



Property Tax Rate Recommendation Outside NYC for the ICAP Demand Curve Reset

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Property Tax Rate Analysis

- **2014-2017 ICAP Demand Curve Reset (DCR):**
 - *NERA recommended and the NYISO adopted, a property tax rate of 0.75% outside NYC*
 - *After review of stakeholder comments advocating to either increase or decrease the recommended tax rate outside NYC, FERC accepted the NYISO's proposed 0.75% rate*
- **Current DCR:**
 - *Analysis Group (AG) performed an independent analysis of generator PILOT agreement payments; arriving at a median value of 0.83% with a range of 0.2% - 2.01% (based on analysis of 2014 PILOT payments for 11 natural gas fired generators)*
 - *Due to the substantial variability in the observed tax rates, AG recommends maintaining the 0.75% property tax rate outside of NYC*

Background

- **At the August 19, 2016 ICAPWG meeting, the NYISO discussed its initial draft recommendations**
- **The NYISO indicated there were two areas that remained under evaluation, one of which was the appropriate tax rate for use outside of NYC**
- **This presentations provides the outcome of the NYISO's evaluation of property tax rates outside NYC**

Property Tax Rate Analysis

- **The NYTOs contend that the 0.75% property tax rate for outside of NYC is too high, and raise concerns regarding AG's evaluation method**
 - *Notably, the prior analysis conducted by the NYTOs relies solely on PILOT data for combined cycle units*
- **Supply-side interests advocate for a higher property tax rate outside NYC due to changes in policies and laws since the last reset**

Property Tax Rate Analysis

- **After further assessment of available information, the NYISO did not find sufficient evidence to move to recommend a change to AG's proposed 0.75% tax rate**
 - *Tax rate data shows substantial variability by project/facility*
 - *Observed generator tax rates within the NYCA range from nearly zero to 2.01%*
 - *Other methods of analysis have not demonstrated outcomes with sufficiently higher certainty*
- **NYISO recommends maintaining AG's recommended property tax rate outside NYC**
 - *AG's recommendation is within the observed range of property tax rates*
 - *Consistent with FERC-approved tax rate outside NYC for last reset*

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:

- *Maintaining and enhancing regional reliability*
- *Operating open, fair and competitive wholesale electricity markets*
- *Planning the power system for the future*
- *Providing factual information to policy makers, stakeholders and investors in the power system*

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