Generator Deactivation Process – Planning Requirements

A. Commencement of Generator Deactivation Process

- 1. The Generator Deactivation Process applies to: (i) a Market Participant proposing for its Generator to be Retired or to enter into a Mothball Outage, or (ii) a Generator that has entered into an ICAP Ineligible Forced Outage. The Generator is referred to as the "Initiating Generator."
 - A Market Participant proposing for its Generator <u>to be Retired or to enter into a</u> <u>Mothball Outage</u> must submit to the NYISO a Generator Deactivation Notice, including all required accompanying information and certifications.
 - A Generator that <u>has entered into an ICAP Ineligible Forced Outage</u> must submit certain financial and other information within 20 days of the Generator entering into the outage.
 - FERC has accepted the financial and other information requirements that must be submitted by the Initiating Generator. The NYISO is considering a revision to allow it discretion to minimize the information requirements for certain Generators that have a low likelihood of the deactivation resulting in a Reliability Need and of their owners being able to exercise market power.
- 2. Generators are required to provide 365 days prior notice before entering a Mothball Outage or becoming Retired. The 365 day period will begin to run on the date the NYISO issues a written notice to the Market Participant indicating its Generator Deactivation Notice is complete. The timeframes for completing the steps of the Generator Deactivation Process are under consideration and will be addressed at a future stakeholder meeting.
- 3. If there is an imminent threat to reliability as a result of an unplanned Generator deactivation (*i.e.*, a Forced Outage) that may arise within the 365 day period, the NYISO is considering including a statement that it will take the actions necessary to protect reliability and file any resulting agreements for the Commission's consideration as soon as possible.

B. Generator Deactivation Assessment

1. The NYISO will complete the Generator Deactivation Assessment within a certain period following the Generator Deactivation Assessment Start Date, including any stakeholder review of modeling inputs.

- The NYISO will conduct the necessary reliability studies to review the impact of the deactivation on the reliability of the New York State Bulk Power Transmission Facilities ("BPTFs").
- The Responsible TOs 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, and the NYISO will review and verify the TOs' studies.
- The NYISO will use the most recent base case from its reliability planning process, updated in accordance with ISO Procedures, including information such as load forecasts, generation and resource changes, and Local Transmission Plan (LTP) updates.
 - The NYISO will inform stakeholders of the key study assumptions it intends to use and consider stakeholder input regarding the assumptions.
- The NYISO will identify needs in the five years following the end of the 365 notice period. Needs arising in years further out (years 6 through 10) will be addressed in the next Reliability Planning Process.
- The NYISO will review whether any potential Reliability Need can be wholly or partially addressed through the adoption of alternative NYISO or TO operating procedures or by LTP updates (other than an agreement with a Generator).
- The NYISO will also determine whether any Reliability Need is an "Immediate Reliability Need."
 - An "Immediate Reliability Need" is a Reliability Need that results from the deactivation of one or more Generators that the NYISO determines will arise within three years following the conclusion of the required notice period.
 - The consequences of determining that an Immediate Reliability Need exists are addressed in Section C, below.
- 2. The NYISO will then issue and post on its website a Generator Deactivation Assessment that specifies: (i) whether the Generator's proposed deactivation will result in one or more Reliability Needs, and (ii) if so, the NYISO's determination as to whether the Reliability Needs must be addressed in the Generator Deactivation Process or whether they can be timely addressed in the next Reliability Planning Process. If the needs can be timely addressed in the next RNA/CRP, the Generator Deactivation Process will conclude.
- 3. The NYISO may permit a Generator to be Retired or enter into a Mothball Outage on a requested deactivation date that is prior to the completion of the 365 day period (but

not before the first day following completion of the Generator Deactivation Assessment) if the NYISO determines that a Reliability Need would not arise from the Generator's proposed deactivation.

C. Process if Immediate Need Identified

- If a Reliability Need is an Immediate Reliability Need, and the NYISO determines there is not sufficient time to carry out a competitive transmission evaluation and selection process to address the need, then the NYISO will consider; (a) market-based solutions (b) the Responsible TO's proposed regulated backstop solution, and (c) RMR Agreements with the Initiating Generator and/or currently deactivated Generators, as possible solutions to the Reliability Need.
 - In order to limit the range of transmission solutions it considers to address Immediate Reliability Needs, the NYISO must satisfy certain criteria set forth by FERC. In short, the NYISO must provide a written description explaining its decision to designate a Responsible TO to develop a proposed regulated solution in place of performing a competitive transmission selection process. The written description will explain the reliability violation(s), the circumstances that generated the need, other transmission or non-transmission options the NYISO considered, and why the need was not identified earlier. Stakeholders will have the opportunity to provide comments.

D. Solicitation of Proposed Solutions

- 1. If the NYISO identifies a Reliability Need that must be addressed in the Generator Deactivation Process, the NYISO will solicit proposed solutions.
- 2. The following proposed solutions may be submitted:
 - Market-based solutions (*e.g.*, generation, demand response, and transmission).
 - The Responsible TO must submit a regulated solution that should, to the extent practicable, address completely the Reliability Need. Regulated transmission solutions can obtain cost recovery under the NYISO's tariff. The solution cannot be a contract with the Initiating Generator or a deactivated Generator that is eligible for an RMR Agreement under this process. If the proposed solution is only a short-term, interim solution, the Responsible TO must also provide a conceptual permanent solution, which will be used to determine the expected duration of an RMR contract, if one is needed.
 - The NYISO will determine, with input from the Responsible TO, whether the solution proposed by the Responsible TO is interim or permanent.

- If the Reliability Need is not an Immediate Reliability Need (*i.e.*, the need first arises in Years 4 or 5, or if NYISO determines there is adequate time to solicit alternative regulated transmission solutions), other qualified transmission Developers may also propose an alternative transmission solution to address the Reliability Need.
- 3. Proposed solutions will have to be submitted within a defined time frame. Based on stakeholder feedback, the NYISO intends to provide more than 30 days to submit proposed solutions.
- 4. The NYISO will determine whether any currently deactivated Generators may be capable of satisfying in whole or in part the Reliability Need. If so, the NYISO will notify the Market Participant that its Generator is subject to review as a possible solution to address the need.
 - The Market Participant must provide the NYISO financial and other information regarding its Generator or, if it has previously provided the information, updates to the information it provided.

E. Viability and Sufficiency Evaluation of Proposed Solutions

- 1. The NYISO shall perform a viability and sufficiency assessment process following receipt of proposed solutions.
- 2. The NYISO, in coordination with the Responsible TO(s), will evaluate the viability and sufficiency of: (i) proposed market-based solutions, (ii) the Responsible TO's regulated backstop solution, (iii) the Responsible TO's additional conceptual permanent solution (if applicable), (iv) any alternative regulated transmission solutions (if applicable), and (v) any currently deactivated Generators that are potential solutions to the Reliability Need (if applicable).
- 3. If the NYISO identifies adequate market-based solutions to address the Reliability Need, the NYISO will conclude the Generator Deactivation Process and monitor the development of the market-based solutions.
- 4. The NYISO will present the results of its viability and sufficiency assessment to interested parties, including whether the Generator Deactivation Process has been concluded due to the availability of adequate market-based solutions.

F. Selection Process

1. If there is an Immediate Reliability Need, the NYISO selects from among the Responsible TO's regulated backstop solution, the Initiating Generator, and other eligible generators.

- 2. If there is a Reliability Need in years four and/or five, or if NYISO determines there is adequate time available to consider alternative regulated transmission solutions, the NYISO selects from among the Responsible TO's regulated backstop solution, competing transmission solutions, the Initiating Generator, and other eligible generators.
- 3. Details under development.

G. Incorporation of Generator Deactivation Process Results in RNA Base Case

- 1. A Generator operating under an RMR Agreement will not be included in the RNA Base Case.
- 2. Any interim solution selected in the Generator Deactivation Process to address a Reliability Need will not be included in the RNA Base Case.
 - If a Reliability Need is identified in the RNA due to the removal of the interim solution, the Responsible TO may propose as a permanent solution in the CRP the incremental changes required to convert its interim solution into a permanent solution (if such conversion is possible).
- 3. A Responsible TO's or other Developer's transmission solution selected as a permanent solution through a competitive selection in the Generator Deactivation Process will be included in the RNA Base Case if it meets all applicable base case inclusion rules for a transmission project.

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