



GenOn Energy Management, LLC
GenOn Bowline, LLC
1360 Post Oak Blvd, Suite 2000
Houston, TX 77056

To: Analysis Group Inc. (“AGI”)
Burns & McDonnell (“BMCD”)
New York Independent System Operator, Inc. (“NYISO”)

From: GenOn Energy Management, LLC and GenOn Bowline, LLC

Date: July 1, 2020

Re: Comments on Proposed Installed Capacity Demand Curve Parameters for the 2021/2022 through 2024/2025 Capability Years – Initial Draft Report

GenOn Energy Management, LLC and GenOn Bowline, LLC (collectively, “GenOn”)¹ are pleased to submit the following comments regarding the June 4, 2020 Independent Consultant Study to Establish New York ICAP Demand Curve Parameters for the 2020/2021 through 2024/2025 Capability Years – Initial Draft Report prepared by AGI and BMCD, particularly as relates to the current recommendations as it relates to the selection and determination of appropriately applied gas prices for the proxy unit in Zone G (Rockland County).

AGI recommends that the natural gas prices for Zone G Rockland County be based on the price index for TETCO M3, including a \$0.27/MMBtu gas transportation adder. As has been commented on by other parties, we too fundamentally disagree with the proposed recommendations as not suitably reflecting both the true costs and risks faced by the proxy generator within Zone G Rockland. GenOn has retained natural gas market expert BTU Analytics to analyze the proposed proxy plant within the context of the recommended TETCO M3 gas index, with the completed analysis attached to this submission.

¹ GenOn Bowline, LLC owns the Bowline Power Plant located in Rockland County, NY and GenOn Energy Management, LLC serves as the market participant with the NYISO and represents the Bowline Power Plant in the NYISO market.

Fundamentally, GenOn disagrees with the proposed recommendations for the following reasons:

- Gas availability at M3-based prices is not achievable. The TETCO M3 market area doesn't include Rockland County, NY and gas flowing through Rockland County from TETCO M3 market area is then on the Algonquin pipeline system and destined for points North of Rockland County with a higher demand for gas and higher price (particularly in the winter). The true costs sourced gas for Zone G Rockland, most notably in the Winter periods, are not accurately reflected by only the simple inclusion of a \$0.27/MMBtu transportation adder as proposed for the proxy unit.
- Winter periods also suffer from a distinct and noticeable lack of deliverability utilizing IT capacity due to pipeline constraints
- Market rules demand generators offer using the most economic fuel (lack of fuel availability is not a suitable excuse) thereby negating the assumed "interruptible only" model of gas delivery for the proxy unit. A proxy unit would either need to purchase gas a fully loaded, "delivered" cost or purchase firm transportation.
- To be compliant with NYISO market rules, the fixed cost structure of a new plant is much higher than has been modeled within the consultant report without the inclusion of full firm transportation economics.

The attached commentary and analysis demonstrate that the proposed delivered price for fuel for the proxy unit understates that achievable in the marketplace is not representative of the true underlying cost structure of the proxy unit in either a variable/dispatch economics-sense or in a fixed costs regime.

We urge the NYISO, pursuant to tariff rules, to align the proxy unit fuel cost with those that would be reasonably expected to be achieved by that unit.²

Respectfully submitted,



Jon Sacks, Vice President
GenOn Energy Management, LLC
GenOn Bowline, LLC

Attachment: Natural Gas Pricing and Deliverability for NYISO Load Zone G by BTU Analytics

² GenOn reserves all rights to raise additional comments and to supplement that attached data as this matter continues through the NYISO Stakeholder and Board process and at the Federal Energy Regulatory Commission.