

# Proposed ICAP Buyer-Side Mitigation Modifications- Overview of proposed Competitive Entry Exemption

A faint background map of New York State is overlaid with a network of grey lines representing a power grid. Small colored dots (red, blue, purple) are placed at various points along the grid lines, likely representing substations or specific nodes of interest.

*August 1, 2013  
Rensselaer, NY*

# Summary of the Design

- ◆ **The competitive entry exemption will exempt from Installed Capacity (ICAP) buyerside mitigation measures (*i.e.*, exempt it from Offer Floor mitigation) a new entrant that at the time of entry has not received, is not receiving, and does not have an agreement to receive support outside of competitive markets from an entity with an incentive to suppress New York capacity prices.**
- ◆ **Thus it allows such entrants to enter at their own risk and based on their own business outlook.**

# Summary of the Design

- ◆ The exemption would be granted if the project has no direct or indirect (i) contracts with, (ii) financial support from, or (iii) in kind support from any NY electric distribution company, Municipal Utility, or any NY state or local governmental entity, including but not limited to Public Authorities.
  - *Eligibility for the exemption will not be limited by*
    - “fair market value” leases or sale agreements for land,
    - several different types of contracts, which are enumerated; e.g., interconnection agreements, developmental grants, etc (see the tariff for a full list) and
    - up to a *de minimis* amount.

# Summary of the Design

- ◆ **A NY electric distribution company, Municipal Utility, or any NY state or local governmental entity including, but not limited, to Public Authorities.**
- ◆ **Those entities are not eligible for the exemption if they build a project themselves.**

# Summary of Exemption Process

- ◆ **Prior to Start Date of the Class Year, developers can request a Competitive Entry Mitigation Exemption.**
  - *The deadline for the request will be set by the NYISO and published on the NYISO web site.*
  - *The transition mechanism provides for it to be available to projects in Class Year 2012 (and subsequent Class Years).*
- ◆ **Applicants that meet the criteria will be granted an exemption from ICAP buyer-side mitigation**
  - *Applicants still must provide costs data used in the Unit Net CONE examination (“Part B Test”).*
  - *NYISO will review and approve or deny exemption applications. The MMU will provide input to the NYISO prior to the NYISO’s determination.*
- ◆ **Application determinations will be based on certifications by applicants.**
  - *The NYISO may ask applicants to provide additional information.*
  - *A company officer must provide certifications.*
  - *The certification requirement has been revised so that it now requires the developer to collect certifications from investors financing or sponsoring the development of the Project, and each holder of a debt or equity interest in the Project.*
  - *There would be an initial certification at the time of application.*
  - *Recertification would be required at different points up to when the unit enters the market.*
    - Applicants must notify NYISO if the certification is no longer true up to when the project first produces energy.
- ◆ **The NYISO will post on its website whether a request for a Competitive Entry Exemption was denied or granted as soon as its determination is final. Concurrently the Market Monitoring Unit shall publish a report on the ISO’s determination.**

# Failure to Recertify- Summary of provision

- ◆ Failure to certify or recertify to the satisfaction of the NYISO, after consultation with the MMU, will result in the removal of the exemption and the unit being subject to the default Offer Floor.
  - *This design element is required because conducting a unit specific analysis would, if it occurred during the Class Year process, delay the closing of the Class Year process or, if the failure to recertify occurred after the Class Year Process was completed, the Offer Floor could not be determined.*

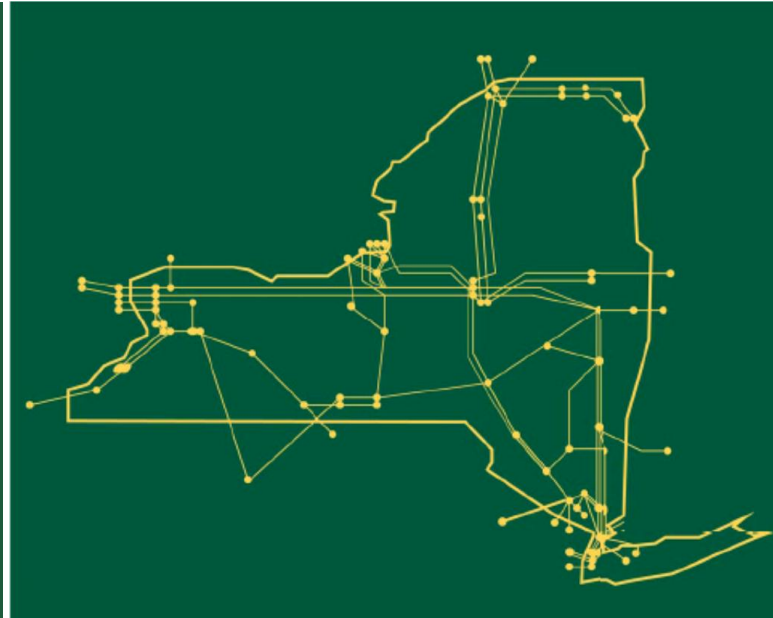
# Summary of the Penalty for False Certification

- ♦ **False, misleading, or inaccurate certification or an attempt to circumvent the rules would violate the Services Tariff and would be referred to the MMU for referral to the FERC Office of Enforcement.**
- ♦ **In addition, a project that is determined to have provided a false, misleading, or inaccurate certification would be penalized unless the NYISO determines that it would have granted the Competitive Entry Exemption if complete and accurate information had been submitted.**

- ◆ **See MST sections 23.4.5.7.8 for the proposed Services Tariff modifications for the competitive entry exemption.**



The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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