an "Owner Developed Rate," which filing shall be consistent with the terms and conditions of service proposed in the RMR Agreement the ISO submitted and shall track the format of the RMR Agreement the ISO submitted.

38.11.6 As part of its submission of an executed RMR Agreement pursuant to 38.11.3 or an unexecuted RMR Agreement pursuant to Sections 38.11.4 or 38.11.5, the ISO will include: (i) a description of the methodology and results of the reliability studies that identified a Short-Term Reliability Process Need requiring a Short-Term Reliability Process Solution, which description will specify identified violations of Reliability Criteria and local criteria and describe the impacted criteria, and (ii) a description of the alternative solutions evaluated by the ISO and why the term of the RMR Agreement is appropriate in light of these alternative solutions.

## **38.12 Developer's Responsibility Following Selection of Its Transmission Solution**

### **38.12.1 Responsible Transmission Owner's Obligation to Develop and Construct a Short-Term Reliability Process Solution**

The Responsible Transmission Owner must develop and construct its proposed Short-Term Reliability Process Solution if it is selected by the ISO pursuant to Section 38.10. The Responsible Transmission Owner shall be entitled to the full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation, and maintenance of the selected transmission Short-Term Reliability Process Solution, as set forth in Section 38.23.

### **38.12.2 Developer's Responsibility to Obtain Necessary Approvals and Authorizations**

38.12.2.1 Upon the selection of a Developer's transmission Short-Term Reliability Process Solution pursuant to Section 38.10, the ISO will inform the Developer that it should submit the selected Short-Term Reliability Process Solution to the appropriate governmental agency(ies) and/or authority(ies) to begin the necessary approval process to the site, construct, and operate the project, if such approvals are required. In response to the ISO's request, the Developer shall make such a submission to the appropriate governmental agency(ies) and/or authority(ies) to the extent such authorization has not already been requested or obtained.

38.12.2.2 If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws its authorization of the selected transmission Short-Term Reliability Process Solution, the Developer may recover all of the necessary and reasonable costs it incurred and commitments made up to the final federal, state or local regulatory decision, including

reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations on abandoned plant recovery. The ISO shall allocate these costs among Load Serving Entities in accordance with Section 38.22 the ISO OATT, except as otherwise determined by the Commission. The ISO shall recover such costs in accordance with Section 38.23.

### **38.12.3 Development Agreement**

As soon as reasonably practicable following the ISO's selection of a transmission Short-Term Reliability Process Solution, the ISO shall tender to the Developer that proposed the selected transmission Short-Term Reliability Process Solution a draft Development Agreement, with draft appendices completed by the ISO to the extent practicable, for review and completion by the Developer. The draft Development Agreement shall be in the form of the ISO's Commission-approved Development Agreement for its Reliability Planning Process, which is in Appendix C in Section 31.7 of Attachment Y of the ISO OATT, as amended by the ISO to reflect the Short-Term Reliability Process.

The ISO and the Developer shall finalize the Development Agreement and appendices as soon as reasonably practicable after the ISO's tendering of the draft Development Agreement. For purposes of finalizing the Development Agreement, the ISO and Developer shall develop the description and dates for the milestones necessary to develop and construct the selected project by the required in-service date identified in the STAR or Generator Deactivation Assessment, including the milestones for obtaining all necessary authorizations. Any milestone that requires action by a Connecting Transmission Owner or Affected System Operator identified pursuant to

Attachment P of the ISO OATT to complete must be included as an Advisory Milestone, as that term is defined in the Development Agreement.

If the ISO or the Developer determines that negotiations are at an impasse, the ISO may file the Development Agreement in unexecuted form with the Commission on its own, or following the Developer's request in writing that the agreement be filed unexecuted. If the Development Agreement is executed by both parties, the ISO shall file the agreement with the Commission for its acceptance within ten (10) Business Days after the execution of the Development Agreement by both parties. If the Developer requests that the Development Agreement be filed unexecuted, the ISO shall file the agreement at the Commission within ten (10) Business Days of receipt of the request from the Developer. The ISO will draft, to the extent practicable, the portions of the Development Agreement and appendices that are in dispute and will provide an explanation to the Commission of any matters as to which the parties disagree. The Developer will provide in a separate filing any comments that it has on the unexecuted agreement, including any alternative positions it may have with respect to the disputed provisions. Upon the ISO's and the Developer's execution of the Development Agreement or the ISO's filing of an unexecuted Development Agreement with the Commission, the ISO and the Developer shall perform their respective obligations in accordance with the terms of the Development Agreement that are not in dispute, subject to modification by the Commission. The Connecting Transmission Owner(s) and Affected System Operator(s) that are identified in Attachment P of the ISO OATT in connection with the selected transmission Short-Term Reliability Process Solution shall act in good faith in timely performing their obligations that are required for the Developer to satisfy its obligations under the Development Agreement.

#### **38.12.4 Process for Addressing Inability of Developer to Complete Selected Transmission Short-Term Reliability Process Solution**

38.12.4.1 The ISO may take the action set forth in this Section 38.12.4 if: (i) the ISO has selected a regulated transmission Short-Term Reliability Process Solution, and (ii) one of the following events occur: (A) the Developer that proposed the transmission solution does not execute the Development Agreement or does not request that it be filed unexecuted with the Commission as described in Section 38.12.3, or (B) an effective Development Agreement is terminated under the terms of the agreement prior to the completion of the term of the agreement.

38.12.4.2 If the Development Agreement has been filed with and accepted by the Commission, the ISO shall, upon terminating the Development Agreement under the terms of the agreement, file a notice of termination with the Commission.

38.12.4.3 If the ISO determines that it must identify a solution to the Short-Term Reliability Process Need prior to the next planning cycle of the biennial Reliability Planning Process, the ISO may take one or more of the following actions to address a Short-Term Reliability Process Need based on the particular circumstances: (i) address the Short-Term Reliability Process Need in the next Short-Term Reliability Process, (ii) address the Short-Term Reliability Process Need as an immediate reliability need pursuant to Section 38.3.4, (iii) direct the Developer to continue with the development of its Short-Term Reliability Process Solution for completion beyond the in-service date required to address the Short-Term Reliability Process Need, or (iv) request that the Responsible Transmission



Owner complete the selected Short-Term Reliability Process Solution if it is an alternative transmission Short-Term Reliability Process Solution.

38.12.4.4 If the Responsible Transmission Owner agrees to complete the selected alternative transmission Short-Term Reliability Process Solution, the Responsible Transmission Owner and the Developer that proposed the selected solution shall work cooperatively with each other to implement the transition, including negotiating in good faith with each other to transfer the project; *provided, however*, that the transfer is subject to: (i) any required approvals by the appropriate governmental agency(ies) and/or authority(ies), (ii) any requirements or restrictions on the transfer of Developer's rights-of-way under law, conveyance, or contract, and (iii), if the Developer is a New York public authority, any requirements or restrictions on the transfer under the New York Public Authorities Law; *provided, further*, that the Responsible Transmission Owner and the Developer will address any disputes regarding the transfer of the project in accordance with the dispute resolution provisions in Article 11 of the ISO Services Tariff.

### **38.13 Interim Service Providers**

38.13.1 At the time the ISO issues its STAR, the ISO shall inform an Initiating Generator that requested a deactivation date prior to the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date (a) whether the Initiating Generator will be permitted to deactivate or will need to remain in service for the 365 day notice period that follows the Short-Term Assessment of Reliability Start Date; and if an Initiating Generator that submitted a Generator Deactivation Notice to retire ~~is~~ permitted to deactivate prior to the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date, (b) whether the step-up transformer(s) and/or other system protection equipment will be required to remain in service for the 365 day notice period that follow the Short-Term Assessment of Reliability Start Date.

38.13.2 If the NYISO does not authorize an Initiating Generator to deactivate by the latest of: (a) the 181<sup>st</sup> 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 date on which the Initiating Generator indicated it wanted to deactivate in its Generator Deactivation Notice, then for the remainder of the 365 day notice period that follow the Short-Term Assessment of Reliability Start Date, the Initiating Generator shall be an Interim Service Provider, subject to the following rules and exceptions.

An Initiating Generator that submitted a Generator Deactivation Notice to be Retired shall be an Interim Service Provider, even if the ISO authorized the

generating unit(s) 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 181<sup>st</sup> 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. Under this alternative, after the generating unit(s) deactivate the Initiating Generator will be an Interim Service Provider to the extent its step-up transformer(s) and/or other system protection equipment that the ISO designates are required to remain in service for the 365 days that follow the Short-Term Assessment of Reliability Start Date, subject to the following rules and exceptions.

**38.13.2.1 Interim Service Providers shall be compensated in accordance with Rate Schedule 8 to the ISO Services Tariff.**

38.13.2.1.1 Rate Schedule 8 to the Services Tariff sets forth rules to calculate Interim Service Provider compensation for Initiating Generators that are required to remain in-service, or for the continued operation of step-up transformer(s) and/or other system protection equipment following the deactivation of a Generator that submitted a Generator Deactivation Notice to be Retired. 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 to calculate an Interim Service Provider's rate. If

the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party, the ISO shall substitute an estimated value.

38.13.2.1.1.1 Interim Service Providers that deactivate their Generator but are required to keep their step-up transformer(s) and/or other system protection equipment that the ISO designates in-service for the 365 days that follow the Short-Term Assessment of Reliability Start Date will be compensated for the demonstrated *RMRAvoidCost* of maintaining the designated facilities in-service in accordance with Section 15.8.6 of Rate Schedule 8 to the Services Tariff.

38.13.2.2 Generators are not eligible to be Interim Service Providers while they are in an ICAP Ineligible Forced Outage. Generators in an ICAP Ineligible Forced Outage are required to keep their step-up transformer(s) and other system protection equipment in service unless or until (i) they are given permission, in writing, to deactivate the facilities by the ISO, or (ii) the step-up transformer(s) and/or other system protection equipment is damaged and would require either an expenditure of more than \$100,000, or more than 365 days, to repair and return to service, or (iii) the Generator becomes Retired.

38.13.2.3 Generators in a Mothball Outage are required to keep their step-up transformer(s) and other system protection equipment in service for the duration of the Mothball Outage unless they are given permission, in writing, by the ISO to deactivate the facilities for the duration of the Mothball Outage. Generators are not eligible for compensation as an Interim Service Provider to keep their step-up transformer(s) and other system protection equipment in service during a Mothball Outage.

38.13.2.4 The ISO may allow a Generator or its step-up transformer(s) and system protection facilities that the ISO determined needed to remain in service as an Interim Service Provider to deactivate prior to the conclusion of the 365 day notice period if the ISO provides at least 60 days prior notice that the Generator may deactivate, or that the Generator's step-up transformer(s) and system protection facilities may be deactivated. After the conclusion of this notice period, the Generator or its step-up transformer(s) and system protection facilities will be permitted to deactivate, and the Generator will no longer be an Interim Service Provider.

38.13.2.5 The ISO may allow a Generator or its step-up transformer(s) and system protection facilities that the ISO determined needed to remain in service as an Interim Service Provider to deactivate prior to the conclusion of the 365 day notice period if the Generator or the Generator's step-up transformer(s) and protection facilities experience a Forced Outage of ten days or greater duration, and the ISO provides at least 30 days prior notice that the Generator or its step-up transformer(s) and system protection facilities may deactivate. After the conclusion of this notice period, the Generator or its step-up transformer(s) and system protection facilities will be permitted to deactivate, and the Generator will not be an Interim Service Provider.

38.13.2.6 Generators that remain in service to operate as Interim Service Providers must comply with the RMR Generator Energy and Ancillary Service Market Participation Rules that are set forth in Section 23.6 of the ISO Services Tariff.

38.13.2.7 Generators that remain in service to operate as Interim Service Providers

that have Capacity Resource Interconnection Rights, pursuant to the applicable provisions of Attachment X, Attachment S and Attachment Z to the ISO OATT, must take all required actions to qualify as an Installed Capacity Supplier pursuant to Section 5.12 of the ISO Services Tariff. Generators that remain in service to operate as Interim Service Providers must also comply with the rules that are set forth in Sections 5.14.1.1 and 15.8.6 of the ISO Services Tariff.

38.13.2.8 A Generator that was an Interim Service Provider that has deactivated and that wants to return to participating in any of the ISO Administered Markets while it is eligible to receive market-based rates must give the ISO at least 60 days advance notice of its desire to return to the ISO Administered Markets in order to permit the ISO to determine a repayment obligation (if any) in accordance with Services Tariff Rate Schedule 8, and an associated credit requirement in accordance with Sections 26.4 and 26.5 of the ISO Services Tariff.

38.13.2.9 A Generator that is an Interim Service Provider that wants to continue participating in the ISO Administered Markets while it is eligible to receive market-based rates (after it is no longer an Interim Service Provider and when it is not operating pursuant to an RMR Agreement) must give the ISO at least 30 days advance notice of its desire to continue participating in the ISO Administered Markets in order to permit the ISO to determine and impose a repayment obligation (if any) in accordance with Services Tariff Rate Schedule 8, and an associated credit requirement in accordance with Sections 26.4 and 26.5 of the ISO Services Tariff.



## **38.14 Initiating Generator's Failure to Timely Deactivate**

- 38.14.1 A Market Participant's Generator that satisfies the requirements to be Retired or enter into a Mothball Outage may be Retired or enter into a Mothball Outage, as applicable, within 365 days of: (i) the conclusion of the 365 days that follow the Short-Term Assessment of Reliability Start Date, or (ii) the date specified in the Generator Deactivation Notice for the Generator to be Retired or enter into a Mothball Outage if the Market Participant provided greater than 365 days prior notice. If the Generator is not Retired or does not enter into a Mothball Outage within this time period, the Market Participant must submit a new Generator Deactivation Notice and satisfy anew the requirements of Sections 38.3.1 before the Generator may be Retired or enter into a Mothball Outage.
- 38.14.2 If (i) a Market Participant rescinds its Generator Deactivation Notice, or (ii) a Market Participant's Generator has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, the Market Participant must reimburse the ISO and the Responsible Transmission Owner(s) the actual costs that each incurred in performing their responsibilities under this Section 38 in response to the Market Participant's submission of a Generator Deactivation Notice, including any costs associated with using contractors. In the event that a Market Participant rescinds its Generator Deactivation Notice before the ISO posts the results of the Generator Deactivation Assessment conducted under Section 38.3.5, the ISO will not thereafter post the results of said assessment.



38.14.2.1 ISO and Responsible Transmission Owner(s) study costs shall be charged to Market Participants that fail to timely deactivate a Generator or that rescind a Generator Deactivation Notice as follows:

**ISO Short-Term Reliability Process Costs**—the total, actual costs incurred by the ISO to perform its responsibilities under this Section 38, including but not limited to the ISO’s cost of using contractors, shall be assigned in equally divided portions to the ISO and to each Initiating Generator that had the reliability impacts of its deactivation studied in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the total ISO costs assigned to the relevant Generator.

**Responsible Transmission Owner(s) Short-Term Reliability Process Costs**—the total, actual costs incurred by each Responsible Transmission Owner to perform its responsibilities under this Section 38, including but not limited to that Transmission Owner’s cost of using contractors, shall be assigned in equally divided portions to each Initiating Generator that had the reliability impacts of its deactivation studied by that Transmission Owner in the relevant STAR. Each Market Participant that failed to timely deactivate a Generator or that rescinded a Generator Deactivation Notice will be charged the portion of the Transmission Owner’s costs assigned to the relevant Generator.

**Generator-Specific Assessment**—the costs incurred by the ISO and by the Responsible Transmission Owner(s) to perform their responsibilities under this Section 38 in response to the Market Participant’s submission of a Generator

Deactivation Notice shall be assigned to the Generator that is the subject of a Generator Deactivation Assessment that is not performed as a component of a STAR.

38.14.3 If the Initiating Generator was an Interim Service Provider and (i) it rescinds its Generator Deactivation Notice, or (ii) it has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, then the Initiating Generator may also be subject to a repayment obligation pursuant to Section 15.8.7 of Rate Schedule 8 to the ISO Services Tariff.

### **38.15 Halting of Regulated Transmission Short-Term Reliability Process Solution**

38.15.1 The ISO may determine to halt a regulated transmission Short-Term Reliability Process Solution that the ISO has selected pursuant to Section 38.10 to address a Short-Term Reliability Process Need if: (a) a Market Participant rescinds the Generator Deactivation Notice that resulted in the Generator Deactivation Reliability Need, (b) the Market Participant's Generator has not Retired or entered into a Mothball Outage within the timeframes described in Section 38.14.1 and is not operating under an RMR Agreement, (c) the Short-Term Reliability Process Need has been otherwise addressed or eliminated (*e.g.*, a market-based solution that satisfies the Short-Term Reliability Process Need has commenced operation), or (d) the scope, scale or nature of the Short-Term Reliability Process Need has changed. In making its determination whether to halt a transmission Short-Term Reliability Process Solution under this Section 38.15.1, the ISO will consider, among other things: (i) whether the Developer has executed a Development Agreement or requested that it be filed unexecuted with the Commission; (ii) the status of the Developer's progress against the milestones in the Development Agreement (*e.g.*, completion of engineering design, procurement of major equipment and materials, execution of key contracts, completion of project financing, obtaining Site Control, commencing physical construction, including excavation and pouring for foundations or the installation or erection of improvements); (iii) the status of Developer's obtaining required permits or authorizations; (iv) whether the Short-Term Reliability Process Solution is an interim or permanent project; and (v) the operational and

performance benefits of the Short-Term Reliability Process Solution. If the ISO determines to halt a regulated transmission Short-Term Reliability Process Solution, it will notify the Developer of the project and post the notice on its website. If a selected regulated transmission Short-Term Reliability Process Solution is halted by the ISO, all of the costs incurred and commitments made by the Developer up to that point, including reasonable and necessary expenses incurred to implement an orderly termination of the project, will be recoverable by the Developer in accordance with Section 38.23 and the cost recovery mechanism in Rate Schedule 16 of the ISO OATT.

38.15.2 Notwithstanding Section 38.15.1, the ISO shall not halt a regulated transmission Short-Term Reliability Process Solution once the Developer: (i) has received its Article VII certification or other applicable siting permits or authorizations under New York State law or (ii) if permitting or regulatory approval is not required, has commenced physical construction of the Short-Term Reliability Process Solution, including excavation and pouring for foundations or the installation or erection of improvements.

## **38.16 RMR Generator Additional Costs**

### **38.16.1 Proposed Additional Costs**

During the performance of an RMR Agreement, the Generator Owner of one or more RMR Generators shall promptly notify the ISO of an event that (a) could not reasonably have been foreseen at the time the rate in the RMR Agreement was executed, and that (b) it reasonably expects may require it to incur costs that in the aggregate exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, that (i) it can reasonably demonstrate was not among the costs (A) submitted to the ISO prior to the execution of an RMR Agreement with an Availability and Performance Rate, or (B) within the categories of costs submitted to the Commission in a petition for an Owner Developed Rate, and (ii) are necessary to incur in order for the RMR Generator to be able to continue to perform its obligations under the RMR Agreement after the event (a “Notice of Event of Proposed Additional Cost”).

If the NYISO informs an Initiating Generator that submitted a Generator Deactivation Notice that the Generator or its step-up transformer(s) and/or other system protection equipment will need to remain in service as an Interim Service Provider for the 365 day period that follow the Short-Term Assessment of Reliability Start Date, the Generator Owner of the Initiating Generator shall promptly notify the ISO of an event (a) that occurred after the Generator Deactivation Notice was submitted, but prior to the conclusion of the 365 day notice period, and (b) that could not reasonably have been foreseen at the time the Generator Deactivation Notice was submitted; where (i) Generator Owner reasonably expects it will be required to incur unanticipated costs that, in the aggregate, will exceed \$100,000 to operate for the remainder of the 365 day notice period, and (ii) incurring the costs is necessary for the Generator to be able to

perform or continue to perform as an Interim Service Provider after the event (also a “Notice of Event of Proposed Additional Cost”).

Following its submission of the required Notice of Event of Proposed Additional Cost, the Generator Owner shall promptly notify the ISO of, and provide updates addressing the following: (i) the reason(s) why the expense was or must be incurred, (ii) viable alternatives to incurring the expense, (iii) actions examined or taken to avoid the need to incur the expense, and to minimize the expense, (iv) the potential impact on the RMR Generator’s or Interim Service Provider’s ability to perform its obligations if the expense is not incurred, (v) the estimated and actual costs of the proposed expense, (vi) the plan specifying the schedule and timing of any planned action or expenditure, (vii) an explanation and supporting documentation of how that plan compares with the Generator Owner’s past similar actions and protocols, (viii) whether each cost is associated solely with the RMR Generator or Interim Service Provider, or are for services or functions shared with other units or businesses; and if a shared cost, the Generator Owner shall identify the other entities with which the cost is shared, the entity that allocates the cost to it, and accounting protocols and methodology used to allocate the units and businesses across which the cost is allocated.

38.16.1.1 If the cost of returning an RMR Generator to service does not exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, then the Generator Owner shall promptly return the RMR Generator to service without additional recompense.

38.16.1.2 If the cost of returning an Interim Service Provider to service (which may be the cost of repairing and returning step-up transformer(s) and/or other system protection equipment if the generating unit(s) were permitted to deactivate) is not

expected to exceed \$100,000, then the Generator Owner shall promptly return the Generator to service without additional recompense.

### **38.16.1.3 ISO Identification of Proposed Additional Costs**

If the ISO determines that the Notice of Event of Proposed Additional Cost was timely provided and each of the requirements in Subsections (a) and (b) of Section 38.16.1 have been met, and the information required by Subsections (i) through (viii) has been provided, it shall be a “Proposed Additional Cost.”

### **38.16.2 Proposed Additional Cost Eligibility for Recovery**

38.16.2.1 The ISO shall review, verify, and/or validate the information provided by the Generator Owner for a Proposed Additional Cost. The ISO may require the Generator Owner to re-submit or to submit additional information to support statements and costs that the ISO determines are not adequately supported or otherwise verifiable. A “Substantiated Additional Cost” shall mean a Proposed Additional Cost that the ISO has either verified is the actual cost, or verified and validated the estimated cost information received from the Generator Owner, provided that (a) the Generator Owner demonstrates it took measures to minimize the expense, or if the ISO determines that the Generator Owner did not demonstrate it took such steps, such amount estimated by the ISO that would be the expense had the RMR Generator or Interim Service Provider taken measures to reduce it, and (b) it is or was necessary for the Generator Owner to incur these costs for the RMR Generator to perform its obligations under the RMR Agreement or for the Interim Service Provider to be able to operate all required facilities during the 365 day period that follows the Short-Term Assessment of

Reliability Start Date; provided the ISO has not issued a notice of shut-down (or similar notice) to Generator Owner for the RMR Generator pursuant to the RMR Agreement or to Generator Owner of the Interim Service Provider pursuant to Section 38.13.2.4 or 38.13.2.5 of this Attachment FF. If the cost information provided by the Generator Owner cannot be verified and validated by the ISO, the ISO shall substitute the amount it reasonably determines. The ISO shall also identify if the Substantiated Additional Costs, or a component thereof, is a Capital Expenditure by using the applicable criteria set forth in Section 38.8.1.3. The ISO shall notify the Generator Owner of its determination regarding whether Proposed Additional Costs are Substantiated Additional Costs.

38.16.2.2 The ISO shall seek comment from the Market Monitoring Unit on its review of Proposed Additional Costs and determinations of Substantiated Additional Costs. 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 of the ISO Services Tariff.

**38.16.3 ISO's Authority to Recover and Pay Substantiated Additional Costs that Are Capital Expenditures to RMR Generators with Availability and Performance Rates**

This Section shall apply only to RMR Agreements with an Availability and Performance Rate. If a Substantiated Additional Cost is determined by the ISO to be a Capital Expenditure and it does not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, on the basis of the total expenditure needed to address the event that resulted in the Notice of Event of Proposed Additional Cost, then the ISO may recover the Substantiated Additional Cost that is a Capital Expenditure pursuant to OATT Rate Schedule 14



and pay that amount to Generator Owner in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying pursuant to the authority granted in this section.

**38.16.4 ISO's Authority to Recover and Pay Substantiated Additional Costs that are Capital Expenditures to Interim Service Providers**

This Section shall apply only to Interim Service Providers. If a Substantiated Additional Cost is determined by the ISO to be a Capital Expenditure and it does not exceed 1,000,000 U.S. Dollars, on the basis of the total expenditure needed to address the event that resulted in the Notice of Event of Proposed Additional Cost, then the ISO may recover the Substantiated Additional Cost that is a Capital Expenditure pursuant to OATT Rate Schedule 14 and pay that amount to Generator Owner in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying pursuant to the authority granted in this section.

**38.16.5 Owner May Request Commission Approval for Recovery of Additional Costs**

If the Owner makes such a filing, it shall also submit the ISO's determinations pursuant to Sections 38.16.1.2 and 38.16.2.1 with its filing, or promptly after receipt of either determination. The ISO shall only be obligated to pay the Owner under this section if (a) the Commission determines that the cost filed for the RMR Generator or Interim Service Provider is eligible for recovery as a Proposed or Substantiated Additional Cost, and (b) the Commission approves the specific amount and authorizes its recovery. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is for a Capital Expenditure, the ISO

will pay in accordance with (a) the rules in Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is an Avoidable Cost that is not a Capital Expenditure, then payment directed by a Commission order shall be made in accordance with Rate Schedule 8 to the ISO Services Tariff.

### **38.17 Payment of Capital Expenditures to RMR Generators and Interim Service Providers**

- 38.17.1 Capital Expenditures that are specifically identified (including an estimated cost and estimated in-service date) in a Commission-accepted Availability and Performance Rate or in a Commission-accepted Owner Developed Rate are eligible for recovery in accordance with the rules set forth in Section 38.17, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.
- 38.17.2 Capital Expenditures that are Proposed Additional Costs or Substantiated Additional Costs are eligible for recovery in accordance with the rules set forth in Sections 38.16 and 38.17 of the ISO OATT, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.
- 38.17.3 The ISO may agree to permit an Interim Service Provider to recover the cost of Capital Expenditures during the 365 day period that follows the Short-Term Assessment of Reliability Start Date if (a) recovery is authorized as an Additional Cost under Section 38.16 of the ISO OATT, or (b) the Capital Expenditure is necessary to permit the Interim Service Provider to address the Reliability Need, and Generator Owner enters into a written agreement with the ISO in which the Generator Owner commits that the Capital Expenditure will be completed and placed in-service by a specified date or within a range of dates that fall within the 365 day period that follows the Short-Term Assessment of Reliability Start Date.

#### **38.17.4 ISO Authority to Authorize Capital Expenditures**

If the ISO determines that (a) Capital Expenditures are necessary for a Generator to provide service under an RMR Agreement, and (b) work on one or more of the Capital Expenditures must commence in advance of Commission action in order to timely, or more timely, address a Short-Term Reliability Process Need, then the ISO may authorize the Generator Owner to spend up to 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, in total, to develop the Capital Expenditure(s) in advance of receiving an order from the Commission. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is authorizing pursuant to the authority granted in this Section. The ISO may recover the cost of such a Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay the Generator Owner in accordance with (i) the rules in this Section 38.17, and (ii) Rate Schedule 8 to the ISO Services Tariff. If the Commission issues an order rejecting the proposed Capital Expenditure, then the Generator Owner shall cease work on the Capital Expenditure and take reasonable efforts to minimize the costs it incurs. Reimbursement of a rejected Capital Expenditure shall be limited to actual costs incurred, including reasonable wind-down costs, shall be subject to the dollar limits set forth in this section, and shall be reviewed in accordance with Section 38.17.7 below. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 38.17.7 shall include consideration of whether the Generator Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

For an Interim Service Provider, if the ISO determines that (x) the requirements of Section 38.17.3 have been satisfied, and (y) the Capital Expenditure does not exceed 1,000,000 U.S. Dollars on the basis of the total expenditure needed, then the ISO may recover the Capital

Expenditure pursuant to OATT Rate Schedule 14 and pay that amount to Generator Owner in accordance with (a) the rules in this Section 38.17 that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the ISO Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying to an Interim Service Provider pursuant to the authority granted in this section.

### **38.17.5 Early Termination of RMR Agreement**

If the Generator Owner is working to complete a Capital Expenditure consistent with an accepted RMR Agreement or consistent with an approved or accepted Proposed Additional Cost or Substantiated Additional Cost and the RMR Agreement is terminated early because (x) the Short-Term Reliability Process Need is resolved sooner than expected, or (y) the RMR Generator suffers a forced outage that would require significant costs to repair, or (z) for any other reason that does not involve an uncured Generator Owner default under the RMR Agreement or the RMR Generator failing to satisfy one or more of the operating standards described in Sections 38.19.4(A) and (B) below, and if Generator Owner ceased work on the Capital Expenditure and made reasonable efforts to minimize the costs it incurred, then, following review, the ISO shall recover the actual costs the Generator Owner incurred to construct the Capital Expenditure and to wind-down its work on the Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay Generator Owner in accordance with (a) the rules in this Section 38.17, and (b) Rate Schedule 8 to the ISO Services Tariff. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 38.17.7 below shall include consideration of whether the Generator Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

**38.17.6 The ISO shall not reimburse Interim Service Providers for Capital**

Expenditures that are not completed and placed in service during the 365 day period that follows the Short-Term Assessment of Reliability Start Date. The ISO shall not pay wind-down costs to Interim Service Providers. Subject to the foregoing requirements, the ISO's obligation to pay for Capital Expenditures that are not timely completed in accordance with the written agreement between the Generator Owner and the ISO that is described in Section 38.17.3 shall be addressed in that agreement. Even if a Capital Expenditure by an Interim Service Provider or potential Interim Service Provider is not eligible for compensation under Sections 38.17.3 or 38.17.6, the ISO may agree to pay Capital Expenditure costs that were incurred during the 365 day period that follows the Short-Term Assessment of Reliability Start Date in an RMR Agreement.

**38.17.7 ISO Review of Actual Costs Incurred Prior to Commencing Payment**

After the Generator Owner expends money for an allowed or accepted Capital Expenditure, including expenditures that may be eligible for recovery under Sections 38.17.4 and 38.17.5 above, it shall submit to the ISO copies of original documentation of the expenditure (including the financing costs) and an explanation of any difference between the estimated amount and the actual expenditure. If Generator Owner submits an actual total amount for a Capital Expenditure that is five (5) percent or more above (a) the estimate that was used by the ISO to develop an Availability and Performance Rate or to authorize recovery of a Substantiated Additional Cost; or (b) the estimate that was presented to the Commission to recover Capital Expenditure costs that exceed the dollar thresholds specified in Section 38.11.1, in an Owner Developed Rate, or in a request by the Generator Owner to recover a Proposed or Substantiated

Additional Cost; or (c) an appropriate portion of the estimate provided pursuant to (a) or (b) if the Capital Expenditure was not completed plus wind-down costs (if any), then the Generator Owner shall demonstrate to the ISO that reasonable efforts were made to expend the least amount necessary. The ISO shall review, verify and/or validate the actual expenditure provided by the Generator Owner. The ISO may require the Generator Owner to re-submit, information that the ISO determines is not adequately supported or otherwise verifiable. The amount due for Capital Expenditure shall be equal to the amount verified and validated by the ISO as the actual expenditure. If the ISO cannot verify and/or validate, as applicable, the information the Generator Owner provides, or if the ISO determines that reasonable efforts were not made to expend the least amount necessary, then compensation for the Capital Expenditure shall only be due after the Generator Owner submits its Capital Expenditure to the Commission and the Commission determines the amount to be paid.

38.17.7.1 If the Commission specified the amount that it authorized to be recovered for a particular Capital Expenditure in an order, then the ISO shall permit the Generator Owner to recover the actual amount verified and validated by the ISO, up to the limit(s) specified in the Commission order.

### **38.17.8 ISO Payment and Recovery of Authorized or Accepted Capital Expenditures**

38.17.8.1 The ISO shall commence paying for Capital Expenditures as soon as practicable after (i) the capital asset that is a Capital Expenditure (a) has been placed into service, or otherwise integrated into the Generator, or (b) was not placed into service solely due to the ISO instructing the RMR Generator to halt implementation of the Capital Expenditure, or issuing a Notice of Shut-down or terminating the RMR Agreement after costs had already been incurred; and

(ii) the amount paid by the Owner is verified and /or validated, as applicable, by the ISO as described in Section 38.17.7, or is determined by the Commission.

38.17.8.2 The ISO shall implement a repayment schedule in accordance with the formula specified in Section 38.17.8.2.1 below for each Capital Expenditure that will permit the Capital Expenditure to be completely repaid by the end date specified in Section 2.2.5 of the *Form of Reliability Must Run Agreement* set forth in Appendix C of this Attachment FF or by the equivalent date specified in an RMR Agreement that is not a *Form of Reliability Must Run Agreement*, or by the conclusion of the 365 day notice period if the ISO is repaying an allowed Capital Expenditure to an Interim Service Provider. If an RMR Agreement terminates prior to the end date that is specified in the RMR Agreement, then the ISO may continue repaying any Capital Expenditures the Generator Owner remains eligible to receive until that end date.

#### **38.17.8.2.1 Repayment Schedule for Capital Expenditures**

For each Capital Expenditure *CapEx Monthly Payment* is the amount that Generator Owner is permitted to recover each month:

$$CapEx\ Monthly\ Payment = \frac{Verified\ CapEx_{g,k}}{M_{E-k}}$$

Where:

*Verified CapEx<sub>g,k</sub>* = the amount due for a Capital Expenditure, verified and validated by the ISO as an actual expenditure for Generator *g*.

Month *k* is the month in which Repayment of a Capital Expenditure commences.

Month *E* is the month that includes the end date specified in Section 2.2.5 in the *Form of Reliability Must Run Agreement* or by the equivalent date specified in an RMR



Agreement that is not a *Form of Reliability Must Run Agreement* for Generator  $g$ , or the conclusion of the 365 day notice period for an Interim Service Provider.

$M_{E-k}$  = the number of months from month  $k$  to month  $E$ , including month  $k$  and month  $E$ .

38.17.8.3 The ISO shall pay the Generator Owner amounts due for Capital

Expenditures as a component of RMR Avoidable Costs (for an RMR Agreement with an Availability and Performance Rate or an Interim Service Provider) or RMR Cost (for an RMR Agreement with an Owner Developed Rate) under Rate Schedule 8 to the ISO Services Tariff. The ISO shall recover the cost of Capital Expenditures from RMR LSEs in accordance with Schedule 14 to the OATT.

38.17.8.4 Unless the Commission issues an order instructing it to pay, the ISO shall not pay the cost of Capital Expenditures that Section 23.6.5.2 of the ISO Services Tariff prohibits it from paying, even if the Capital Expenditures might otherwise be payable under the rules specified in this Attachment FF.

38.17.8.5 A Generator Owner that recovers the cost of Capital Expenditures may be required to repay to the ISO the depreciated value of the Capital Expenditure costs it recovered before the RMR Generator or Interim Service Provider at or for which the Capital Expenditure was incurred is permitted to be offered into or scheduled in the ISO Administered Markets. *See* Section 15.8.7 of Rate Schedule 8 to the Services Tariff.

### **38.18 Market Monitoring Unit Review of Determinations**

- 38.18.1 The ISO shall seek comments from the Market Monitoring Unit on matters relating to the inputs and the calculations the ISO performed pursuant to Section 38.8 of this Attachment FF.
- 38.18.2 The ISO shall seek comments from the Market Monitoring Unit on its review of Proposed Additional Costs and its determinations of Substantiated Additional Costs under Section 38.16 of this Attachment FF.
- 38.18.3 Concurrent with the ISO or a Generator filing with the Commission an RMR Agreement pursuant to Sections 38.11.3, 38.11.4 or 38.11.5, the Market Monitoring Unit shall publish a report. The report shall review the ISO's determination of the highest net present value offer (or more than one offer) to provide RMR service in accordance with Sections 38.8, 38.9 and 38.10. In the event that cost alone did not provide for a clear delineation between two or more RMR Service Offers, the report shall also review the ISO's consideration of the Generator Owner's proposed changes to the *Form of Reliability Must Run Agreement* and the operational, performance and market impacts, and the size of the Generators. If the RMR Agreement contains RMR Avoidable Costs and an Availability and Performance Rate, the report shall also review the inputs to, and ISO's calculation of, the RMR Avoidable Costs and the Availability and Performance Rate.
- 38.18.4 The responsibilities of the Market Monitoring Unit that are addressed in this Section 38.18 are also addressed in Section 30.4.6.8.6 of Attachment O of the ISO Services Tariff.

### **38.19 Terminating RMR Agreements**

- 38.19.1 Each RMR Agreement shall include an end date. RMR Agreements may incorporate a different end date for each RMR Generator that operates pursuant to the RMR Agreement.
- 38.19.2 RMR Agreements that include more than one RMR Generator shall permit the ISO to terminate the RMR Agreement for an RMR Generator without requiring the ISO to terminate the RMR Agreement for any or all of the other RMR Generator(s) that are operating pursuant to the same RMR Agreement.
- 38.19.3 The ISO shall timely terminate an RMR Agreement for an RMR Generator when that RMR Generator is no longer needed to address identified Short-Term Reliability Process Need(s).
- 38.19.4 The ISO may terminate an RMR Agreement for an RMR Generator under any of the following circumstances: (A) if the RMR Generator fails to satisfy any of the minimum operating standards specified in the RMR Agreement; (B) if the RMR Generator repeatedly fails to operate as requested when it is called upon by the ISO or by a Transmission Owner to address one or more of the identified Short-Term Reliability Process Need(s) the RMR Generator is being retained to address; (C) when the RMR Generator suffers a forced outage that will prevent it from being available for 180 or more days to address the identified Short-Term Reliability Process Need(s) that the RMR Generator is being retained to address; or (D) if significant Additional Costs arise (*see* Section 38.16) that make the RMR Generator more expensive than other solutions to the identified Short-Term Reliability Process Need(s).

**38.20      Reserved**

## **38.21      Reserved**

### **38.22 Cost Allocation Methodology for Short-Term Reliability Process**

The cost allocation mechanism under this Section 38.22 sets forth the basis for allocating costs associated with: (i) a Responsible Transmission Owner's transmission Short-Term Reliability Process Solution proposed in accordance with Section 38.4 and, if applicable, its conceptual permanent transmission Short-Term Reliability Process Solution, (ii) a Developer's transmission Short-Term Reliability Process Solution selected by the ISO to address a Short-Term Reliability Process Need pursuant to Section 38.10, or (iii) a Generator operating under an RMR Agreement to address a Short-Term Reliability Process Need. The ISO shall implement the specific cost allocation methodology set forth in this Section 38.22 of this Attachment FF in accordance with the Order No. 1000 Regional Cost Allocation Principles as set forth in Section 31.5.2.1 of Attachment Y.

The formula is applicable to the ISO's share of the costs of an Interregional Transmission Project proposed as a regulated transmission solution to an identified Short Term Reliability Process Need in accordance with Section 38.4.2.5 of Attachment FF. The formula is not applicable to that portion of the cost of a regulated transmission reliability project that is, pursuant to Section 25.7.12 of Attachment S to the ISO OATT, paid for with funds (1) previously committed by or collected from Developers through their acceptance of a Project Cost Allocation for System Deliverability Upgrades required for the interconnection of generation projects or Class Year Transmission Projects, or (2) funds collected as a Highway Facilities Charge pursuant to Rate Schedule 12 of the ISO OATT.

This Section 38.22 establishes the allocation of the costs related to resolving Short-Term Reliability Process Needs resulting from resource adequacy, BPTF thermal transmission security, local transmission security for a Generator Deactivation Reliability Need, dynamic

stability, and short circuit issues. Costs will be allocated in accordance with the following hierarchy: (i) resource adequacy pursuant to Section 38.22.1, (ii) BPTF thermal transmission security pursuant to Section 38.22.2, (iii) BPTF voltage security pursuant to Section 38.22.3, (iv) local transmission security for a Generator Deactivation Reliability Need pursuant to Section 38.22.4, (v) dynamic stability pursuant to Section 38.22.5, and (vi) short circuit pursuant to Section 38.22.6.

### 38.22.1 Resource Adequacy Reliability Solution Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 38.22, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving resource adequacy. The same cost allocation formula is applied regardless of the project or sets of projects being triggered; however, the nature of the solution set may lead to some terms equaling zero, thereby dropping out of the equation. To ensure that appropriate allocation to the LCR and non-LCR zones occurs, the zonal allocation percentages are developed through a series of steps that first identify responsibility for LCR deficiencies, followed by responsibility for remaining need. The following formula shall apply to the allocation of the costs of the solution attributable to resource adequacy:

$$\text{Resource Adequacy Cost Allocation}_i = \left[ \frac{\text{LCRdef}_i}{\text{Soln Size}} + \left( \frac{\frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}}}{\frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_l)} * \frac{\text{Soln Cldef}}{\text{Soln Size}}} \right] * 100\%$$

Where  $i$  is for each applicable zone,  $n$  represent the total zones in NYCA,  $m$  represents the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where

LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement,  $LCR_{def_i}$  is the applicable zonal LCR deficiency,  $Soln_{STW_{def}}$  is the  $STW_{def}$  for each applicable project,  $Soln_{CI_{def}}$  is the  $CI_{def}$  for each applicable project, and  $Soln\_Size$  represents the total compensatory MW addressed by each applicable project for all reliability cost allocation steps in this Section 38.22.

Three step cost allocation methodology for regulated reliability solutions:

### **38.22.1.1 Step 1 - LCR Deficiency**

38.22.1.1.1 Any deficiencies in meeting the LCRs for the Target Year will be referred to as the  $LCR_{def}$ . If the reliability criterion is met once the LCR deficiencies have been addressed, that is  $LOLE \leq 0.1$  for the Target Year is achieved, then the only costs allocated will be those related to the  $LCR_{def}$  MW. Cost responsibility for the  $LCR_{def}$  MW will be borne by each deficient locational zone(s), to the extent each is individually deficient.

For a single solution that addresses only an LCR deficiency in the applicable LCR zone, the equation would reduce to:

$$Allocation_i = \frac{LCR_{def_i}}{Soln\_Size} * 100\%$$

Where  $i$  is for each applicable LCR zone,  $LCR_{def_i}$  represents the applicable zonal LCR deficiency, and  $Soln\_Size$  represents the total compensatory MW addressed by the applicable project.

38.22.1.1.2 Prior to the LOLE calculation, voltage constrained interfaces will be recalculated to determine the resulting transfer limits when the  $LCR_{def}$  MW are added.



38.22.1.2 Step 2 - Statewide Resource Deficiency. If the reliability criterion is not met after the LCRdef has been addressed, that is an LOLE > 0.1, then a NYCA Free Flow Test will be conducted to determine if NYCA has sufficient resources to meet an LOLE of 0.1.

38.22.1.2.1 If NYCA is found to be resource limited, the ISO, using the transfer limits and resources determined in Step 1, will determine the optimal distribution of additional resources to achieve a reduction in the NYCA LOLE to 0.1.

38.22.1.2.2 Cost allocation for compensatory MW added for cost allocation purposes to achieve an LOLE of 0.1, defined as a Statewide MW deficiency (STWdef), will be prorated to all NYCA zones, based on the NYCA coincident peak load. The allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a statewide deficiency, the equation would reduce to:

$$\text{Allocation}_i = \left[ \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{k=1}^n \text{Coincident Peak}_k * (1 + \text{IRM} - \text{LCR}_k)} * \frac{\text{Soln STWdef}}{\text{Soln Size}} \right] * 100\%$$

Where  $i$  is for each applicable zone,  $n$  is for the total zones in NYCA, IRM is the statewide reserve margin, and LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, Soln STWdef is the STWdef for the applicable project, and Soln\_Size represents the total compensatory MW addressed by the applicable project.

38.22.1.3 Step 3 - Constrained Interface Deficiency. If the NYCA is not resource limited as determined by the NYCA Free Flow Test, then the ISO will examine constrained transmission interfaces, using the Binding Interface Test.

38.22.1.3.1 The ISO will provide output results of the reliability simulation program utilized for the RNA that indicate the hours that each interface is at limit in each flow direction, as well as the hours that coincide with a loss of load event. These values will be used as an initial indicator to determine the binding interfaces that are impacting LOLE within the NYCA.

38.22.1.3.2 The ISO will review the output of the reliability simulation program utilized for the RNA along with other applicable information that may be available to make the determination of the binding interfaces.

38.22.1.3.3 Bounded Regions are assigned cost responsibility for the compensatory MW, defined as C<sub>ldef</sub>, needed to reach an LOLE of 0.1.

38.22.1.3.4 If one or more Bounded Regions are isolated as a result of binding interfaces identified through the Binding Interface Test, the ISO will determine the optimal distribution of compensatory MW to achieve a NYCA LOLE of 0.1. Compensatory MW will be added until the required NYCA LOLE is achieved.

38.22.1.3.5 The Bounded Regions will be identified by the ISO's Binding Interface Test, which identifies the bounded interface limits that can be relieved and have the greatest impact on NYCA LOLE. The Bounded Region that will have the greatest benefit to NYCA LOLE will be the area to be first allocated costs in this step. The ISO will determine if after the first addition of compensating MWs the Bounded Region with the greatest impact on LOLE has changed. During this

iterative process, the Binding Interface Test will look across the state to identify the appropriate Bounded Region. Specifically, the Binding Interface Test will be applied starting from the interface that has the greatest benefit to LOLE (the greatest LOLE reduction per interface compensatory MW addition), and then extended to subsequent interfaces until a NYCA LOLE of 0.1 is achieved.

38.22.1.3.6 The CIdéf MW are allocated to the applicable Bounded Region isolated as a result of the constrained interface limits, based on their NYCA coincident peaks. Allocation to locational zones will take into account their locational requirements. For a single solution that addresses only a binding interface deficiency, the equation would reduce to:

$$\text{Allocation}_i = \left[ \frac{\text{Coincident Peak}_i * (1 + \text{IRM} - \text{LCR}_i)}{\sum_{l=1}^m \text{Coincident Peak}_l * (1 + \text{IRM} - \text{LCR}_l)} * \frac{\text{SolnCIdef}}{\text{Soln Size}} \right] * 100\%$$

Where  $i$  is for each applicable zone,  $m$  is for the zones isolated by the binding interfaces, IRM is the statewide reserve margin, and where LCR is defined as the locational capacity requirement in terms of percentage and is equal to zero for those zones without an LCR requirement, SolnCIdef is the CIdéf for the applicable project and Soln\_Size represents the total compensatory MW addressed by the applicable project.

### 38.22.2 BPTF Thermal Transmission Security Cost Allocation Formula

For purposes of solutions eligible for cost allocation under this Section 38.22, this section sets forth the cost allocation methodology applicable to that portion of the costs of the solution attributable to resolving BPTF thermal transmission security issues. If, after consideration of the compensatory MW identified in the resource adequacy reliability solution cost allocation in

accordance with Section 38.22.1, there remains a BPTF thermal transmission security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF thermal transmission security issue(s) to the Subzones that contribute to the BPTF thermal transmission security issue(s) in the following manner.

#### **38.22.2.1 Calculation of Nodal Distribution Factors**

The ISO will calculate the nodal distribution factor for each load bus modeled in the power flow case utilizing the output of the reliability simulation program that identified the Short-Term Reliability Process Need, including the NYCA generation dispatch and NYCA coincident peak Load. The nodal distribution factor represents the percentage of the Load that flows across the facility subject to the Short-Term Reliability Process Need. The sign (positive or negative) of the nodal distribution factor represents the direction of flow.

#### **38.22.2.2 Calculation of Nodal Flow**

The ISO will calculate the nodal megawatt flow, defined as Nodal Flow, for each load bus modeled in the power flow case by multiplying the amount of Load in megawatts for the bus, defined as Nodal Load, by the nodal distribution factor for the bus. Nodal Flow represents the number of megawatts that flow across the facility subject to the Short-Term Reliability Process Need due to the Load.

#### **38.22.2.3 Calculation of Contributing Load and Contributing Flow**

The Nodal Load for a load bus with a positive nodal distribution factor is a contributing Load, defined as CLoad, and the Nodal Flow for that Load is contributing flow, defined as CFlow. To identify contributing Loads that have a material impact on the Short-Term Reliability

Process Need, the ISO will calculate a contributing materiality threshold, defined as CMT, as follows:

$$CMT = \frac{\sum_{k=1}^m \sum_{Lk=1}^n CFlow_{Lk}}{\sum_{k=1}^m \sum_{Lk=1}^n CLoad_{Lk}}$$

Where  $m$  is for the total number of Subzones and  $n$  is for the total number of load buses in a given Subzone.

#### **38.22.2.4 Calculation of Helping Load and Helping Flow**

The Nodal Load for a load bus with a negative or zero nodal distribution factor is a helping Load, defined as HLoad, and the Nodal Flow for that Load is helping flow, defined as HFlow. To identify helping Loads that have a material impact on the Short-Term Reliability Process Need, the ISO will calculate a helping materiality threshold, defined as HMT, as follows:

$$HMT = \frac{\sum_{k=1}^m \sum_{Lk=1}^n HFlow_{Lk}}{\sum_{k=1}^m \sum_{Lk=1}^n HLoad_{Lk}}$$

Where  $m$  is for the total number of Subzones and  $n$  is for the total number of load buses in a given Subzone.

#### **38.22.2.5 Calculation of Net Material Flow for Each Subzone**

The ISO will identify material Nodal Flow for each Subzone and calculate the net material flow for each Subzone. For each load bus, the Nodal Flow will be identified as material flow, defined as MFlow, if the nodal distribution factor is (i) greater than or equal to CMT, or (ii) less than or equal to HMT. The net material flow for each Subzone, defined as SZ\_NetFlow, is calculated as follows:

$$SZ\_NetFlow_j = \sum_{Lj=1}^n MFlow_{Lj}$$

Where  $j$  is for each Subzone and  $n$  is for the total number of load buses in a given Subzone.

#### **38.22.2.6 Identification of Allocated Flow for Each Subzone**

The ISO will identify the allocated flow for each Subzone and verify that sufficient contributing flow is being allocated costs. For each Subzone, if the  $SZ\_NetFlow$  is greater than zero, that Subzone has a net material contribution to the Short-Term Reliability Process Need and the  $SZ\_NetFlow$  is identified as allocated flow, defined as  $SZ\_AllocFlow$ . If the  $SZ\_NetFlow$  is less than or equal to zero, that Subzone does not have a net material contribution to the Generator Deactivation Reliability Need and the  $SZ\_AllocFlow$  is zero for that Subzone. If the total  $SZ\_AllocFlow$  for all Subzones is less than 60% of the total  $CFlow$  for all Subzones, then the CMT will be reduced and  $SZ\_NetFlow$  recalculated until the total  $SZ\_AllocFlow$  for all Subzones is at least 60% of the total  $CFlow$  for all Subzones.

#### **38.22.2.7 Cost Allocation for a Single BPTF Thermal Transmission Security Issue**

For a single solution that addresses only a BPTF thermal transmission security issue, the equation for cost allocation would reduce to:

$$BPTF\ Thermal\ Cost\ Allocation_j = \frac{SZ\_AllocFlow_j}{\sum_{k=1}^m SZ\_AllocFlow_k} \times \frac{SolnBTSdef}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones;  $SZ\_AllocFlow$  is the allocated flow for each Subzone;  $SolnBTSdef$  is the number of compensatory MW for the BPTF thermal transmission security issue for the applicable project; and  $Soln\_Size$  represents the total compensatory MW addressed by the applicable project.

### **38.22.2.8 Cost Allocation for Multiple BPTF Thermal Transmission Security Issues**

If a single solution addresses multiple BPTF thermal transmission security issues, the ISO will calculate weighting factors based on the ratio of the present value of the estimated costs for individual solutions to each BPTF thermal transmission security issue. The present values of the estimated costs for the individual solutions shall be based on a common base date that will be the beginning of the calendar month in which the cost allocation analysis is performed (the “Base Date”). The ISO will apply the weighting factors to the cost allocation calculated for each Subzone for each individual BPTF thermal transmission security issue. The following example illustrates the cost allocation for such a solution:

- A cost allocation analysis for the selected solution is to be performed during a given month establishing the beginning of that month as the Base Date.
- The ISO has identified two BPTF thermal transmission security issues, Overload X and Overload Y, and the ISO has selected a single solution (Project Z) to address both BPTF thermal transmission security issues.
- The cost of a solution to address only Overload X (Project X) is  $\text{Cost}(X)$ , provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project (X) is  $N(X)$ .
- The cost of a solution to address only Overload Y (Project Y) is  $\text{Cost}(Y)$ , provided in a given year's dollars. The number of years from the Base Date to the year associated with the cost estimate of Project Y is  $N(Y)$ .
- The discount rate,  $D$ , to be used for the present value analysis shall be the current after-tax weighted average cost of capital for the Transmission Owners.
- Based on the foregoing assumptions, the following formulas will be used:

- Present Value of Cost (X) = PV Cost (X) = Cost (X) / (1+D)<sup>N(X)</sup>
  - Present Value of Cost (Y) = PV Cost (Y) = Cost (Y) / (1+D)<sup>N(Y)</sup>
  - Overload X weighting factor = PV Cost (X)/[PV Cost (X) + PV Cost (Y)]
  - Overload Y weighting factor = PV Cost (Y)/[PV Cost (X) + PV Cost (Y)]
- Applying those formulas, if:

Cost (X) = \$100 Million and N(X) = 6.25 years

Cost (Y) = \$25 Million and N(Y) = 4.75 years

D = 7.5% per year

Then:

PV Cost (X) = 100/(1+0.075)<sup>6.25</sup> = 63.635 Million

PV Cost (Y) = 25/(1+0.075)<sup>4.75</sup> = 17.732 Million

Overload X weighting factor = 63.635 / (63.635 + 17.732) = 78.21%

Overload Y weighting factor = 17.732 / (63.635 + 17.732) = 21.79%

- Applying those weighing factors, if:

Subzone A cost allocation for Overload X is 15%

Subzone A cost allocation for Overload Y is 70%

Then:

Subzone A cost allocation % for Project Z =

(15% \* 78.21%) + (70% \* 21.79%) = 26.99%

### 38.22.2.9 Exclusion of Subzone(s) Based on *De Minimis* Impact

If a Subzone is assigned a BPTF thermal transmission security cost allocation less than a *de minimis* dollar threshold of the total project costs, that Subzone will not be allocated costs; *provided however*, that the total *de minimis* Subzones may not exceed 10% of the total BPTF



thermal transmission security cost allocation. The *de minimis* threshold is initially \$10,000. If the total allocation percentage of all *de minimis* Subzones is greater than 10%, then the *de minimis* threshold will be reduced until the total allocation percentage of all *de minimis* Subzones is less than or equal to 10%.

### 38.22.3 BPTF Voltage Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1 and BPTF thermal transmission security cost allocation in accordance with Section 38.22.2, there remains a BPTF voltage security issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the BPTF voltage security issue(s) to the Subzones that contribute to the BPTF voltage security issue(s). The cost responsibility for the portion (MW or MVar) of the solution attributable to resolving the BPTF voltage security issue(s), defined as SolnBVSdef, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

$$BPTF \text{ Voltage Cost Allocation}_j = \frac{Coincident \text{ Peak}_j}{\sum_{k=1}^m Coincident \text{ Peak}_k} \times \frac{SolnBVSdef}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to BPTF voltage cost allocation; Coincident Peak is for the total peak Load for each Subzone; SolnBVSdef is for the portion of the solution necessary to resolve the BPTF voltage security issue(s); and Soln\_Size represents the total compensatory MW addressed by the applicable project.

### 38.22.4 Local Transmission Security Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1, the BPTF thermal transmission security cost

allocation in accordance with Section 38.22.2, and BPTF voltage security cost allocation in accordance with Section 38.22.3, there remains a non-BPTF thermal security issue or a non-BPTF voltage security issue, the ISO will allocate the costs of resolving the local security issue(s) to the Subzones that contribute to the local security issue(s). This local transmission security step will only apply for the allocation of the costs of a Short-Term Reliability Process Solution to a Generator Deactivation Reliability Need.

38.22.4.1 The Subzone in which the receiving terminal of the non-BPTF facility is located is assigned cost responsibility for the megawatt portion of the solution needed to eliminate the non-BPTF thermal issue(s), defined as LocalThermalMW. If multiple non-BPTF thermal issues in multiple Subzones are addressed by the solution, the LocalThermalMW will be allocated on a Load-ratio share to each identified Subzone as follows:

$$Local\ Thermal\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{LocalThermalMW}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to local thermal cost allocation; Coincident Peak is for the total peak load for each Subzone; LocalThermalMW is for the megawatt portion of the solution needed to eliminate the non-BPTF thermal issue(s); and Soln\_Size represents the total compensatory MW addressed by the solution.

38.22.4.2 If there remains a voltage issue after consideration of LocalThermalMW, then the cost responsibility for the megawatt portion of the solution necessary to resolve the voltage issue(s), defined as LocalVoltageMW, will be allocated on a Load-ratio share to each Subzone to which each bus with a voltage issue is connected, as follows:

$$Local\ Voltage\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{LocalVoltageMW}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones that are subject to local voltage cost allocation; Coincident Peak is for the total peak Load for each Subzone; LocalVoltageMW is for the megawatt portion of the RMR Agreement necessary to resolve the voltage issue(s); and Soln\_Size represents the total compensatory MW addressed by the solution.

### 38.22.5 Dynamic Stability Cost Allocation

If, after consideration of the compensatory MW identified in the resource adequacy cost allocation in accordance with Section 38.22.1, BPTF thermal transmission security cost allocation in accordance with Section 38.22.2, BPTF voltage security cost allocation in accordance with Section 38.22.3, and local transmission security cost allocation for a Generator Deactivation Reliability Need in accordance with Section 38.22.4, there remains a dynamic stability issue, the ISO will allocate the costs of the portion of the solution attributable to resolving the dynamic stability issue(s) to all Subzones in the NYCA on a Load-ratio share basis, as follows:

$$Dynamic\ Stability\ Cost\ Allocation_j = \frac{Coincident\ Peak_j}{\sum_{k=1}^m Coincident\ Peak_k} \times \frac{DynamicMW}{Soln\_Size}$$

Where  $j$  is for each Subzone;  $m$  is for the total number of Subzones; Coincident Peak is for the total peak Load for each Subzone; DynamicMW is for the megawatt portion of the solution necessary to resolve the dynamic stability issue(s) for the applicable project; and Soln\_Size represents the total compensatory MW addressed by the applicable project.

### **38.22.6 Short Circuit Issues**

If, after the completion of the prior reliability cost allocation steps, there remains a short circuit issue, the short circuit issue will be deemed a local issue and related costs will not be allocated under this process.

### **38.23 Cost Recovery for Short-Term Reliability Process**

38.23.1 The Responsible Transmission Owner or the Developer that proposes a transmission Short-Term Reliability Process Solution that is selected by the ISO pursuant to Section 38.10 to address a Short-Term Reliability Process Need shall be entitled to full recovery of all reasonably incurred costs, including a reasonable return on investment and any applicable incentives, related to the development, construction, operation and maintenance of the transmission Short-Term Reliability Process Solution. The Responsible Transmission Owner shall also be entitled to recover its costs for developing its proposed transmission Short-Term Reliability Process Solution and, if applicable, its conceptual permanent Short-Term Reliability Process Solution, whether or not such solutions were selected by the ISO. The Responsible Transmission Owner or Developer will recover its costs in accordance with Schedule 16 of this ISO OATT, or as determined by the Commission. The period for cost recovery will be determined by the Commission and will begin if and when the Short-Term Reliability Process Solution is completed or halted, or as otherwise determined by the Commission. The NYISO does not provide cost recovery related to projects undertaken by Transmission Owners through their Local Transmission Owner Planning Processes pursuant to Sections 31.1.3 and 31.2.1 of Attachment Y of the ISO OATT.

38.23.2. If a selected regulated transmission Short-Term Reliability Process Solution is halted by the ISO, all of the costs incurred and commitments made by the Developer up to that point, including reasonable and necessary expenses

incurred to implement an orderly termination of the project, will be recoverable by the Developer in accordance with Schedule 16 of the ISO OATT.

38.23.3 If the appropriate federal, state or local agency(ies) either rejects a necessary authorization, or approves and later withdraws authorization, for the selected transmission Short-Term Reliability Process Solution, the Developer may recover all of the necessary and reasonable costs incurred and commitments made up to the final federal, state or local regulatory decision, including reasonable and necessary expenses incurred to implement an orderly termination of the project, to the extent permitted by the Commission in accordance with its regulations. The ISO shall recover such costs in accordance with Schedule 16 of the ISO OATT.

38.23.4 If a Market Participant's Generator is operating under an RMR Agreement pursuant to Section 38.11 to address a Short-Term Reliability Process Need, the Market Participant will be paid in accordance with Rate Schedule 8 of the ISO Services Tariff. The ISO will recover costs related to RMR Agreements from LSEs in accordance with Schedule 14 of the ISO OATT.

38.23.5 With the exception of a Generator operating under an RMR Agreement, costs related to non-transmission regulated Short-Term Reliability Process Solutions to Short-Term Reliability Process Needs will be recovered by Responsible Transmission Owners or Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law.

## **38.24 Appendix A – Generator Deactivation Notice Form**

### **38.24.1 Instructions**

38.24.1.1 Before a Generator with a nameplate rating that exceeds 1 MW may be Retired or enter into a Mothball Outage, the Market Participant must satisfy the requirements set forth in Attachment FF to the OATT, including submitting to the NYISO a completed Generator Deactivation Notice using the form set forth in this Appendix A of Attachment FF to the OATT, and providing the information required by Appendix B of Attachment FF to the OATT.

38.24.1.2 In accordance with the requirements set forth in Section 38.3.1 of Attachment FF to the OATT and ISO Procedures, the Market Participant shall submit to the NYISO via electronic mail (a) the Generator Deactivation Notice form to [generator\\_retirement@nyiso.com](mailto:generator_retirement@nyiso.com) and (b) all information required by Appendix B of Attachment FF to NYISO Stakeholder Services, to the attention of the Director of Market Mitigation and Analysis.

38.24.1.3 The NYISO will review the information received pursuant to Section 38.3.1.5 of the OATT to determine whether it is complete. The NYISO will notify the Market Participant to provide any additional information that is required in order for the Generator Deactivation Notice to be determined to be complete.

38.24.1.4 The 365 day notice period applicable to a Generator(s) proposing to be Retired or enter into a Mothball Outage will begin to run on the date of the next quarterly Short-Term Assessment of Reliability (STAR) that commences at least one day after the date on which NYISO issues a written notice to the Market Participant indicating that the Generator Deactivation Notice (including the information received and supporting certification) are complete.

38.24.1.5 The Market Participant has a continuing obligation to timely submit additional information pursuant to Section 38.25.4 of Appendix B, under Attachment FF to the NYISO OATT, and as otherwise required under the ISO Tariffs. All such information shall be sent to NYISO Stakeholder Services, to the attention of the Director of Market Mitigation and Analysis.

### **38.24.2 Submitting Entity's Information**

38.24.2.1 Name of entity submitting notice:

\_\_\_\_\_ (“submitting entity”)

38.24.2.2 Submitting entity's interest in and relationship with Generator(s) (check all that apply):

☐ Owner (and if part owner, percent) of Generator(s)

- ☐ Operator of Generator(s)  
☐ Market Participant  
☐ Other \_\_\_\_\_

If the submitting entity is not both the owner and operator, provide the following information for (a) the owner, (b) the operator, (c) Market Participant, and (d) the submitting entity:

38.24.2.3 State of organization or incorporation:

\_\_\_\_\_

38.24.2.4 Contact information

Name of contact person and alternate contact person, title, relationship to the submitting entity, mailing address, e-mail address, office phone number, and cell phone number:

### 38.24.3 Identity of Generator(s) Subject to Generator Deactivation Notice

Location:

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Unit Name: \_\_\_\_\_ PTID \_\_\_\_\_ Nameplate Rating in MW: \_\_\_\_\_

Revenue Meter Location(s) (Use PTIDs):

### 38.24.4 Proposed Generator Deactivation

38.24.4.1 The Generator Deactivation Notice is for the Generator(s) (check one):

- ☐ to be Retired  
☐ to enter into a Mothball Outage.

38.24.4.2 If the submitting entity is proposing to enter the Generator(s) into a Mothball Outage, please check the box below to acknowledge that the Generator(s) is able to return to service within 180 days.

☐ Generator(s) is able to return to service within 180 days

Please note: If the submitting entity believes that there is good cause for why a Generator will not be able to return to service within 180 days, the



submitting entity must separately provide for each such Generator the proposed number of days for return and supporting information to the NYISO for review. The NYISO will determine whether the information provided satisfies the requirements of Section 5.18.3.2 of the ISO Services Tariff. If the Generator Deactivation Notice is for more than one Generator, and the response to this subsection 38.24.4.2 is not the same for all Generators, specify by Unit Name and PTID which Generators are able and which are not able to return to service within 180 days.

38.24.4.3 If the submitting entity is proposing to enter the Generator(s) into a Mothball Outage, please check the box below to acknowledge that the step-up transformer(s) and other system protection equipment will continue to be operational during the Mothball Outage.

☐ The step-up transformer(s) and other system protection equipment will continue to be operational during the Mothball Outage.

38.24.4.4 If the submitting entity is proposing for the Generator(s) to be Retired on a date other than 365 days after the Generator Deactivation Assessment Start Date (as that term is defined in Section 38.1 of Attachment FF to the NYISO OATT), the desired retirement date is: [day] of [month] of [year].

38.24.4.5 If the submitting entity is proposing for the Generator(s) to enter into a Mothball Outage on a date other than 365 days after the Generator Deactivation Assessment Start Date, the desired date to enter into a Mothball Outage is: [day] of [month] of [year]. The submitting entity proposes to resume operation and participation in the ISO Administered Markets on: [day] of [month] of [year].

### **38.24.5 Acknowledgments**

By submitting the Generator Deactivation Notice, the submitting entity acknowledges:

- After the NYISO determines that the Generator Deactivation Notice is complete, the NYISO will post a notice of that determination (and will notify the submitting entity.)
- If the submitting entity rescinds this Generator Deactivation Notice after the NYISO determines it to be complete, the submitting entity must reimburse the NYISO and the relevant New York Transmission Owner(s) in accordance with Section 38.14.2 of Attachment FF of the NYISO OATT the actual costs that each incurred in performing their responsibilities under Attachment FF of the NYISO OATT and Section 23.4.5.6 of the ISO Services Tariff in response to the submitting entity's submission of this Generator Deactivation Notice, including any costs associated with using contractors.

**38.24.6 Submitted By:**

**Certification**

The undersigned certifies that he or she is an officer of the submitting entity, that he or she is authorized to execute this Certification and submit this Generator Deactivation Notice on behalf of the submitting entity, and that the information and statements contained herein (including any and all attachments, and information required by Appendix B of Attachment FF to the NYISO OATT submitted herewith,) and in this certification are true and correct to the best of his or her information, knowledge and belief, having conducted due diligence.

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **38.25 Appendix B – Short-Term Reliability Process Cost, Revenue, and Other Information Requirements**

### **38.25.1 Overview of Information Requirements**

This Appendix B governs the information that must be received by the ISO from Market Parties for Short-Term Reliability Process Solutions, including Initiating Generators, Short-Term Reliability Process Solutions proposed pursuant to Section 38.4 of Attachment FF, and Generators that have submitted a statement of intent or are otherwise required by the ISO to submit this information pursuant to 38.5 of this Attachment FF. The term “information” as used in this Appendix B and in Attachment FF includes all sources and types of information and data. The information required by this Appendix shall be separately stated from and is in addition to the information requirements for Generators in certain outages set forth in Section 5.18 of the ISO Services Tariff, the information required by the ISO pursuant to Section 23.4.5.6 of the ISO Services Tariff, and the Short-Term Reliability Process project information requirements set forth in Section 38.4 of this Attachment FF. If the information required by this Appendix does not exist on the date due to the ISO, the Market Party shall promptly provide it to the ISO if and when it does exist in whole or in part.

### **38.25.2 Information Requirements Applicable to Initiating Generators**

38.25.2.1 The Market Party for an Initiating Generator must submit the information specified below, and any other information specified by the ISO on the section of its website identified for RMR Information Requirements, in the form and manner directed by the ISO. The items and their costs identified for (a) through (d), and (e) in this Section shall include only those costs necessary for the Initiating Generator to operate in

accordance with Good Utility Practice for the duration of the relevant information period  
(as set forth in Section 38.25.8).

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs, such as fuel, emissions, and start up costs, and other costs identified by the ISO in accordance with ISO Procedures; and if there is any difference between the submitted information and the information in the ISO's Reference Level System at the time of the submission, and an explanation of the reason for the difference;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this section that are necessary for the Generator to operate;
- (f) All information pertaining to the capital structure of the Generator and its financing structure, the sources of capital, financing agreements, and dividend payout schedules;
- (g) If the Generator Deactivation Notice is for the Generator to be Retired, (a) all existing agreements and proposals pertaining to the cost of opportunities that would be foregone if the Generator is not retired, such agreements being for the reuse, repurposing, or distribution of the real property of or on which the unit is located, its personal property or appurtenances; and (b) all agreements that contain a cost, premium, or fee for termination of all or a portion thereof;
- (h) If the Generator is in an ICAP Ineligible Forced Outage or is Mothballed, and the Generator Deactivation Notice is for a retirement prior to the expiration of the period set forth in Section 5.18 of the ISO Services Tariff, the costs that are necessary to enable the Generator to return to service; and
- (i) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the Generator.

38.25.2.2 For each item of cost or revenue, the Market Party shall specify whether it can be avoided, in whole or in part or diminished, if the Generator (a) ceases operations in the manner specified in its Generator Deactivation Notice, or (b) does not resume service

from an ICAP Ineligible Forced Outage or Mothball Outage state. For each cost that can be avoided, the Market Party shall specify how it plans to do so and the potentially viable options examined to minimize the cost.

**38.25.3 Information Requirements Applicable to Short-Term Reliability Process Solutions Proposed Pursuant to Section 38.4 and Generators that Submit Statements of Intent or that Are Otherwise Required to Provide Information Pursuant to Section 38.5**

38.25.3.1 The Market Party for a Short-Term Reliability Process Solution proposed pursuant to Section 38.4, or for a Generator that submitted a statement of intent or that is otherwise required by the ISO to provide the information in Appendix B pursuant to Section 38.5, shall submit the information identified below, and any other information specified by the ISO on the ISO's website, in the form and manner directed by the ISO.

38.25.3.2 If a Market Party has submitted a statement of intent to offer its Generator, or if the ISO otherwise requires the Market Party to provide the information in Appendix B regarding the Generator pursuant to Section 38.5, then the Market Party shall submit the information set forth in Section 38.25.2.1 and 38.25.2.2.

38.25.3.3 If a proposed Short-Term Reliability Process Solution is a new Generator, the Market Party shall submit those costs necessary for the Generator to be sited, permitted, and constructed, and the information below. The items and their costs identified for (a) through (d) in this Section shall include only those costs necessary for the Generator to operate in accordance with Good Utility Practice for the duration of the relevant information period.

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
- (b) Fixed operating and maintenance costs;

- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) All information pertaining to the capital structure of the Generator and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;
- (f) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the Generator served as a Short-Term Reliability Process Solution; and
- (g) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the proposed Short-Term Reliability Process Solution or Generator.

38.25.3.4 If a proposed Short-Term Reliability Process Solution is a transmission project, the Market Party shall provide:

- (a) Capital expenses, including the following elements:
  - (i) Capital expenses necessary to comply with federal or state environmental or safety requirements, separately stating the financing cost (*e.g.*, interest and fees) for each item;
  - (ii) Worksheets setting forth all relevant material and labor cost assumptions. These assumptions should be itemized, and should include the following elements:
    - (A) equipment, including, to the extent applicable and available, sub-itemized estimates for equipment associated with each of the following categories: (i) the proposed project; (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities); and (iii) System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades
    - (B) engineering and design work
    - (C) permitting
    - (D) site acquisition
    - (E) procurement
    - (F) construction work

- (G) other commissioning work;
- (iii) For each category or sub-category of cost estimate, a quantification of cost variance, including an assumed plus/minus range around the capital cost estimate.
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this Section that are necessary to enable the project to operate, including any costs to obtain right of way, siting, and other federal, state and local permits;
- (f) All information pertaining to the capital structure of the project and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;
- (g) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the project served as a Short-Term Reliability Process Solution; and
- (h) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenue related to the construction of, investment in, upgrade to, or operation of the project.

#### **38.25.4 Obligation to Submit Further Information**

Market Parties for Short-Term Reliability Process Solutions, including Initiating Generators, Short-Term Reliability Process Solutions proposed pursuant to Section 38.4, Generators that submitted a statement of intent pursuant to Section 38.5, and Generators otherwise required to provide the information in Appendix B pursuant to Section 38.5, shall provide any new information, and shall update and revise information previously submitted to the ISO in accordance with Sections 38.25.2 or 38.25.3, (i) no more than fifteen days after (a) a material change (or a series of changes that results in a material change) in (I) the physical condition of a proposed or potential Short-Term Reliability Process Solution or any aspect of its proposal, or (II) the information previously submitted, (b) an event occurring that makes any

element of the information submitted materially inaccurate, (c) actual cost information becoming available where estimated information had been provided, (d) changes to costs based on physical events or regulatory developments that might reasonably be expected to impact planned operations, and also (ii) promptly upon the request of the ISO for any other information. The obligation to provide information pursuant to this Section 38.25.4 shall cease (a) for any proposed or potential Short-Term Reliability Process Solution (other than an Initiating Generator) on the earlier of the date (x) the ISO provides notice that a Short-Term Reliability Process Solution is not needed, (y) the request for Short-Term Reliability Process Solutions is withdrawn, or (z) that the ISO determines a Short-Term Reliability Process Solution other than it is expected to satisfy the Short-Term Reliability Process Need, and (b) for any Initiating Generator, upon the earlier of the date that (x) it withdraws its Generator Deactivation Notice if it stated it was a notice of retirement, or (y) it permanently retires.

38.25.5        The Market Party shall provide the ISO the actual costs and revenues for each item in Sections 38.25.2 through 38.25.4 to the greatest extent practicable. If actual costs and revenues are not available, the Market Party shall provide estimated costs and revenues along with a description of how the estimates were prepared. The Market Party must identify and describe the accounting protocols used to identify or determine all actual and estimated costs and revenues.

38.25.6        For each cost identified under Subsections (a), (b), (d) and (e) of Sections 38.25.2.1, 38.25.3.1, 38.25.3.4, or 38.25.3.5, or Subsections (a), (b) and (d) of Section 38.25.3.3, the Market Party shall provide a detailed plan specifying the schedule and timing of the planned action and expenditure, and if it is an existing Resource, an explanation and supporting documentation of how that plan compares to the Market



Party's past similar expenditures, actions, and protocols. The Market Party shall also specify the terms in any contracts associated with (a) avoidable capital expenses, normal maintenance, extraordinary maintenance and repairs, or variable costs that contain a cost, premium, and/or fee for termination of the agreement in whole or for a portion thereof, and shall provide a copy of the contract and documents pertinent to the calculation of the early termination premium, cost, and fee, and (b) revenues, and shall provide a copy of the contract and documents pertinent to the calculation of the revenues, and the historic revenues.

38.25.7 The Market Party shall specify whether each cost is associated solely with the individual unit(s) of the Generator, or a component of the transmission project, or whether the cost is for services or functions shared with other units or businesses. If a cost is a shared cost, the Market Party shall identify the other entities with which the cost is shared, the entity that allocates the cost to it; and the accounting protocols and methodology used in the allocation of the costs, and across which units and business the cost is allocated.

### **38.25.8 Information Periods**

38.25.8.1 Information provided under Sections 38.25.2.1 and 38.25.2.2 shall encompass one year periods, for the five (5) years prior to and (a) if by an Initiating Generator or a Generator that submits a statement of intent pursuant to Section 38.5 for six (6) years from the date of the initial provision of information, and each annual update thereto, and (b) if by a Generator that did not provide a statement of intent, but is required to provide information by the ISO pursuant to 38.5, for the number of years identified by the ISO in the notification provided pursuant to 38.5 of Attachment FF.

38.25.8.2 Information provided by proposed Short-Term Reliability Process Solutions, other than an Initiating Generator or a Generator that has submitted a statement of intent or is otherwise required to provide information in Appendix B pursuant to Section 38.5, shall encompass one year periods, from the date of the initial provision of information for the period identified in the request for Short-Term Reliability Process Solutions.

38.25.8.3 For the financing cost of any mandatory capital expense, the Market Party shall provide information and data for: (a) the one-year period beginning on the estimated date of expenditure for the item of capital expense; and in addition (b) the period beginning on the estimated date of expenditure for the item of capital expense and ending, respectively, (i) if an Initiating Generator or a Generator that submitted a statement of intent pursuant to Section 38.5 two years, three years, four years, five years, and six years, from the date of the Generator Deactivation Notice or statement of intent (but excluding data and information beyond the date that is six years from the Generator Deactivation Notice or statement of intent); (ii) if a Generator that did not provide a statement of intent, but is required to provide information by the ISO pursuant to Section 38.5, for the number of years identified by the ISO in the notification provided pursuant to Section 38.5, from the date of its initial submission of information in accordance with Section 38.25.3, and (iii) if a proposed Short-Term Reliability Process Solution (other than an Initiating Generator or a Generator that has submitted a statement of intent or its otherwise required by the ISO to provide information pursuant to Section 38.5), for the duration of the Short-Term Reliability Process Need identified by the ISO in its request for Short-Term Reliability Process Solutions.

## **38.26      Appendix C - Form of Reliability Must Run Agreement**

## **FORM OF RELIABILITY MUST RUN AGREEMENT**

### **Table of Contents**

#### **RELIABILITY MUST RUN AGREEMENT RECITALS**

#### **ARTICLE 1 - DEFINITIONS AND RULES OF INTERPRETATION**

- 1.1 Definitions.
- 1.2 Interpretation.
- 1.3 Construction.

#### **ARTICLE 2 – TERM**

- 2.1 Start Date, FERC Effective Date and Term.
- 2.2 Termination.
- 2.3 Survival.

#### **ARTICLE 3 - RIGHTS AND OBLIGATIONS**

- 3.1 In General.
- 3.2 Insurance.
- 3.3 Contracts, Permits and Orders.
- 3.4 Testing.
- 3.5 Energy Market Participation.
- 3.6 RMR Generator Reference Levels.
- 3.7 Capacity Market Participation.
- 3.8 Restoration Services and Voltage Support Services.
- 3.9 Self-Scheduling.

#### **ARTICLE 4 - COMPENSATION AND SETTLEMENT**

- 4.1 In General.
- 4.2 Recovery of Variable Costs.
- 4.3 Recovery of RMR Avoidable Costs.
- 4.4 Availability Incentive.
- 4.5 Performance Incentive.
- 4.6 Owner Developed Rate.
- 4.7 Penalties.
- 4.8 Wind-Down Costs.

#### **ARTICLE 5 - MARKET MONITORING**

- 5.1 Market Power Mitigation.

#### **ARTICLE 6 - REPORTING AND AUDIT**

- 6.1 Information Access.
- 6.2 Books and Records; Audit Rights.

#### **ARTICLE 7 - RESOURCE OPERATION AND MAINTENANCE**

- 7.1 Planned Outages.
- 7.2 Forced Outages.
- 7.3 Minimum Operating Standards.
- 7.3.3 Operation to Address the Reliability Need Standard.

#### ARTICLE 8 - FORCE MAJEURE EVENTS

- 8.1 Definition of Force Majeure Event.
- 8.2 Notice of Force Majeure Event.
- 8.3 Effect of Force Majeure Event.
- 8.4 Remedial Efforts.

#### ARTICLE 9 - DISPUTE RESOLUTION AND REMEDIES

- 9.1 Dispute Resolution.
- 9.2 Liability and Indemnification.
- 9.3 Specific Performance.
- 9.4 Termination for Default.
- 9.5 Waiver.
- 9.6 No Third-Party Beneficiaries.
- 9.7 Remedies Cumulative.

#### ARTICLE 10 - COVENANTS OF THE PARTIES

- 10.1 ISO represents and warrants to Owner as follows:
- 10.2 Owner represents and warrants to ISO as follows:

#### ARTICLE 11 - MISCELLANEOUS PROVISIONS

- 11.1 Assignment.
- 11.2 Notices.
- 11.3 Parties' Representatives.
- 11.4 Effect of Invalidation, Modification, or Condition.
- 11.5 Amendments.
- 11.6 Governing Law.
- 11.7 Entire Agreement.
- 11.8 Independent Contractors.
- 11.9 Counterparts.
- 11.10 Confidentiality.
- 11.11 Further Assurances.
- 11.12 Submittal to the Commission.

#### EXHIBIT A - OWNER'S REPRESENTATIVES

#### EXHIBIT B - ISO'S REPRESENTATIVES

#### SCHEDULE 1 Description of Reliability Need

#### SCHEDULE 2 Planned Outage Schedule for First Year of Operation as an RMR Generator, CONTAINS CONFIDENTIAL INFORMATION

## RELIABILITY MUST RUN AGREEMENT

This RELIABILITY MUST RUN AGREEMENT (“Agreement”) is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, among \_\_\_\_ {fill in names and types of legal entity or entities} (collectively, “Owner”), and the New York Independent System Operator, Inc., a New York not-for-profit corporation (“ISO”).

### RECITALS

Owner owns and has operational control over \_\_\_\_\_ (PTID No. \_\_\_\_\_), a \_\_\_\_ MW electrical Generator together with appurtenant facilities and structures, located at \_\_\_\_\_ (a/the “RMR Generator”). {If the station is comprised of more than one unit, describe all units at the station, including their MW and PTIDs, and then identify each unit or sets of units that is a distinct “RMR Generator” under this Agreement}.

The ISO is the Independent System Operator for New York and is responsible for the operation of the New York Control Area (“NYCA”) to ensure reliability and for the administration of the ISO Administered Markets.

Owner submitted a Generator Deactivation Notice [to mothball or to retire] each RMR Generator, which the ISO determined was complete on [ISO to fill-in date]. The 365 Day Notice Period concludes or concluded on [date one year from the Short-Term Assessment of Reliability Start Date].

The ISO has concluded that the RMR Generator[s] will be needed for reliability purposes during the Term of this Agreement. Schedule 1 to this Agreement contains a description of the Short-Term Reliability Process Need (for purposes of this Agreement, a “Reliability Need”) that the RMR Generator[s] are being kept in service to address.

The Parties have agreed: [ALT. 1, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER ACCEPTS THE APR, AND THE PARTIES EXECUTE THE AGREEMENT (i) that the ISO shall submit this executed Agreement, including the proposed Availability and Performance Rate (“APR”), to the Federal Energy Regulatory Commission (“FERC”) in a Federal Power Act (“FPA”) Section 205 filing on the Parties’ behalf;] [ALT. 2, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER ACCEPTS THE APR, BUT THERE ARE CAPITAL EXPENDITURES THAT REQUIRE FERC APPROVAL (i) that the ISO shall submit this Agreement to the Federal Energy Regulatory Commission (“FERC”), including the agreed-to components of a proposed Availability and Performance Rate (“APR”), in a Federal Power Act (“FPA”) Section 205 filing on the Parties’ behalf, and that Owner shall submit a separate FPA Section 205 filing that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement, proposing the inclusion of the cost of certain Capital Expenditures in the APR;] [ALT. 3, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS BUT OWNER REJECTS THE APR AND SUBMITS AN OWNER DEVELOPED RATE (i) that the ISO shall submit this unexecuted Agreement that sets forth the Parties’ agreed-upon terms and conditions of service to the Federal Energy Regulatory Commission (“FERC”), in a Federal Power Act (“FPA”) Section

205 filing on the Parties' behalf, and that Owner shall submit a separate FPA Section 205 filing proposing an Owner Developed Rate that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement;] and (ii) to enter into this Agreement to establish the terms and conditions under which each RMR Generator shall be obligated to offer and provide Energy, Ancillary Services and Unforced Capacity to the ISO Administered Markets; and (iii) [to set certain components of the Availability and Performance Rate ("APR") that determines the payments by which Owner shall recover the avoidable and variable costs of each RMR Generator, and makes available possible monthly and seasonal incentive payments based on each RMR Generator's availability to operate and its performance when scheduled to operate] OR [to incorporate the Owner Developed Rate that is ultimately accepted by FERC].

NOW THEREFORE, in consideration of the agreements and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound by this Agreement as of its Start Date, the Parties covenant and agree as follows:



## **ARTICLE 1 - DEFINITIONS AND RULES OF INTERPRETATION**

### **1.1 Definitions.**

Except for the terms defined below and in the attached schedules, capitalized terms shall be as defined in the ISO Tariffs. The definitions set forth below are only intended for use in this Agreement and shall not be relied upon to interpret the ISO's Tariffs.

1.1.1 "365 Day Notice Period" means the 365 days that follow the Short-Term Assessment of Reliability ("STAR") Start Date.

1.1.2 "Additional Costs" has the meaning set forth in Section 4.3.3 of this Agreement.

1.1.3 "Affiliate" has the meaning set forth in Section 2.1 of the Services Tariff.

1.1.4 "Ancillary Services" means services necessary to support the transmission of Energy from Generators to Loads, while maintaining reliable operation of the NYS Power System in accordance with Good Utility Practice and Reliability Rules. Ancillary Services that RMR Generators may be able to provide include Voltage Support Service, Regulation Service, Operating Reserve Service (including Spinning Reserve, 10-Minute Non-Synchronized Reserves and 30-Minute Reserves), and Restoration Services (black start).

1.1.5 "Availability & Performance Rate" or "APR" means the compensation that an RMR Generator is eligible to receive in accordance with Sections 15.8.1, 15.8.2, 15.8.3 and 15.8.4 of Rate Schedule 8 to the ISO's Services Tariff during the Term of this Agreement. The APR consists of a daily calculation that is developed to permit an RMR Generator to recover its avoidable costs and variable costs, plus the opportunity to periodically earn financial incentives for availability to the markets and for performing consistent with the ISO's dispatch when scheduled.

- 1.1.6 “Capital Expenditures” has the meaning set forth in Section 38.8.1.3 of the OATT.
- 1.1.7 “Contract” means any agreement, commitment, policy, document or similar instrument creating mutual obligations among two or more parties.
- 1.1.8 “FERC Effective Date” has the meaning set forth in Section 2.1 of this Agreement.
- 1.1.9 “Force Majeure Event” has the meaning set forth in Section 8.1 of this Agreement.
- 1.1.10 “Forced Outage” has the meaning set forth in Section 2.6 of the Services Tariff.
- 1.1.11 “FPA” means the Federal Power Act (16 U.S.C. § 791a).
- 1.1.12 “Generator Deactivation Notice” has the meaning set forth in Section 38.1 of the OATT.
- 1.1.13 “Short-Term Assessment of Reliability Start Date” has the meaning set forth in Section 38.1 of the OATT.
- 1.1.14 “Governmental Authority” means the government of any nation, state or other political subdivision thereof, including any entity lawfully exercising executive, military, legislative, judicial, regulatory, or administrative functions of or pertaining to a government.
- 1.1.15 “ISO Procedures” has the meaning set forth in Section 2.9 of the Services Tariff.
- 1.1.16 “ISO Tariffs” means the ISO’s Market Administration and Control Area Services Tariff (“Services Tariff”) and the ISO’s Open Access Transmission Tariff (“OATT”) collectively.
- 1.1.17 “Law” means any law, treaty, code, rule, regulation, or order or determination of an arbitrator, court or other Governmental Authority, or any license, permit, certificate, authorization, qualification, or approval granted by a Governmental Authority, each as amended,

modified, supplemented or replaced from time to time, to the extent binding on a Party or any of its property.

1.1.18 “Market Mitigation and Analysis Department” or “MMA” has the meaning set forth in Section 30.2 of the Services Tariff.

1.1.19 “Market Monitoring Unit” or “MMU” has the meaning set forth in Section 30.2 of the Services Tariff.

1.1.20 “Month” means the period beginning at hour beginning zero on the first day of the calendar month and ending at hour beginning zero of the first day of the next succeeding calendar month.

1.1.21 “Notice of Forced Outage” has the meaning set forth in Section 7.2.3 of this Agreement.

1.1.22 “Notice of Event of Proposed Additional Cost” has the meaning set forth in Section 38.16.1 of the OATT.

1.1.23 “Notice of Shut-down” has the meaning set forth in Section 7.2.5 of this Agreement.

1.1.24 “Order” means any determination, command, mandate or similar directive made by a Governmental Authority.

1.1.25 “Owner” has the meaning set forth in the preamble of this Agreement and, where applicable and appropriate, includes Owner’s agent, assignee and/or designee.

1.1.26 “Owner-Developed Rate” means a rate that Owner filed with the Federal Energy Regulatory Commission (“FERC”) under Section 205 of the Federal Power Act, including any modifications required by FERC in its Order accepting the rate for filing. An Owner Developed Rate is different from the ISO-developed Availability & Performance Rate. The charges that the

ISO pays pursuant to an Owner Developed Rate are represented by the “RMRCost” term that is used in Rate Schedule 8 to the Services Tariff.

1.1.27 “Party” means either the ISO or Owner, as the context requires. “Parties” means ISO and Owner.

1.1.28 “Permit” means any license, certificate, authorization, qualification, or similar approval granted by a Governmental Authority empowering the grantee to do some act.

1.1.29 “Planned Outage” means a planned interruption, in whole or in part, to the availability of a Generator to permit Owner to perform maintenance and repair of the Generator.

1.1.30 “Reference Level” means the ISO’s best estimate of an RMR Generator’s incremental marginal costs, and of an RMR Generator’s physical capabilities. The ISO determines Reference Levels in accordance with the requirements of its Market Power Mitigation Measures that are set forth in Section 23 of its Services Tariff. This term does not include UCAP Offer Reference Levels.

1.1.31 “RMR Avoidable Costs” has the meaning set forth in Section 1.18 of the OATT.

1.1.32 “RMR Generator” has the meaning set forth in Section 1.18 of the OATT.

1.1.33 “Shut-down Date” has the meaning set forth in Section 7.2.9 of this Agreement.

1.1.34 “Start Date” has the meaning set forth in Section 2.1 of this Agreement.

1.1.35 “Substantiated Additional Cost” has the meaning set forth in Section 38.16.2.1 of the OATT.

1.1.36 “Term” has the meaning set forth in Section 2.1 of this Agreement.

## **1.2 Interpretation.**

In this Agreement, unless otherwise indicated or otherwise required by the context, the following rules of interpretation shall apply:

1.2.1 Reference to and the definition of any document (including this Agreement, an ISO Tariff or the ISO Procedures) shall be deemed a reference to such document as it may be amended, supplemented, revised or modified from time to time, and to any document that is a successor thereto but only to the extent the amendment or other modification is not prohibited by this Agreement or the ISO's Tariffs.

1.2.2 The table of contents, article and section headings, and other captions in this Agreement are for the purpose of reference only and do not limit or affect its meaning.

1.2.3 Defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders.

1.2.4 The terms "include," "includes," or "including" when used herein shall not be considered limitations.

## **1.3 Construction.**

1.3.1 The Parties shall comply with the ISO's Tariffs, as they may be amended from time to time.

1.3.2 This Agreement has been drafted by the Parties hereto and shall not be construed against any Party as the sole drafter.

## **ARTICLE 2 – TERM**

### **2.1 Start Date, FERC Effective Date and Term.**

2.1.1 This Agreement shall become effective at the beginning of the hour beginning zero, on [the first day of a month] (the “Start Date”) and shall terminate at the end of the operating hour beginning 23 as of the date of the termination of the [last] RMR Generator as provided in Section 2.2 (“Term”). The [Parties or filing Party] request[s] that FERC set the date that this Agreement shall become legally effective under the FPA (the “FERC Effective Date”) to be consistent with the Start Date.

2.1.2 Following the ISO’s submission to FERC of an executed or unexecuted Agreement: (a) commencing on the proposed Start Date the Parties shall implement and comply with the Agreement, subject to any condition or modification directed by FERC, and (b) if the Parties agree, then Owner may begin incurring costs for Capital Expenditures that are included in the Agreement for recovery pending FERC action.

### **2.2 Termination.**

This Agreement may be terminated as follows:

2.2.1 Conclusion of Reliability Need. ISO may unilaterally terminate this Agreement as to [the/an] RMR Generator effective upon ninety (90) days written notice to Owner if ISO determines that [the/an] RMR Generator is no longer or will no longer be needed to meet a Reliability Need. The ninety (90) day notice may be issued by ISO at any time. If two or more RMR Generators are subject to this Agreement, the Agreement shall be terminated with respect to one or more individual RMR Generators that are no longer needed to meet a Reliability Need. Concurrent with the ISO’s notice to [the/an] RMR Generator, the ISO shall inform the New

York Public Service Commission that the RMR Generator will not be needed to meet a Reliability Need after the conclusion of the ninety (90) day notice period.

2.2.2 Termination for cause. ISO may unilaterally terminate this Agreement as to [the/an] RMR Generator effective upon thirty (30) days written notice to Owner if [the/an] RMR Generator does not satisfy the Minimum Availability Standard set forth in Section 7.3.1 of this Agreement, or if [the/an] RMR Generator fails to satisfy the Minimum Performance Standard set forth in Section 7.3.2 of this Agreement, or if [the/an] RMR Generator fails to satisfy the Operation to Address the Reliability Need Standard set forth in Section 7.3.3 of this Agreement. If two or more RMR Generators are subject to this Agreement, the Agreement may be terminated with respect to one or more individual RMR Generators that have failed to satisfy a Minimum Operating Standard. The consequences of termination for cause are addressed in Section 2.2.7 of this Agreement and in Section 23.6.5 of the Services Tariff.

2.2.3 This Agreement may also be terminated for an RMR Generator as provided in Section 7.2.9 (Forced Outages), and Section 9.4 (Termination for Default).

2.2.4 This Agreement terminates as of the date that there are no longer any RMR Generators that are subject to the Agreement.

2.2.5 If this Agreement is not terminated earlier, except as set forth in Section 2.3 hereof, it shall terminate at the end of hour beginning 23 on [the End Date, which shall be the last day of a month], unless the Parties agree in writing to extend the Term because the Reliability Need has not been resolved yet.

2.2.6 Events upon termination or expiration of this Agreement. Events that will occur upon the termination or expiration of this Agreement include the following: (a) the ISO will cease

paying the APR or Owner Developed Rate (however, in some limited circumstances, the ISO may continue paying Owner for Capital Expenditures, *see* Section 4.3.2 below, or may pay wind-down costs in accordance with Section 4.8 below), (b) the RMR Generator will not be prohibited by the ISO Tariffs or this Agreement from entering a Mothball Outage or becoming Retired, consistent with the status that was indicated in a Generator Deactivation Notice and used to determine the RMR Generator's RMR Avoidable Costs or Owner Developed Rate, although such action may be subject to an audit and review, and a penalty under Sections 23.2.4.1.1, 23.3.1.1 and 23.4.5.6 of the Services Tariff; (c) where appropriate, the ISO will inform the New York State Public Service Commission that the RMR Generator will no longer be needed to meet a Reliability Need; and (d) if Owner wants an RMR Generator to continue participating in the ISO Administered Markets following the conclusion of an RMR Agreement, then Owner must provide notice to the ISO in accordance with Section 2.2.9 below and timely post adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff.

2.2.6.1 If the status that was indicated in a Generator Deactivation Notice and used to determine the RMR Generator's RMR Avoidable Costs or Owner Developed Rate is Retired, then Owner may elect to temporarily enter an Inactive Reserves state for up to sixty (60) days following the conclusion of an RMR Agreement before it must Retire or elect to continue participating in the ISO Administered Markets by submitting a Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates in accordance with Section 2.2.9 of this Agreement, timely posting adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff and repaying the cost of any Capital Expenditures and other above market revenues in accordance



with the requirements of Rate Schedule 8 to the ISO's Services Tariff that are due. This provision does not excuse the twenty-one (21) day prior notice requirement that applies to all Notices of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates.

2.2.6.2 Owner shall decide whether a Generator that returned from a mothball or ICAP Ineligible Forced Outage to become an RMR Generator will enter a Mothball Outage or become Retired at the conclusion of its participation in the RMR Agreement. Alternatively, Owner may elect to have such a Generator continue participating in the ISO Administered Markets by submitting a Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates in accordance with Section 2.2.9 of this Agreement and timely posting adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff. This provision does not excuse the twenty-one (21) day prior notice requirement that applies to all Notices of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates.

2.2.7 Consequence of termination of this Agreement (a) by the ISO "for cause" (*see* Section 2.2.2), or (b) due to a default by Owner (*see* Section 9.4). If the ISO terminates this Agreement for cause, or if this Agreement is terminated due to the default of Owner, following the termination date, consistent with Section 23.6.5.2 of the Services Tariff the ISO shall not be obligated by this Agreement to, and shall not continue to pay for, any Capital Expenditure that was incurred at or for a terminated RMR Generator. This includes Capital Expenditures that were included in the RMR Avoidable Cost component of an RMR Generator's APR or in an Owner Developed Rate, that were authorized for recovery as Substantiated Additional Costs by the ISO, or that were otherwise reviewed and accepted by FERC.

2.2.8 Providing notice of cancellation to FERC. The ISO shall file all required notices of cancellation with FERC, and shall seek to make such cancellations effective on the date of termination under this Agreement.

2.2.9 Notice of Intent to Continue Participating in the ISO Administered Markets at Market-Based Rates following the conclusion of this Agreement. Owner shall provide the ISO with notice at least twenty-one (21) days in advance of the date this Agreement will terminate for an RMR Generator, identifying the RMR Generator(s) that Owner intends will continue participating in the ISO Administered Markets following the conclusion of this Agreement. If Owner intends to reduce the scope of a (former) RMR Generator's participation in the ISO Administered Markets following the conclusion of this Agreement, it may so inform the ISO in its notice. Following the conclusion of this Agreement, the ISO shall not permit Energy, Ancillary Services or Unforced Capacity to be offered into or scheduled in the ISO Administered Markets from a former RMR Generator unless and until (a) adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff is timely posted, and (b) all obligations under Rate Schedule 8 to the Services Tariff to repay Capital Expenditures and other above market revenues are being complied with.

## **2.3 Survival.**

Notwithstanding the termination of this Agreement, the Parties shall continue to be bound by the provisions of this Agreement which by their nature are intended to, and shall, survive such termination, including Sections 3.2.4 (Refund of Insurance Proceeds), 3.3.7 (Inform Subsequent Purchaser of Repayment Obligations), 4.3.4 (Obligation to Repay Capital Expenditures and Other Above Market Revenues), 4.7 (Penalties), 4.8 (Wind-Down Costs), 6.2 (Books and Records, Audit Rights), 7.2.8 (Refund of Insurance Proceeds), 9.2.1 and 9.2.2 (Liability),

9.2.3 (Indemnification), and 11.10 (Confidentiality). The ISO shall continue to apply Services  
Tariff Rate Schedule 8 and OATT Rate Schedule 14 when addressing any remaining charges,  
payments, credits or revenues earned or owed pursuant to this Agreement.

## **ARTICLE 3 - RIGHTS AND OBLIGATIONS**

### **3.1 In General.**

3.1.1 During the Term, the Owner shall operate, maintain, offer and administer each RMR Generator in accordance with (a) the ISO Tariffs, (b) this Agreement, and (c) the ISO Procedures. If Owner identifies an apparent conflict between the rules it is expected to follow, it should promptly contact the ISO to resolve the concern.

3.1.2 Except as otherwise limited by this Agreement, including Section 11.1 hereof, Owner may designate one or more agents to perform its obligations under this Agreement. Actions taken by Owner's agents are considered actions by Owner. Owner shall require its agents to comply with the terms and conditions of this Agreement, and Owner shall remain primarily liable for the performance of its agents. Owner hereby ratifies and confirms all actions undertaken by its agents on behalf of Owner.

3.1.3 Owner is responsible for performing all billing obligations for each RMR Generator irrespective of whether or not it is the registered billing organization for each RMR Generator. Owner may designate or change the registered billing organization Owner relies on to fulfill these obligations in accordance with ISO Procedures.

### **3.2 Insurance.**

3.2.1. At all times during the Term, Owner shall maintain insurance, written for amounts and by insurance companies acceptable to the ISO. Owner's insurance shall include (a) All Risk Property Insurance against "all risks" of physical loss or damage to the RMR Generator(s), (b) Commercial General Liability Insurance for personal injury, bodily injury, including death and property damage, and (c) Umbrella Liability Insurance.

3.2.2. Owner shall cause its insurance providers to issue endorsements (a) waiving all rights of subrogation in favor of ISO, its directors, officers, agents and employees, and (b) naming ISO as a cancellation notice recipient for all coverages.

3.2.3 Prior to the Start Date, Owner shall provide certificates of insurance for all insurance required in this Agreement. Owner shall also provide ISO with written notice of renewals, or any material changes in, or cancellation of, any required insurance policy or endorsement, no later than ten (10) days prior to the effective date thereof, including a revised certificate of insurance with evidence providing details sufficient to demonstrate Owner's continuous and uninterrupted coverage.

3.2.4 If Owner receives insurance proceeds from an insurance policy that Owner identified as an avoidable cost, and if Owner does not use those insurance proceeds to repair or improve the RMR Generator, then Owner shall make a reconciliation ("true-up") filing with the FERC and pay all such insurance proceeds to ISO that exceed the amount actually expended by the Owner to repair or improve the RMR Generator. The ISO shall distribute any insurance proceeds it receives pursuant to the requirements of this Section 3.2.4 consistent with Section 6.14.6.1 of Rate Schedule 14 to the ISO OATT.

### **3.3 Contracts, Permits and Orders.**

3.3.1 Providing Contracts and Permits affecting each RMR Generator when requested by the ISO. Owner shall promptly provide a complete, up-to-date copy of any Contract, Permit or Order the ISO requests that: (a) addresses the ownership or control of an RMR Generator, (b) is relevant to determining the costs and revenues of an RMR Generator (including the cost of a repair, addition or modification), (c) addresses the operation of an RMR Generator, or (d) could impact the availability, production or sale of Energy, Unforced Capacity, or Ancillary Services

from an RMR Generator. If a Contract, Permit or Order that the ISO requests is in the process of being renewed, extended, modified or re-negotiated, Owner shall so inform the ISO when it provides the requested Contract, Permit or Order to the ISO.

3.3.2 Consistent with Section 5.12.4(c) of the Services Tariff, Owner shall not enter into any Contracts during the Term of this Agreement that would impair or otherwise diminish the ability of an RMR Generator to perform the requirements of this Agreement or of the ISO's Tariffs or Procedures, nor will Owner cause or authorize other entities to enter into a Contract that would prevent an RMR Generator from operating consistent with the requirements of this Agreement or of the ISO's Tariffs or Procedures.

3.3.3 Consistent with Sections 5.12.7, 5.12.8, 23.4.5.8 and 23.6.1.1 of the Services Tariff and Sections 3.5 and 3.7 of this Agreement, during the Term of this Agreement Owner shall offer all of the Energy and Ancillary Services that each RMR Generator is capable of producing directly to the ISO Administered Markets, and shall offer all of each RMR Generator's Unforced Capacity in each ICAP Spot Market Auction, unless Owner is precluded from doing so by a Contract that was in effect before Owner executed this Agreement, but only to the extent and for the duration of the obligation under such Contract.

3.3.4 Owner shall submit a summary of the key terms and conditions of all Contracts (1) that were executed prior to the execution of this Agreement, and (2) that prevent all or any portion of the Energy or Ancillary Services that one or more RMR Generator(s) are capable of producing, or prevent all or any portion of one or more RMR Generator(s) Unforced Capacity, from being offered directly to the ISO Administered Markets to FERC, along with this Agreement as part of the Federal Power Act Section 205 filing that includes this Agreement and

an APR or an Owner Developed Rate. Owner's submission must list all of the parties to each Contract and specifically identify all Affiliates with which it executed Contracts.

3.3.4.1 The following RMR Generators are subject to Contracts that predate the execution of this Agreement that affect the quantity of Energy, Ancillary Services or Unforced Capacity that will be offered directly to the ISO Administered Markets by each identified RMR Generator:

[OWNER TO ADD/PROVIDE ONE OR MORE TABLES THAT INCLUDE THE INFORMATION REQUIRED IN THE COLUMNS BELOW, SPECIFICALLY IDENTIFYING ANY AFFILIATES.]

RMR Generator Description of Contract Obligation Date Contract was Executed or Last  
Renewed End Date of Contract Other Parties to Contract

3.3.5 During the Term of this Agreement, Owner shall not enter into, modify, extend or renew any Contract to sell Energy, Ancillary Services or Unforced Capacity from an RMR Generator in a manner that is inconsistent with Owner's obligation to offer all of the Energy, Ancillary Services each RMR Generator is capable of producing, and to offer all of each RMR Generator's Unforced Capacity, directly to the ISO Administered Markets. The prohibition applies to the renewal of Contracts that are temporarily accommodated under Section 3.3.3 of this Agreement.

3.3.6 Transfer of ownership or control during the Term. [The/An] RMR Generator that is the subject of this Agreement may not be sold or leased, and control over [the/an] RMR Generator may not be transferred to a different entity during the Term of this Agreement unless:

(a) the sale or lease receives any necessary regulatory approvals, including FERC approval under Section 203 of the FPA; (b) Owner and the entity that is purchasing or leasing the RMR

Generator fully comply with all ISO Procedures that address the transfer of Generators; (c) the purchaser or lessee satisfies the ISO's credit requirements, (d) the purchaser or lessee becomes an ISO Customer, and (e) the purchaser or lessee agrees, in writing, to assume all of Owner's obligations under this Agreement. If the transfer is temporary, or does not include the full capability of the RMR Generator owned or controlled by Owner, then Owner shall retain all of its obligations under this Agreement and the ISO Tariffs, and the purchaser or lessee shall become subject to Owner's obligations under this Agreement and the ISO Tariffs.

3.3.7       Obligation to inform subsequent purchaser of an RMR Generator of obligation to repay cost of Capital Expenditures and other above market revenues, less depreciation, prior to re-entering ISO Administered Markets. If Owner sells an RMR Generator or an interest in an RMR Generator, during or following the Term of this Agreement, then Owner shall inform any and all purchasers of any Capital Expenditures and other above market revenues that must be repaid in accordance with Rate Schedule 8 to the ISO's Services Tariff in order for the ISO to permit Energy, Ancillary Services or Unforced Capacity to be offered into, or to be scheduled in, the ISO Administered Markets from the (former) RMR Generator following the conclusion of this Agreement with regard to that Generator.

### **3.4       Testing.**

3.4.1. RMR Generators shall timely comply with all ISO requirements that are necessary for an RMR Generator to provide a product or service it is required to provide under the ISO's Tariffs or this Agreement. When necessary, Owner shall arrange in advance with the ISO, in accordance with the ISO's Outage Scheduling Manual, to self-schedule an RMR Generator in order to perform a required test.

3.4.2. If, prior to or during the 365 Day Notice Period, an RMR Generator that is required to



provide Voltage Support Services under Section 3.8 of this Agreement did not perform all testing that would be required to permit the RMR Generator to provide Voltage Support in the ISO Administered Markets during the Term of this Agreement, then the ISO shall require the RMR Generator to promptly test and shall permit the RMR Generator to provide Voltage Support in the ISO Administered Markets during the Term of this Agreement, consistent with Section 15.2 of the Services Tariff.

### **3.5 Energy Market Participation.**

In accordance with Sections 23.6.1.1 through 23.6.1.5 of the Services Tariff, Owner shall offer for sale into the Day-Ahead and Real-Time Markets all of the Energy and Ancillary Services each RMR Generator is capable of providing by submitting ISO-committed flexible Bids (offers) at or below (equally or less restrictive than for physical parameters) the Reference Levels that are currently on-file with the ISO and approved for use by the ISO's MMA. RMR Generators that are not Installed Capacity Suppliers, or that have not sold all of their Unforced Capacity, must still be offered into the Energy and Ancillary Services markets consistent with this obligation. *See also* Services Tariff Sections 5.12.7 and 5.12.8.

Consistent with Section 23.6.1.1 of the Services Tariff, Owner shall offer Energy, Operating Reserves and Regulation at prices that are equal to or less than each RMR Generator's ISO-approved Reference Levels. Consistent with Sections 23.6.3.1 through 23.6.3.3 of its Services Tariff, the ISO will mitigate dollar-denominated Bids that exceed an RMR Generator's currently effective Reference Levels and will perform all other Tariff-authorized mitigation.

Consistent with Sections 23.3.1.4.6.1 and 23.6.2.5 of the Services Tariff, Owner shall timely submit fuel price updates and fuel type updates to the ISO so that they can be incorporated to develop accurate Reference Levels for each RMR Generator. Submission of an inaccurate fuel

price update or fuel type update may require the ISO to assess a financial penalty in accordance with Section 23.4.3.3.3 of the Services Tariff, or may result in the ISO's referral of Owner's failure to submit accurate fuel cost information to its Market Monitoring Unit for possible referral to FERC's Office of Enforcement.

Owner is not required to submit hourly offers in the Real-Time Market for an RMR Generator that is not capable of being committed by the ISO's Real-Time Commitment ("RTC") if the RMR Generator was not committed Day-Ahead. If such an RMR Generator was committed Day-Ahead, Owner shall offer the RMR Generator into the Real-Time Market for the hours of its Day-Ahead schedule and for additional real-time hours consistent with the RMR Generator's operating capabilities. Owner is required to timely respond to a Supplemental Resource Evaluation ("SRE") or an Out-of-Merit ("OOM") commitment request issued by the ISO or by a Transmission Owner for an RMR Generator. *See Services Tariff Sections 23.6.1.1.4 and 23.6.1.1.5.*

If and to the extent an RMR Generator is not available, or is not fully available, Owner shall timely notify the ISO of the outage or derate in accordance with ISO Procedures and accurately reflect each RMR Generator's availability in its Bids. If an RMR Generator's Variable Costs change as a result of the derate, then Owner must contact the ISO's MMA Department to request changes to the RMR Generator's Reference Levels. *See Services Tariff Sections 23.6.1.1.6.*

### **3.6 RMR Generator Reference Levels.**

3.6.1 In advance of the execution of this Agreement the ISO, Owner and the ISO's External Market Monitoring Unit performed a thorough review of each RMR Generator's Reference Levels consistent with Section 23.6.2.3 of the Services Tariff. Before it executed this Agreement, Owner reviewed and is aware of the Reference Levels that the ISO determined for

each RMR Generator that is subject to this Agreement. During the Term of this Agreement changes to an RMR Generator's Reference Levels shall only be made consistent with Section 23.6.2 of the Services Tariff.

3.6.2 Changes to an RMR Generator's variable costs for purposes of providing Energy, Reserves and Regulation shall be addressed via modifications to the RMR Generator's Reference Levels using the adjustment process set forth in Section 23 of the Services Tariff. Owner is responsible for ensuring that an RMR Generator's fuel costs and Reference Levels remain accurate and up-to-date. If Owner fails to provide updated information to the ISO on a timely basis mitigation, including financial penalties, may be applied in accordance with Section 23 of the Services Tariff. Failure to timely update RMR Generator information could also violate FERC's regulations. *See* 18 CFR § 1c.2(a)(2).

### **3.7 Capacity Market Participation.**

3.7.1 Each RMR Generator shall perform all obligations that an Installed Capacity Supplier of its resource type is required to perform under the Services Tariff and in accordance therewith.

3.7.2 Except as set forth in Section 3.3.3 above, during the Term of this Agreement Owner shall offer all of an RMR Generator's Unforced Capacity directly into each ICAP Spot Market Auction at \$0.00/KwMonth.

[ALTERNATE LANGUAGE If the RMR Generator has a pre-existing bilateral contract that satisfies the requirements of Section 3.3.3 of this Agreement, add to Section 3.7.2: For the Obligation Procurement Period of months [ ] through [ ] (the "bilateral period"), the RMR Generator shall offer {insert UCAP MW obligation and offer price consistent with the bilateral agreement}, and (a) for any Unforced Capacity in excess of such

amount and for any Obligation Procurement Period beyond the bilateral period, the Unforced Capacity shall be offered at a price of \$0.00/KwMonth.]

### **3.8 Restoration Services and Voltage Support Services.**

3.8.1 Each RMR Generator that provided Restoration Services (including black start service) at any time during the most recent previous twelve (12) months that it participated in the ISO Administered Markets must provide Restoration Services during the Term of this Agreement unless Owner demonstrates to the ISO that an RMR Generator is not presently capable of providing Restoration Services.

[State whether each RMR Generator will provide Restoration Services or identify the RMR Generators that will provide Restoration Services.]

3.8.2 Each RMR Generator that provided Voltage Support Service at any time during the most recent previous twelve (12) months that it participated in the ISO Administered Markets must provide Voltage Support Service during the Term of this Agreement unless Owner demonstrates to the ISO that an RMR Generator is not presently capable of providing the service.

[State whether each RMR Generator will provide Voltage Support or identify the RMR Generators that will provide Voltage Support.]

### **3.9 Self-Scheduling.**

Owner is expected to offer each RMR Generator into the NYISO's Energy and Ancillary Service markets using the ISO-committed flexible bid mode at its Reference Levels for economic scheduling. However, Owner may request permission to self-schedule an RMR Generator for operational and maintenance considerations, including required testing or for fuel management purposes. The ISO may accept or reject the requested self-schedule in its sole discretion.

Variable Costs during ISO-approved self schedules will be the self-scheduled RMR Generator's  
Reference Levels.

## ARTICLE 4 - COMPENSATION AND SETTLEMENT

### 4.1 In General.

In lieu of receiving market compensation Owner shall receive the APR that FERC accepted for filing, [or Owner shall receive an Owner Developed Rate that Owner submitted to FERC under Section 205 of the Federal Power Act and that FERC accepted for filing,] including any modifications required by FERC.

[ALTERNATIVE LANGUAGE IS INCLUDED SO THAT THE *PRO FORMA* AGREEMENT CAN BE USED FOR AN AVAILABILITY AND PERFORMANCE RATE OR FOR AN OWNER DEVELOPED RATE.]

There are four components to the APR: RMR Avoidable Costs, Variable Costs, the Availability Incentive and the Performance Incentive. Each component of the APR is explained below and a rate is set forth for each component below.

The ISO will pay the APR in accordance with Rate Schedule 8 to its Services Tariff. RMR Avoidable Costs and Variable Costs are calculated daily and paid on a weekly basis. The Performance Incentive (if any) is paid on a monthly basis. The Availability Incentive (if any) is paid on a seasonal basis. When necessary, Penalties are assessed on monthly invoices.

[OWNER DEVELOPED RATE ALTERNATIVE LANGUAGE. THERE ARE TWO COMPONENTS TO AN OWNER DEVELOPED RATE. THE FIRST COMPONENT IS VARIABLE COSTS, WHICH IS DETERMINED IN THE SAME MANNER AS VARIABLE COSTS ARE DETERMINED UNDER THE APR. THE SECOND COMPONENT IS THE FERC AUTHORIZED COMPONENT. THE FERC AUTHORIZED COMPONENT EFFECTIVELY REPLACES THE RMR AVOIDABLE COST COMPONENT OF THE APR WITH THE COSTS THAT FERC AUTHORIZES FOR RECOVERY IN AN ORDER ISSUED

PURSUANT TO SECTION 205 OF THE FEDERAL POWER ACT. BECAUSE AN OWNER DEVELOPED RATE IS EXPECTED TO EXCEED AN RMR GENERATORS RMR AVOIDABLE COSTS, NO AVAILABILITY OR PERFORMANCE INCENTIVES ARE AVAILABLE.

THE ISO WILL PAY AN OWNER DEVELOPED RATE IN ACCORDANCE WITH RATE SCHEDULE 8 TO ITS SERVICES TARIFF. FERC AUTHORIZED COSTS AND VARIABLE COSTS SHALL BE CALCULATED DAILY AND PAID ON A WEEKLY BASIS.]

In addition to setting forth the APR for each RMR Generator, this Agreement sets forth the obligation, or references the obligation in the ISO Tariffs, of RMR Generators that are subject to an APR to pay penalties prescribed by the ISO's Tariffs, each RMR Generator's obligation to repay the cost of Capital Expenditures and other above market revenues that were paid for under an APR or under an Owner Developed Rate, if and when the RMR Generator returns to the ISO-Administered Markets following the conclusion of this Agreement, the circumstances under which the ISO will continue to repay Capital Expenditures after an RMR Generator's obligation to provide service under this Agreement ends and the RMR Generator becomes Retired or enters a Mothball Outage, and the circumstances under which the ISO will pay wind-down costs to RMR Generators whose RMR Agreements are terminated early by the ISO due to the conclusion of the Reliability Need.

#### **4.2 Recovery of Variable Costs.**

Variable Costs are the incremental costs an available RMR Generator incurs to produce Energy or Ancillary Services. Variable Costs may change frequently; for example, when fuel prices change.

#### **4.2.1. Cost of Providing Energy, Operating Reserves and Regulation**

Consistent with Rate Schedule 8 to the Services Tariff, Owner shall be compensated on a weekly basis for providing Energy, Operating Reserves and Regulation based on the lesser of (a) the Bids that were submitted for an RMR Generator, or (b) the Reference Levels that are in place for an RMR Generator. The ISO will not compensate an RMR Generator for unscheduled overproduction that exceeds Compensable Overgeneration, as defined in the Services Tariff.

The ISO develops Reference Levels in accordance with Section 23 of its Services Tariff. The process the ISO uses to develop Reference Levels for each RMR Generator is described in Section 3.6 of this Agreement. The rules for changing a Reference Level that applies to an RMR Generator are set forth in Sections 23.3.1.4 and 23.6.2 of the Services Tariff.

#### **4.2.2 Costs of Providing Voltage Support and Restoration Services**

Voltage Support and Restoration Services (black start) are components of an RMR Generator's Variable Costs. Consistent with Rate Schedule 8 to the Services Tariff, Owner shall be compensated on a weekly basis for providing Voltage Support and/or Restoration Services.

When determining the compensation an RMR Generator is eligible to receive for Voltage Support and/or Restoration Services the ISO shall treat each RMR Generator's cost of providing either service as being equal to the Tariff-authorized compensation that the ISO pays Generators for providing the service. RMR Generators that require additional or different compensation to provide Voltage Support or Restoration Services must file at FERC and obtain a different rate from FERC for providing these services.



### **4.3 Recovery of RMR Avoidable Costs.**

RMR Avoidable Costs are the fixed costs that would be avoided if an RMR Generator were to exit the ISO Administered Markets in the manner described in the Generator Deactivation Notice (to enter a Mothball Outage or become Retired), including, but not limited to, mandatory capital expenditures, fixed operating and maintenance costs, and forgone opportunity costs, determined by the ISO in accordance with Rate Schedule 8 to the Services Tariff and Section 38.8 of Attachment FF to the OATT, but not including variable costs and any other cost that may be included in the RMR Generator's Reference Level.

The RMR Generator-specific rates set forth below identify when each RMR Generator's RMR Avoidable Costs will change, and the amount of each change, or the expected amount of the change for Capital Expenditures. The RMR Avoidable Cost component of RMR Generator's APR may change on specific dates, or when specified milestones are met, such as the entry into service of a Capital Expenditure. In addition to the expected changes in RMR Avoidable Costs specified below, an RMR Generator's RMR Avoidable Costs may change due to the need for unexpected extraordinary maintenance or repairs (Additional Expenses) during the Term of this Agreement.

#### **4.3.1 Generator-Specific RMR Avoidable Costs.**

The RMR Avoidable Costs each RMR Generator that is providing service under an APR is authorized to recover are set forth in the table(s) below. However, the Capital Expenditures identified in the table(s) below are only estimates. The ISO will instead use the actual costs incurred for each Capital Expenditure to determine the APR, in accordance with Section 38.17 of Attachment FF to the OATT, as explained in Section 4.3.2 of this Agreement.

[FOR EACH RMR GENERATOR, ADD A TABLE SPECIFYING (1) THE INITIAL RMR AVOIDABLE COST (IDENTIFYING THE SIGNIFICANT COST COMPONENTS), (2) DATES WHEN, AND/OR SPECIFIC MILESTONES WHEN AVOIDABLE COSTS WILL CHANGE, SPECIFYING HOW MUCH THE COSTS WILL CHANGE (OR ARE EXPECTED TO CHANGE, WHEN THE MILESTONE IS THE IN-SERVICE DATE OF A CAPITAL EXPENDITURE) ON EACH DATE/AT EACH MILESTONE AND BRIEFLY STATING THE REASON FOR EACH CHANGE.]

[ADDITIONAL COSTS THAT ARE FILED FOR FERC REVIEW/ACCEPTANCE SHOULD BE ADDED TO THESE TABLES.]

#### **4.3.2 Capital Expenditures.**

Capital Expenditures are purchases, non-operational leases of or modifications to real property and/or assets (including, but not limited to, land, buildings and equipment) that (a) are required for the continued operation of one or more RMR Generator(s) during the term of an RMR Agreement, (b) have a useful life greater than one year, and (c) are not otherwise included in the NYISO's calculation of RMR Avoidable Costs. Consistent with Section 38.17.1 of Attachment FF to the OATT, each Capital Expenditure must be distinctly identified in the tables set forth in Section 4.3.1 of this Agreement for RMR Generators that are receiving an APR, or in Section 4.6 of this Agreement for RMR Generators that are being compensated pursuant to an Owner Developed Rate. An expected cost and an expected in-service or completion date must be specified for each Capital Expenditure.

4.3.2.1 Submission of Capital Expenditures in initial FERC filing(s) by ISO and/or Owner. Consistent with Section 38.11 of Attachment FF to the OATT, Capital Expenditures of \$10 million per year or less (or \$25 million per year or less for nuclear-powered RMR Generators)

(hereafter, the “10/25 *per annum* limit”) may be included in an executed RMR agreement with an APR that is filed by the ISO for FERC’s review. If Capital Expenditures that exceed the 10/25 *per annum* limit are necessary in any year of the Term of this Agreement, then Owner must file separately at FERC to recover any Capital Expenditure costs that exceed the 10/25 *per annum* limit. Owner Developed Rates must separately delineate Capital Expenditures so that the cost of Capital Expenditures can be recovered in accordance with the rules set forth in Section 38.17 of Attachment FF to the OATT.

4.3.2.2 ISO review of Capital Expenditures prior to commencing reimbursement. In accordance with Section 38.17.7 of the OATT the ISO is required to verify and validate Owner’s actual expenditures. If the actual cost of a Capital Expenditure exceeds the estimate set forth in Section 4.3.1 of this Agreement by more than five (5) percent, or exceeds the Substantiated Additional Cost that was verified and validated by the ISO or the Proposed Additional Cost that was approved by FERC by more than five (5) percent, then the ISO must also review the reasonableness of the expenditure. To the extent the ISO is not able to verify and validate an expense, or if the ISO is not able to determine that the actual cost of an expenditure that exceeded the estimate presented to the ISO or to the Commission by more than five (5) percent was reasonable, then Owner must present its Capital Expenditure costs to FERC for recovery.

4.3.2.3 Reimbursement of Capital Expenditures. Consistent with Section 38.17.8.1 of the OATT, the ISO will not provide initial financing for Capital Expenditures. When an authorized or accepted Capital Expenditure enters service or is otherwise integrated into an RMR Generator, the ISO will commence reimbursing Owner for the actual, demonstrated cost of the Capital Expenditure following completion of the review process described below. Consistent with Sections 38.17.8.2 and 38.17.8.2.1 of the OATT, the ISO will reimburse Owner for each Capital

Expenditure on an accelerated basis, repaying the cost of Capital Expenditures by the End Date specified in Section 2.2.5 of this Agreement.

4.3.2.4 Development of Capital Expenditures on an expedited basis. In accordance with the requirements of Section 38.16.3 of the OATT (addressing Substantiated Additional Costs incurred during the Term of this Agreement) and Section 38.17.4 of the OATT (addressing development of a Capital Expenditure in advance of FERC action on Owner's or ISO's initial filing), when it is necessary to commence development of one or more Capital Expenditures before FERC has issued a ruling on Owner's authority to recover the cost of that or those Capital Expenditure(s), the ISO has authority to reimburse Owner for the actual costs that Owner demonstrated that it reasonably incurred constructing the Capital Expenditures up to limits of \$10 million or less (or \$25 million or less for nuclear-powered RMR Generators). Capital Expenditure costs that are authorized by the ISO pursuant to Section 38.16.3 of the OATT count toward the 10/25 *per annum* limit described in Section 4.3.2.1 above. Capital Expenditure costs that are authorized by the ISO pursuant to Section 38.17.4 of the OATT are not subject to the 10/25 *per annum* limit. Instead, the ISO may authorize additional expenditures of up to \$10 million (or \$25 million for nuclear-powered RMR Generators) each time an extraordinary event requires Owner to incur Substantiated Additional Costs. *See* Section 4.3.3 below.

4.3.2.5 ISO Approval to commence development of Capital Expenditures. In order to improve coordination between ISO and Owner, and to reduce the potential for Owner to incur costs developing a Capital Expenditure that is not needed, Owner shall obtain written approval from the ISO before it commences development of a Capital Expenditure that is scheduled to enter service more than one year after the Start Date specified in Section 2.1 of this Agreement.

4.3.2.6 Reimbursement of costs of Capital Expenditures that are not completed. If FERC issues an Order rejecting recovery of the cost of one or more Capital Expenditure(s), or if the ISO instructs Owner to cease work on a Capital Expenditure, then consistent with Sections 38.17.4, 38.17.5 and 38.17.7 of the OATT, Owner shall promptly cease its efforts and take reasonable steps to minimize any additional costs it incurs. If this Agreement is terminated early for an RMR Generator for reasons other than Owner's default or the RMR Generator's failure to satisfy one of the Minimum Operating Standards set forth in Section 7.3 of this Agreement, then the ISO shall reimburse the cost of Capital Expenditures that Owner was working to complete, subject to the requirements of Sections 38.17.5 and 38.17.7 of the OATT.

#### **4.3.3 Additional Costs.**

During the Term of this Agreement an RMR Generator that is providing service under an APR or an Owner Developed Rate may require additional Capital Expenditures or other RMR Avoidable Costs that could not have been reasonably anticipated, and are not included in or scheduled to be recovered as components of an RMR Generators RMR Avoidable Costs, or its Owner Developed Rate or its Variable Costs (hereafter, "Additional Costs").

Before it may permit recovery of Additional Costs, the ISO must first determine that (1) the Additional Costs could not have been reasonably anticipated by Owner and included in this RMR Agreement, and (2) the Additional Costs are necessary for the RMR Generator to continue to provide reliable service during the Term. The complete set of rules the ISO must follow when administering Proposed Additional Costs and Substantiated Additional Costs are set forth under Section 38.16 of the OATT.

For an RMR Generator that is providing service under an APR, the ISO is authorized by Section 38.16.3 of the OATT to allow up to \$10 million (or up to \$25 million for nuclear-powered RMR

Generators) per event in actual, incurred and verified additional Capital Expenditures to be recovered as Substantiated Additional Costs. As with any Capital Expenditure, the ISO must limit recovery of such Substantiated Additional Costs to the actual, demonstrated costs incurred and may not begin repaying the Substantiated Additional Costs until the necessary addition, maintenance or repair is completed or enters service. The ISO shall submit an informational filing to FERC informing FERC of any Substantiated Additional Costs it includes in an RMR Generator's APR.

Consistent with Section 38.16.5 of the OATT, Additional Costs (a) that involve RMR Avoidable Costs that are not Capital Expenditures, or (b) that exceed the ISO's authority to authorize, or (c) that the ISO is not able to verify or validate, or (d) that exceeded the cost estimate provided to the ISO or to FERC by more than 5 percent, and where the ISO is not able to determine that Owner made reasonable efforts to expend the least amount necessary, or (e) any Substantiated Additional Costs that an RMR Generator that is subject to an Owner Developed Rate must incur, are not eligible for recovery under this Agreement unless and until they are filed with and accepted by FERC.

**4.3.4 Requirement to Repay Capital Expenditures and Other Above Market Revenues in Accordance with Services Tariff Rate Schedule 8 in Order for the ISO to Permit a Former RMR Generator to Produce Energy, Ancillary Services or Unforced Capacity, and Associated Credit Obligations.**

If, pursuant to the terms of an RMR agreement, the ISO reimbursed all or a portion of the cost of a Capital Expenditure that was incurred to permit an RMR Generator to provide service during the Term of the RMR Agreement, and the Generator is no longer the subject of this RMR Agreement or any other RMR Agreement, and is not an Interim Service Provider, then in order for the ISO to permit the Generator to be offered into or be scheduled in the ISO Administered

Markets, the cost of all Capital Expenditures that the ISO paid to enable the RMR Generator to provide service under an RMR Agreement, less depreciation, may be required to be repaid to the ISO, over time, in accordance with the rules set forth in Rate Schedule 8 to the Services Tariff. If, pursuant to the terms of an RMR Agreement, the ISO paid an RMR Generator a rate that provided revenues in excess of the revenues the Generator would have earned if it had been participating in the ISO Administered Markets at market-based rates (using the market participation, commitment, scheduling and dispatch that occurred in the ISO Administered Markets during the Term of the RMR Agreement to perform the comparison), and the Generator is no longer the subject of this RMR Agreement or any other RMR Agreement, and is not an Interim Service Provider, then in order for the ISO to permit the Generator to be offered into or be scheduled in the ISO Administered Markets, the difference between the revenues the RMR Generator received under an RMR Agreement (including money provided to reimburse Capital Expenditures) and the revenues the Generator would have earned if it had been participating in the ISO Administered Markets at market-based rates (taking into account applicable depreciation and the time value of money) may be required to be repaid to the ISO, over time, in accordance with the rules set forth in Rate Schedule 8 to the Services Tariff.

The ISO shall only allow a former RMR Generator to participate in the ISO Administered Markets if it is meeting all of its credit and repayment obligation(s), or has fully satisfied its repayment obligation(s). Otherwise, the ISO shall not permit Energy, Ancillary Services or Unforced Capacity to be offered into or scheduled in the ISO Administered Markets from the former RMR Generator.

The repayment obligation applies when a former RMR Generator is participating in the ISO Administered Markets while it is eligible to receive market-based rates, until the obligation has

been fully repaid. The repayment obligation is not imposed while a former RMR Generator or former Interim Service Provider is in a Mothball Outage or ICAP Ineligible Forced Outage, or is Retired. If a former RMR Generator or former Interim Service Provider returns from being Retired, or from being in a Mothball Outage or ICAP Ineligible Forced Outage, to participate in the ISO Administered Markets while it is eligible to receive market-based rates, then the ISO will recalculate and reinstate an updated repayment obligation in accordance with Rate Schedule 8 to its Services Tariff.

A former RMR Generator that returns to participating in the ISO Administered Markets at market-based rates must re-complete the Short-Term Reliability Process before it will be permitted to exit the ISO Administered Markets. Until the former RMR Generator enters a Mothball Outage or becomes Retired, it may continue to accrue repayment obligations in accordance with Rate Schedule 8 to the Services Tariff.

If Owner notices an RMR Generator's return to the ISO Administered Markets consistent with Section 2.2.9 of this Agreement, but it has not timely posted adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff, then the ISO shall not permit the Generator to submit offers or receive schedules and shall place the unit in Inactive Reserve for up to sixty (60) days. If Owner has not met its obligation to post adequate credit, including any additional credit that may be required in accordance with Sections 26.4 and 26.5 of the Services Tariff at the end of the sixty (60) days, then the ISO shall place the Generator in the state that it originally noticed (mothballed or retired). If the Generator returned from a mothball to provide RMR service, then the ISO shall return the Generator to a Mothball Outage. If the Generator returned from an ICAP Ineligible Forced Outage to provide RMR service, then the ISO shall place the Generator in a Mothballed Outage or Retired state, at



Owner's election.

#### **4.4 Availability Incentive.**

The baseline used to calculate the Availability Incentive each RMR Generator that is being compensated under an APR is eligible to recover is set forth in the table below. The incentive shall be calculated in accordance with Rate Schedule 8 to the Services Tariff. The ISO shall use each RMR Generator's actual availability and the baseline specified in the table below to determine the incentive (if any) it shall pay for availability over a six-month Capability Period.

[ADD TABLE SPECIFYING THE AVAILABILITY BASELINE FOR EACH RMR GENERATOR.]

#### **4.5 Performance Incentive.**

The baseline used to calculate the Performance Incentive each RMR Generator that is being compensated under an APR is eligible to recover is set forth in the table below. The incentive shall be calculated in accordance with Rate Schedule 8 to the Services Tariff. The ISO shall use each RMR Generator's actual performance and the baseline specified in the table below to determine the incentive (if any) it shall pay for performance each month.

[ADD TABLE SPECIFYING THE PERFORMANCE BASELINE FOR EACH RMR GENERATOR.]

#### **4.6 Owner Developed Rate.**

Owner Developed Rates may not exceed an RMR Generator's full cost of service. Owner must separately file its Owner Developed Rate for FERC review and acceptance.

If Owner has agreed to follow, and the ISO has separately filed the *pro forma* terms and conditions of service, then the ISO shall incorporate the accepted Owner Developed Rate,

including any modifications instructed by FERC, into this Agreement after FERC issues an Order accepting the Owner Developed Rate.

The costs each RMR Generator is authorized to recover under an Owner Developed Rate are explained below (using the explanation(s) provided by Owner) and set forth in the table(s) below. The table(s) below must distinctly identify and set forth the estimated cost of each Capital Expenditure, and the date on which each Capital Expenditure is expected to enter service.

The rules for recovering the cost of Capital Expenditures under an Owner Developed Rate, including the rules that apply if an RMR Generator continues to, or returns to participate in the ISO-Administered Markets following the conclusion of this Agreement, are the same rules that apply to Generators that are compensated pursuant to an APR. *See* Section 4.3.2 of this Agreement.

RMR Generators that are compensated pursuant to an Owner Developed Rate are not eligible to receive an Availability Incentive or a Performance Incentive. RMR Generators that are compensated pursuant to an Owner Developed Rate must obtain FERC approval to recover Substantiated Additional Costs.

[OWNER TO ADD EXPLANATION OF PROPOSED OWNER-DEVELOPED RATE THAT IS CONSISTENT WITH THE REQUIREMENTS OF THIS AGREEMENT AND THE ISO'S TARIFFS, INCLUDING BUT NOT LIMITED TO THE RULES FOR IMPLEMENTING RMR RATES THAT ARE SET FORTH IN RATE SCHEDULE 8 TO THE SERVICES TARIFF AND THE RULES IN SECTION 38.17 OF THE OATT ADDRESSING THE RECOVERY OF CAPITAL EXPENDITURES. OWNER SHALL INCLUDE ONE OR MORE TABLES THAT SPECIFY THE RATE THAT WILL APPLY TO EACH RMR GENERATOR.]

#### **4.7 Penalties.**

Each RMR Generator that is providing service under an APR is subject to all of the potential penalties, sanctions, deficiency charges and any similar charges, except for under-generation penalties (collectively, for purposes of this paragraph, “penalties”), that may apply to Generators under the ISO Tariffs. *Provided, however*, that the total amount of penalties that can be assessed to an RMR Generator that is providing service under an APR shall be capped at the total, cumulative amount of Performance Incentive payments and Availability Incentive payments computed by the ISO to be due to that RMR Generator through the end of the month in which one or more penalties are charged.

RMR Generators that are compensated pursuant to an Owner Developed Rate are subject to all of the potential penalties, sanctions, deficiency charges and any similar charges, including under-generation penalties, that may be assessed to Generators under the ISO Tariffs, without limitation.

#### **4.8 Wind-Down Costs.**

If the ISO terminates this Agreement early due to the conclusion of the Reliability Need prior to the end of the Term of this Agreement (*see* Section 2.2.1 above), then the ISO shall pay any demonstrated, actual additional wind-down costs that Owner must incur to place an RMR Generator in a Mothballed Outage or Retired state at the conclusion of this Agreement because the ISO terminated the Agreement early, in accordance with Sections 38.17.5 and 38.17.7 of the OATT. The ISO shall not pay such costs if a (former) RMR Generator continues to participate in the ISO Administered Markets following the conclusion of this Agreement. If Owner does not agree with the ISO’s determination of the actual additional costs it had to incur due to the ISO’s early termination of this Agreement, then Owner may submit a filing to FERC under Section 205

of the FPA seeking recovery of additional costs it will incur due to the ISO's early termination of this Agreement. The ISO may pay wind-down fees after the termination of this Agreement pursuant to Services Tariff Rate Schedule 8 and recover them from the (former) RMR LSEs under OATT Rate Schedule 14.

## **ARTICLE 5 - MARKET MONITORING**

### **5.1 Market Power Mitigation.**

Although this Agreement requires the submission of Energy and Ancillary Service Bids for the RMR Generator(s) at fuel-adjusted Reference Levels, nothing herein shall preclude the ISO from applying any provision of its Market Power Mitigation Measures (Section 23 of the Services Tariff) to Owner, any Affiliate of Owner, the RMR Generator, or any other resources of Owner or of any Affiliate of Owner, including (a) the mitigation of Bids submitted for RMR Generators that are covered by this Agreement, and (b) conducting audits and reviews and imposing penalties pursuant to Sections 23.2.4.1.1, 23.3.1.1 and 23.4.5.6 of the Services Tariff.

The ISO's assessment of financial penalties, sanctions, deficiency charges and the like, for failure to comply with the Market Power Mitigation Measures or other provisions of the ISO's Tariffs, are addressed in Section 4.7 of this Agreement.

## **ARTICLE 6 - REPORTING AND AUDIT**

### **6.1 Information Access.**

Owner shall maintain and shall promptly make available to ISO upon request, any books, records, documents or information in its possession or control that are necessary for ISO to:

(a) audit, determine, substantiate or verify any of the costs that Owner has incurred, or that Owner is permitted to recover under this Agreement and the ISO Tariffs, and (b) carry out its responsibilities under this Agreement and its Tariffs.

### **6.2 Books and Records; Audit Rights.**

6.2.1 During the Term and for six (6) years thereafter (or for a longer term, if necessary to permit the ISO to repay the cost of a Capital Expenditure and other above market revenues that a former RMR Generator is required to repay under Rate Schedule 8 to the ISO's Services Tariff), Owner shall keep detailed and accurate books and records, together with any supporting documents, pertaining to (a) the performance of its obligations under this Agreement, (b) the operation of each RMR Generator, including its availability, performance and Variable Costs, and (c) all components that went into developing the APR or the Owner-Developed Rate, including all adjustments thereto, Capital Expenditures and Substantiated Additional Costs.

6.2.2 Subject to the confidentiality requirements in Section 11.10 of this Agreement, Owner shall provide or make such books and records (including copies and extracts) available to ISO for inspection and audit at any time, upon reasonable notice.

## **ARTICLE 7 - RESOURCE OPERATION AND MAINTENANCE**

### **7.1 Planned Outages.**

7.1.1 First year of RMR operation. The ISO and Owner have developed a planned outage schedule covering the first year of each RMR Generator's operation under this Agreement. The agreed upon schedule is included as Confidential Schedule 2 to this Agreement. The ISO will accommodate limited, reasonable changes to the agreed planned outage schedule requested by Owner, so long as such changes will not interfere with the ability of the RMR Generator to meet the Reliability Need. Planned outage schedules for subsequent years will be developed in accordance with this Article 7.

7.1.2 Owner shall be entitled to take the RMR Generator out of operation or reduce the net capability of the RMR Generator during ISO-approved Planned Outages, in accordance with the schedule for Planned Outages as established and implemented pursuant to the ISO's Outage Scheduling Manual. The ISO may amend or cancel ISO-approved Planned Outages if necessary to protect system reliability. Consistent with Section 4.4 of this Agreement and Section 15.8.3 of Rate Schedule 8 to the Services Tariff, Planned Outages may reduce the Availability Incentive (if any) paid to an RMR Generator. Performance Incentives can be earned when an RMR Generator is scheduled in real-time.

7.1.3 The ISO and the MMU shall monitor deviations from each RMR Generator's historic planned outage schedules. Owner shall promptly respond to ISO and MMU requests for explanations, information and data regarding or supporting outage schedules.

## **7.2 Forced Outages.**

7.2.1 Generally. Owner shall be entitled to take the RMR Generator out of operation or reduce the net capability of the RMR Generator upon the occurrence of a Forced Outage.

Consistent with Section 4.4 of this Agreement and Section 15.8.3 of Rate Schedule 8 to the Services Tariff, Forced Outages may reduce the Availability Incentive (if any) paid to an RMR Generator. Performance Incentives can be earned when an RMR Generator is scheduled in real-time.

7.2.2 The ISO and the MMU shall monitor deviations from each RMR Generator's historic forced outage rate. Owner shall promptly respond to ISO and MMU requests for explanations, information and data regarding or supporting forced outages, including the time required to return from a Forced Outage.

7.2.3 Notice of Forced Outage. In the event of a Forced Outage that is anticipated to last for more than ten (10) days, in addition to any other notification obligation arising under the ISO Tariffs and Procedures, Owner shall promptly notify the ISO, in accordance with the Outage Scheduling Manual, in writing that a Forced Outage has occurred and estimate its duration (a "Notice of Forced Outage").

7.2.4 Notice of Proposed Additional Costs. Owner shall also submit a Notice of Proposed Additional Costs to the ISO if it expects that costs that exceed the lesser of (a) \$250,000, or (b) five (5) percent of annual RMR Avoidable Costs (excluding Capital Expenditures), will need to be incurred to return the RMR Generator to service, and if it satisfies the other requirements of Section 38.16.1 of the OATT. If the cost of returning an RMR Generator to service does not exceed the lesser of (a) \$250,000, or (b) five (5) percent of annual RMR Avoidable Costs,



excluding Capital Expenditures, then Owner shall promptly return the RMR Generator to service without additional recompense, consistent with Section 38.16.1.1 of the OATT.

7.2.5 Notice of Shut-down. As soon as reasonably practicable after the date of a Notice of Forced Outage but in no event greater than thirty (30) days from the start of such Forced Outage, either Party may, after assessing the nature, expected duration, and expected incurrence of Proposed Additional Costs or Substantiated Additional Costs, notify the other in writing of its determination that the RMR Generator shall, subject to the provisions of Section 7.2.9 of this Agreement, be Shut-down (a “Notice of Shut-down”) and if such notice applies to the entire RMR Generator that this Agreement should be terminated with regard to the affected RMR Generator.

7.2.6 In the event that an RMR Generator is Shut-down, Owner shall only be entitled to receive the APR or Owner Developed Rate through the Shut-down Date for that RMR Generator. However, the ISO may continue to repay the cost of Capital Expenditures incurred at the shut-down Generator in accordance with Section 4.3.2 of this Agreement and Section 38.17.5 of the OATT. With respect to a Shut-down applying only to some of the units that together comprise an RMR Generator, this Agreement shall remain in full force and effect with respect to the remaining unit(s).

7.2.7 Restoration following Owner Notice of Shut-down. With respect to a Notice of Shut-down made by Owner, if within thirty (30) days of receipt of Owner’s Notice of Shut-down ISO provides written notice to Owner that it is willing to allow or support (as appropriate) recovery of any Substantiated Additional Costs that may be required to recover from such Forced Outage in accordance with Section 4.3.3 of this Agreement and Sections 38.16.2.1, 38.16.3, 38.16.5 and 38.17.2 of the OATT, Owner agrees that it will, with reasonable dispatch, take the action

requested by ISO, *i.e.*, not Shut-down the RMR Generator, take all actions necessary to obtain any required FERC approval, and incur the costs necessary to return the RMR Generator to service from such Forced Outage, subject to reimbursement by the ISO in accordance with Section 4.3.3 of this Agreement and Sections 38.17.7 and 38.17.8 of the OATT.

7.2.8 Owner is obligated to use its best efforts to minimize any costs it must incur, and the Substantiated Additional Costs that the ISO reimburses Owner for will be subject to offset by any proceeds from any and all third-party sources, including insurance proceeds, paid to Owner to return the RMR Generator from the Forced Outage. If Owner receives insurance proceeds or other compensation after the ISO pays Owner's Substantiated Additional Costs, then Owner shall make a subsequent reconciliation ("true-up") filing with the FERC and refund any payments to ISO for Substantiated Additional Costs that exceed the amount actually expended by the Owner, after offsets. The ISO shall distribute any insurance proceeds or other compensation it receives pursuant to the requirements of this Section 7.2.8 consistent with Section 6.14.6.1 of Rate Schedule 14 to the OATT.

7.2.9 Shut-down Date. With respect to a Notice of Shut-down issued by ISO pursuant to Section 7.2.5, the "Shut-down Date" shall be the end of hour beginning 23 at the end of the month that includes the date that is the later of (a) ten (10) days after the receipt of such Notice of Shut-down by the Owner, or (b) sixty (60) days after the Forced Outage began. With respect to a Notice of Shut-down issued by Owner pursuant to Section 7.2.5, the Shut-down Date shall be the end of the month that includes the date that is the later of (x) thirty (30) days after the receipt of such Notice of Shutdown by ISO, or (y) sixty (60) days after the Forced Outage began, unless ISO has agreed to pay Owner's Substantiated Additional Costs in accordance with Section 7.2.7, in which case no Shut-down Date will have occurred with respect to such Notice of Shut-down.

As of the Shut-down Date, Owner may place the former RMR Generator in an ICAP Ineligible Forced Outage or reclassify the former RMR Generator's status to Retired.

### **7.3 Minimum Operating Standards.**

The requirements set forth below specify the Minimum Availability, Minimum Performance and Operation to Address the Reliability Need Standards that each RMR Generator is expected to achieve in order to continue to be entitled to compensation under this Agreement, including recovery of the cost of Capital Expenditures and Additional Costs.

#### **7.3.1 Minimum Availability Standards.**

The ISO developed the Minimum Availability Standard(s) set forth below for each RMR Generator based on (a) the RMR Generator's historical performance, (b) any deferred maintenance, repair or capital expenditure costs that are included in RMR Avoidable Costs for an RMR Generator that can reasonably be expected to improve the RMR Generator's availability, and (c) other factors that are specific to the particular RMR Generator for which the Minimum Availability Standard was developed.

[ADD TABLE WITH THE MINIMUM AVAILABILITY STANDARD THAT THE ISO WILL APPLY TO EACH RMR GENERATOR THAT IS SUBJECT TO THE RMR AGREEMENT.]

#### **7.3.2 Minimum Performance Standards.**

The ISO developed the Minimum Performance Standard(s) set forth below for each RMR Generator based on (a) the RMR Generator's historical performance when scheduled to operate in real-time by the ISO, (b) any deferred maintenance, repair or capital expenditure costs that are included in RMR Avoidable Costs for an RMR Generator that can reasonably be expected to improve the RMR Generator's performance, and (c) other factors that are specific to the particular RMR Generator for which the Minimum Performance Standard was developed.

[ADD TABLE WITH THE MINIMUM PERFORMANCE STANDARD THAT THE ISO  
WILL APPLY TO EACH RMR GENERATOR THAT IS SUBJECT TO THE RMR  
AGREEMENT.]

### **7.3.3 Operation to Address the Reliability Need Standard.**

If an RMR Generator fails to operate as requested when it is called upon by the ISO or by a Transmission Owner to address the Reliability Need that is described in Schedule 1 to this Agreement on three or more occasions over the Term of this Agreement, then the ISO may terminate this Agreement as to that RMR Generator.

## **ARTICLE 8 - FORCE MAJEURE EVENTS**

### **8.1 Definition of Force Majeure Event.**

“Force Majeure Event” shall mean a cause or occurrence preventing a Party from performing its obligations under this Agreement, which cause or occurrence is beyond the reasonable control of the Party affected, not reasonably foreseeable by such Party, not due to an act or omission of the Party affected, and which could not have been avoided by the exercise of reasonable diligence.

A Force Majeure Event shall not include any economic hardship, the cost of or inability to procure fuel, or changes in market conditions that affect the price of energy or transmission.

### **8.2 Notice of Force Majeure Event.**

If any Party is unable to perform its obligations under this Agreement due to a Force Majeure Event, the Party that is unable to perform shall promptly notify the other Party of this occurrence, the effect on its performance, the nature of any corrective action needed, its efforts to remedy its inability to perform, and when it estimates it will be able to resume performance. Thereafter the nonperforming Party shall update that information as reasonably necessary.

### **8.3 Effect of Force Majeure Event.**

If a Force Majeure event results in a Forced Outage then Sections 7.2.1. through 7.2.9 of this Agreement shall apply. If a Force Majeure Event prevents a Party from complying with any one or more obligations under this Agreement, that inability to comply will not constitute a default if (a) that Party uses reasonable efforts to remediate the Force Majeure Event in accordance with Section 8.4, and (b) that Party complies with its notice obligations under Section 8.2.

#### **8.4 Remedial Efforts.**

If a Force Majeure Event occurs, the Party unable to perform by reason of that Force Majeure Event shall use reasonable efforts to resume its performance under this Agreement as soon as practicable, to mitigate the consequences of the Force Majeure Event, and to limit damages to the other Party; provided that no Party shall be required to settle any strike, walkout, lockout, or other labor dispute on terms which, in the Party's sole discretion, are contrary to its interests.

## **ARTICLE 9 - DISPUTE RESOLUTION AND REMEDIES**

### **9.1 Dispute Resolution.**

The Parties shall make reasonable efforts to settle any dispute arising out of or in connection with this Agreement. The process and timeframe for Owner to challenge invoices related to this Agreement is set forth in Section 7.4 of the Services Tariff. For all other disputes, the Parties shall designate officers or other senior representatives to confer and attempt to resolve a dispute on an informal basis within two (2) calendar days after receiving written notice of a dispute. If the Parties are unable to resolve the dispute by mutual agreement within ten (10) business days after receiving written notice of a dispute (such period may be extended by the mutual, written agreement of the Parties), then the dispute may be referred to FERC's Dispute Resolution Division by either Party.

### **9.2 Liability and Indemnification.**

9.2.1 Liability of ISO. The ISO shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to Owner or any third party or other person for any damages whatsoever arising or resulting from any actions or omissions by ISO in performing its obligations under this Agreement, except to the extent ISO is found liable for gross negligence or willful misconduct, in which case ISO will only be liable for direct damages.

9.2.2 Liability of Owner. Except as set forth in Section 4.7 (Penalties) of this Agreement, or as set forth in the ISO's Tariffs, in no event shall Owner be liable to ISO for any incidental, consequential, multiple or punitive damages, loss of revenues or profits, attorneys fees or costs arising out of, or connected in any way with the performance or non-performance of this Agreement except to the extent Owner is found liable for gross negligence or willful misconduct.

9.2.3 Indemnification. Owner shall indemnify, defend and save harmless the ISO and its directors, officers, employees and agents from any and all damages, losses, claims and liabilities by or to third parties arising out of or resulting from the performance by ISO under this Agreement or the actions or omissions of Owner in connection with this Agreement, except in cases of gross negligence or willful misconduct by the ISO or its directors, officers, employees or agents.

### **9.3 Specific Performance.**

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms and that monetary damages alone, even if available, would not be an adequate remedy. It is accordingly agreed that the Parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at Law or in equity.

### **9.4 Termination for Default.**

If any Party shall fail to perform any material obligation imposed on it by this Agreement and that obligation has not been suspended pursuant to this Agreement, the other Party, at its option, may terminate this Agreement by giving the Party in default written notice setting out specifically the circumstances constituting the default and declaring its intention to terminate this Agreement. If the Party receiving the notice does not within ten (10) days after receiving the notice, remedy the default, the Party not in default shall be entitled by a further written notice to terminate this Agreement. The Party not in default shall have a duty to mitigate damages. Termination of this Agreement pursuant to this Section 9.4 shall be without prejudice to the right of any Party to collect any amounts due to it under this Agreement.



## **9.5 Waiver.**

The failure to exercise any remedy or to enforce any right provided in this Agreement or applicable Law shall not constitute a waiver of such remedy or right or of any other remedy or right. A Party shall be considered to have waived any remedies or rights only if the waiver is in writing. A waiver given by a Party will be applicable only to the specific instance for which it is given.

## **9.6 No Third-Party Beneficiaries.**

Except as is specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, confers any rights or remedies under, or by reason of, this Agreement on any persons other than the Parties and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligations or liability of any third party, nor give any third person any rights of subrogation or action against any Party.

## **9.7 Remedies Cumulative.**

The rights and remedies of the Parties are cumulative and not alternative.

## **ARTICLE 10 - COVENANTS OF THE PARTIES**

### **10.1 ISO represents and warrants to Owner as follows:**

10.1.1 The ISO is a validly existing corporation with full authority to enter into this Agreement.

10.1.2 The ISO has full power and authority to enter into this Agreement and perform all of the ISO's obligations, representations, warranties, and covenants under this Agreement.

10.1.3 The ISO has taken all necessary measures to have the execution and delivery of this Agreement authorized, and upon the execution and delivery of this Agreement, this Agreement shall be a legally binding obligation of the ISO.

10.1.4 The ISO has all regulatory authorizations necessary for it to perform its obligations under this Agreement.

10.1.5 The execution, delivery, and performance of this Agreement are within ISO's powers and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it.

### **10.2 Owner represents and warrants to ISO as follows:**

10.2.1 Owner is duly organized, validly existing and in good standing under the Laws of the jurisdiction under which it is organized, and is authorized to do business in New York.

10.2.2 Owner has full power and authority to enter into this Agreement and to perform (directly, or through its agents and assigns that are authorized pursuant to Section 11.1 of this Agreement) all of Owner's duties, obligations, representations, warranties, and covenants under this Agreement, including the power to offer Energy, Unforced Capacity, and Ancillary Services

from each RMR Generator, and to operate, maintain, and administer each RMR Generator, all in accordance with (a) the ISO Tariffs, (b) this Agreement, and (c) the ISO Procedures.

10.2.3 Owner has taken all necessary measures to have the execution and delivery of this Agreement authorized, and upon the execution and delivery of this Agreement, this Agreement shall be a legally binding obligation of Owner.

10.2.4 Owner possesses, or has applied for, all regulatory authorizations, necessary for it to perform its obligations under this Agreement.

10.2.5 The execution, delivery, and performance of this Agreement are within the Owner's powers and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it.

10.2.6 Owner is not in violation of any Laws, ordinances, or governmental rules, regulations or Order of any Governmental Authority or arbitration board materially affecting the performance of this Agreement.

10.2.7 Owner is not bankrupt, does not contemplate becoming bankrupt nor, to its knowledge, will become bankrupt.

10.2.8 Owner is an ISO Customer [and an ISO Transmission Customer,] and acknowledges that it has reviewed and is familiar with the ISO Tariffs.

10.2.9 Owner acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Owner's performance of its obligations under this Agreement.

## **ARTICLE 11 - MISCELLANEOUS PROVISIONS**

### **11.1 Assignment.**

A Party shall not assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party. Any such assignment or delegation made without such written consent shall be null and void. Upon any assignment made in compliance with this Section 11.1, this Agreement shall inure to and be binding upon the successors and assigns for the assigning Party.

### **11.2 Notices.**

Except as otherwise expressly provided in this Agreement or required by Law, all notices, consents, requests, demands, approvals, authorizations and other communications provided for in this Agreement shall be in writing and shall be sent by personal delivery, certified mail, return receipt requested, facsimile transmission, electronic mail, or by recognized overnight courier service, to the intended Party at such Party's address set forth below. All such notices shall be deemed to have been duly given and to have become effective: (a) upon receipt if delivered in person, by facsimile, or by electronic mail; (b) two days after having been delivered to an air courier for overnight delivery; or (c) seven days after having been deposited in the United States mail as certified or registered mail, return receipt requested, all fees pre-paid, addressed to the applicable addresses set forth below. Each Party's address for notices shall be as follows (subject to change by notice in accordance with the provisions of this Section 11.2):

If to Owner:

[OFFICER NAME]

[OFFICER TITLE]

[STREET ADDRESS]

[CITY, STATE, ZIP]

[PHONE NUMBER]

[FAX NUMBER]

[E-MAIL ADDRESS]

If to ISO:

[OFFICER NAME]

[OFFICER TITLE]

10 Krey Boulevard

Rensselaer, New York 12144

[PHONE NUMBER]

[FAX NUMBER]

[E-MAIL ADDRESS]

With a copy to:

[INSERT LEGAL CONTACT]

The persons designated to receive Notice for a Party may be modified by providing Notice to the other Party of a change.

### **11.3 Parties' Representatives.**

Owner and the ISO shall ensure that throughout the Term of this Agreement, duly appointed representatives are available for communications between the Parties. The representatives shall have full authority to deal with all day-to-day matters arising under this Agreement. Acts and omissions of representatives shall be deemed to be acts and omissions of the Party. Owner and ISO shall be entitled to assume that the representatives of the other Party are at all times acting within the limits of the authority given by the representatives' Party. Owner's representatives shall be identified on Exhibit A. The ISO's representatives shall be identified on Exhibit B. The Parties may at any time replace their representatives by sending the other Party a revision to its respective Exhibit.

### **11.4 Effect of Invalidation, Modification, or Condition.**

Each covenant, condition, restriction, and other term of this Agreement is intended to be, and shall be construed as, independent and severable from each other covenant, condition, restriction, and other term. If any covenant, condition, restriction, or other term of this Agreement is held to be invalid or otherwise modified or conditioned by any Governmental Authority, the invalidity, modification, or condition of such covenant, condition, restriction, or other term shall not affect the validity of the remaining covenants, conditions, restrictions, or other terms hereof. If an invalidity, modification, or condition has a material impact on the rights and obligations of the Parties, the Parties shall make a good faith effort to renegotiate and restore the benefits and

burdens of this Agreement as they existed prior to the determination of the invalidity, modification, or condition.

## **11.5 Amendments.**

Amendments or modifications of this Agreement may be made only by a written instrument duly executed by all Parties, or through a filing with FERC under Section 206 of the FPA. Mutually agreed to amendments or modifications shall become effective only after the Parties have received any authorizations required from FERC. The Parties agree to negotiate in good faith any amendments to this Agreement that are needed to reflect the intent of the Parties as expressed herein and to reflect any changes to the design of the ISO Administered Markets that are approved by the Commission from time to time. Alternatively, either Party shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 of the FPA and FERC's rules and regulations thereunder. The Parties agree that any such filing shall not be subject to the "public interest" application of the just and reasonable standard of review as clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n*, 130 S. Ct. 693, 700 (2010). Each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered.

Nothing in this Section 11.5 shall be interpreted to require the ISO's concurrence before Owner may submit a filing under Section 205 of the FPA to propose an initial rate to FERC, or to recover costs that Owner (or an RMR Generator) is specifically authorized to submit or to seek to recover under Sections 38.1 to 38.17 of the OATT. Nothing in this Section 11.5 shall be interpreted to require Owner's concurrence before the ISO may submit a filing under Section 205

of the FPA to comply with the requirements of its Tariffs, or to submit a filing in accordance with Sections 2.2.8 or 4.6 of this Agreement.

#### **11.6 Governing Law.**

This Agreement shall be governed by and construed under the Laws of the State of New York without regard to conflicts of laws principles.

#### **11.7 Entire Agreement.**

This Agreement, as well as any appendices, schedules, exhibits or other attachments hereto, which are incorporated by reference herein and made a part hereof, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, undertakings, agreements and understandings.

#### **11.8 Independent Contractors.**

Owner and ISO acknowledge that as between Owner and ISO there is an independent contractor relationship, and that nothing in this Agreement shall create any association, joint venture, partnership, or principal/agent relationship between the Parties. Neither Owner nor ISO shall have any right, power, or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

#### **11.9 Counterparts.**

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same agreement.

#### **11.10 Confidentiality.**

Confidential Information or Protected Information identified as such by a Party and provided to the other Party pursuant to this Agreement shall be governed by the confidentiality provisions in



the Code of Conduct, contained in Attachment F of the OATT, and the confidentiality provisions in the Market Monitoring Plan, contained in Attachment O of the Services Tariff, subject to the following:

11.10.1 Nothing herein or therein shall limit the right of a Party to file a copy of this Agreement with the Commission, without redaction, to the extent that Law, regulation, or agency Order makes such filing necessary or appropriate.

11.10.2 Notwithstanding anything in this Agreement to the contrary, if during the course of an investigation or otherwise, the Commission requests that a Party (the “responding Party”) provide to it information that has been designated by the other Party to be treated as confidential under this Agreement, the responding Party shall provide the requested information to the FERC or its staff within the time provided for in the request for information. The responding Party shall, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by the FERC and its staff and that the information be withheld from public disclosure.

#### **11.11 Further Assurances.**

The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably necessary to carry out the provisions and purposes of this Agreement.

#### **11.12 Submittal to the Commission.**

The Parties acknowledge and agree [ALT. 1, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS AND OWNER ACCEPTS THE APR that the ISO shall submit the executed Agreement to the FERC, including the proposed APR, in a FPA Section 205 filing on the Parties’ behalf;] [ALT. 2, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS, OWNER

ACCEPTS THE APR, BUT THERE ARE CAPITAL EXPENDITURES THAT REQUIRE FERC APPROVAL (i) that the ISO shall submit this Agreement to the FERC, including the agreed-to components of the proposed APR, in a FPA Section 205 filing on the Parties' behalf, and that Owner will submit a separate FPA Section 205 filing that is consistent with the terms and conditions of service proposed in this Agreement, and that tracks the format of this Agreement, proposing the inclusion of the cost of certain Capital Expenditures in the APR;]

[ALT. 3, IF OWNER AND ISO AGREE ON TERMS AND CONDITIONS BUT OWNER REJECTS THE APR AND SUBMITS AN OWNER DEVELOPED RATE that the ISO shall submit the Parties' agreed-upon terms and conditions of service to the FERC, in a FPA Section 205 filing on the Parties' behalf, and that Owner will submit a separate FPA Section 205 filing proposing an Owner Developed Rate that is consistent with the terms and conditions of service proposed in this Agreement and that tracks the format of this Agreement.]

Following the ISO's submission to FERC of an executed or unexecuted Agreement, the Parties will implement and comply with this Agreement in accordance with Section 2.1.2 hereof.

**IN WITNESS WHEREOF**, this Agreement has been executed as of the date first above written.

[OWNER NAME]

By: \_\_\_\_\_

Name:

Title:

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: \_\_\_\_\_

Name:

Title:

## **EXHIBIT A - OWNER'S REPRESENTATIVES**

[OWNER TO PROVIDE]

## **EXHIBIT B - ISO'S REPRESENTATIVES**

[NAME OF NYISO OFFICER WITH AUTHORITY TO EXECUTE AN RMR AGREEMENT]

[OFFICER TITLE] New York Independent System Operator, Inc.

10 Krey Boulevard

Rensselaer, New York 12144

## **38.27      Appendix D – Responsible Generator Party Certification**

## RESPONSIBLE GENERATOR PARTY CERTIFICATION

<b>Date (“Effective Date”)</b>	
<b>Responsible Generator Party (“RGP”)</b>	
Capitalized terms used and not otherwise defined herein shall have the meaning ascribed in the NYISO’s Open Access Transmission Tariff (“ <b>OATT</b> ”) or its Market Administration and Control Area Services Tariff (“ <b>Services Tariff</b> ”), as context requires, (together “ <b>NYISO Tariffs</b> ”).	

WHEREAS, the RGP is the entity that is ultimately responsible for making determinations concerning outages affecting and the repair of and/or the deactivation or retirement of one or more generating facilities seeking to participate in or participating in the ISO Administered Markets (“**Outage and/or Deactivation Authority**”);

WHEREAS, Section 5.18 of the Services Tariff (Generator Outages and Generator Obligations While in These Outages) and Section 38 (Short-Term Reliability Process) of the OATT (or any successor provisions), and related NYISO Tariff rules implementing the NYISO’s outage state and generator deactivation requirements, establish certain requirements concerning outages affecting, the repair of, and the deactivation or retirement of generating facilities participating in the ISO Administered Markets;

WHEREAS, the RGP seeks to register or to renew its registration of a generating facility or generating facilities for which it has Outage and/or Deactivation Authority to participate in the ISO Administered Markets.

NOW, THEREFORE, in consideration of the foregoing, I, the undersigned, in my capacity as a duly authorized representative of the RGP named above, hereby certify, acknowledge, and agree, understanding that the NYISO is relying on these representations and agreements, that the RGP shall comply with the following requirements (“**Certification**”).

1. Generator. “Generator” shall mean the generating facility or facilities for which the RGP has Outage and/or Deactivation Authority and that are seeking to participate or are participating in the ISO Administered Markets. The generating facility or facilities shall be identified by the RGP in Schedule A to this Certification. The RGP shall specify in Schedule A for each Generator: the Generator Name, Generator PTID, the nameplate rating of the Generator, and whether the RGP’s Outage and/or Deactivation Authority concerns (i) outages affecting and the repair of the Generator, (ii) the deactivation or retirement of the Generator, or (iii) both.
2. Effective Date. This Certification shall take effect on the Effective Date indicated above, and shall last until terminated in accordance with the terms of this Certification (“**Term**”).
3. RGP Outage State Obligations. As of the Effective Date, and for the Term of this Certification, the RGP assumes the obligation to comply with the requirements of Section 5.18 of the Services Tariff, or any successor provisions, for the Generator(s) identified in Schedule A for which it is responsible. The RGP assumes the obligation to comply with the requirements of

Section 5.18 of the Services Tariff that apply to any of a Market Participant, Market Party, Generator Owner, and/or a Generator, including, but not limited to, the requirements that address providing prior notice and information to the NYISO.

- (a) However, if a Generator identified in Schedule A is only participating in the ISO-Administered Markets as a facility in an Aggregation then, for so long as the Generator is only participating in the ISO-Administered Markets as a facility in an Aggregation, the RGP is not required to comply with the requirements of Section 5.18 of the Services Tariff for that Generator.

4. RGP Generator Deactivation Obligations. As of the Effective Date, and for the Term of this Certification, the RGP assumes the obligation to comply with the requirements of Section 38 of the OATT, or any successor provisions, for the Generator(s) identified in Schedule A that have a nameplate rating greater than 1 MW for which it is responsible. The RGP assumes the obligation to comply with the requirements of Section 38 of the OATT that apply to any of a Market Participant, Market Party, Generator Owner, and/or a Generator, including, but not limited to, the requirements that address providing prior notice and information to the NYISO.

5. Representations and Warranties. RGP represents and warrants to the NYISO that (i) it possesses the Outage and/or Deactivation Authority specified in Schedule A for each of the listed Generators, (ii) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation, (iii) it has the legal power to execute and deliver this Certification and to perform in accordance with its terms, (iv) all necessary actions have been taken to authorize the execution and delivery of this Certification and performance in accordance with its terms, (vi) this Certification is a legal, valid, and binding obligation, and (vii) there is no action or proceeding pending or, to its knowledge, threatened before any court, arbitrator, or governmental agency that may materially adversely affect its ability to perform its obligations under this Certification.

6. Changes to RGP's Outage and/or Deactivation Authority. If the RGP no longer has the Outage and/or Deactivation Authority for a Generator as identified in Schedule A, the RGP shall notify the NYISO within ten (10) days of such change by submitting an update to Schedule A and shall provide the NYISO with the name of the entity that now possesses Outage and/or Deactivation Authority for the Generator. If the RGP acquires Outage and/or Deactivation Authority for a new or additional Generator the RGP shall provide the NYISO with an updated Schedule A within ten (10) days of obtaining such authority that identifies the additional Generator(s) and provides the information required in Section 1 above. Upon the NYISO's request, the RGP shall review and provide any updates necessary to correct the information in its Schedule A within ten (10) days.

7. Default. In the event the RGP does not timely comply with the requirements of Section 5.18 of the Services Tariff or Section 38 of the OATT, as applicable, the NYISO may submit one or more public filings informing the Federal Energy Regulatory Commission ("FERC") and/or the New York Public Service Commission ("NYPSC") of the default and asking the appropriate agency(ies) to exercise their authority to require the RGP to promptly remedy the default.



8. Termination.

- (i) This Certification may be terminated by the mutual agreement, in writing, of the NYISO and the RGP.
- (ii) This Certification may be unilaterally terminated by RGP submitting a notice of termination, in writing, to the NYISO after RGP accurately notifies the NYISO under Section 6 that it no longer has the Outage and/or Deactivation Authority for any New York Control Area Generator.

9. Communications. Notices and other communications given pursuant to this Certification shall be in writing, shall be deemed effective when received, and shall be delivered by hand, facsimile or email (in each case, with confirmation of receipt of delivery) or by certified mail to the following addresses:

a. If to the NYISO:

The New York Independent System Operator, Inc.  
10 Krey Boulevard  
Rensselaer, NY 12144  
Attention: Registration Coordinator

E-mail: Customer\_Registration@nyiso.com

b. If to RGP:

[RGP to insert contact information.]

10. Amendment and Waiver. The terms and provisions of this Certification may not be amended or waived without the prior written consent of both the NYISO and the RGP.

11. Severability. Should any provision of this Certification be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

12. Governing Law. This Certification shall be governed by the laws of the State of New York without regard to conflict of laws principles (other than Section 5-1401 of the New York General Obligations Law).

13. Execution. A signed copy of this Certification delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Certification.

***[Remainder of page intentionally left blank; Signature page follows]***

IN WITNESS WHEREOF, the undersigned has executed this Certification as of the date written above.

**RESPONSIBLE GENERATOR PARTY**

Signature:

Print Name:

Title:

## Schedule A

### GENERATORS SUBJECT TO RESPONSIBLE GENERATOR PARTY CERTIFICATION

Generator Name	Generator PTID	Nameplate Rating of Generator	RGP Has Ultimate Responsibility Concerning Outages Affecting and Repair of Generator (Yes/No)	RGP Has Ultimate Responsibility Concerning Deactivation or Retirement of Generator (Yes/No)

**Schedule A Submission Date:**