



RMR and Interim Service Provider Capacity Market Participation Updates

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Agenda

- **Background**
- **RMR and Interim Service Provider Generators**
- **Next Steps**

Background

- **NYISO's initial RMR compliance filing required units providing service under an RMR Agreement to bid into the Spot Auction above \$0.00/kW-month, in certain situations**
 - ***FERC Order Paragraph 74: "...In most cases, though, NYISO states that RMR generators will be required to offer all of their UCAP into the auctions at an RMR UCAP Offer Price of \$0.00/kW-month, i.e., as "price-takers." However, NYISO specifies two scenarios in which the RMR UCAP Offer Price would be higher than \$0.00/kWmonth: (1) if NYISO's determination of the need to enter into an RMR agreement is based on a resource adequacy need; or (2) if an RMR generator is not the least-cost solution to the identified reliability need. Under these scenarios, the RMR UCAP Offer Price would be equal to the RMR generator's RMR avoidable costs net of likely projected annual energy and ancillary services revenues, translated into seasonally adjusted values."***

Background, cont'd

- FERC's determination was that a unit providing service under an RMR agreement should be a "price-taker", in all scenarios
 - *FERC Order Paragraph 82: "We reject NYISO's proposal to impose a capacity offer price on RMR generators higher than \$0.00/kW-month as unjust and unreasonable. RMR generators are needed to maintain reliability, but they have not received sufficient market revenues to continue operations and therefore seek to deactivate. It is more efficient for RMR generators to offer their UCAP at \$0.00/kW-month as "price-takers." If NYISO imposes a higher than \$0.00/kW-month offer price on an RMR generator and the generator does not clear in the ICAP spot market auction, another generator that otherwise would not have cleared will clear instead. In this instance, ratepayers will pay twice—once for the cost of the RMR agreement, and again for the generator that otherwise would not have cleared the market."*

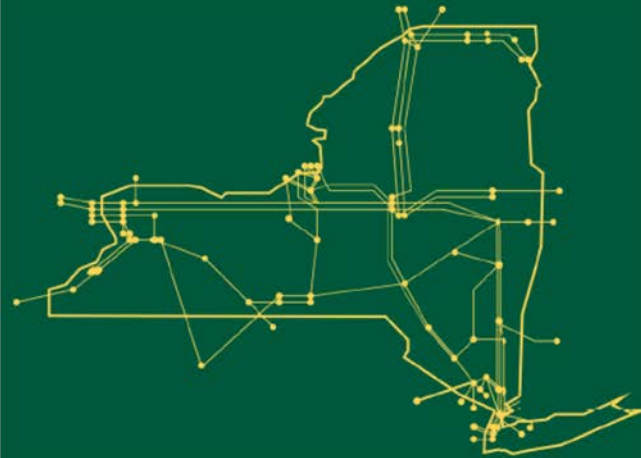
RMR and ISP Generators

- On September 19th, the NYISO intends to file language in accordance with FERC's directive and to accommodate Interim Service Providers:
 - *Offer Floors shall also cease to apply for the period an Installed Capacity Supplier is an Interim Service Provider or RMR Generator*
 - *For an Interim Service Provider or RMR Generator that has UCAP subject to an Offer Floor, the UCAP subject to the Offer Floor shall be offered at \$0.00/kW-month*
 - *All UCAP from an Interim Service Provider or RMR Generator shall be offered in each ICAP Spot Market Auction, except if and only to the extent expressly authorized in an RMR Agreement or providing service as an Interim Service Provider due to the existence of a commitment under a bilateral agreement that (a) was effective at the time the RMR Agreement became effective or ISP service commenced, and (b) is effective and executory, requiring the provision of UCAP, for the Obligation Procurement Period.*

Next Steps

- **The NYISO will consider input received during today's ICAPWG meeting**
- **Stakeholders may provide additional comments in writing to deckels@nyiso.com**

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