



# INDEPENDENT POWER PRODUCERS OF NEW YORK, INC

**Independent Power Producers of New York, Inc.**

19 Dove Street, Suite 302, Albany, NY 12210

P: 518-436-3749 F:518-436-0369

[www.ippny.org](http://www.ippny.org)

[Christopher@ippny.org](mailto:Christopher@ippny.org)

To: Randy Wyatt

From: Chris LaRoe

Date: 1/4/12

Re: IPPNY Comments on NYISO Reliability Resource Compensation Proposal

As requested during the joint ESPWG, MIWG, and ICAPWG meeting held on December 6, 2011, IPPNY submits the following comments on the NYISO's "Reliability Resource Compensation" proposal. IPPNY appreciates that the NYISO, through its proposal, recognizes that existing processes relating to retirements and reliability determinations create circumstances where a generator needed for reliability can be compelled to remain in the market for a period of at least six months without adequate compensation. The NYISO's proposal, though flawed, at least acknowledges that additional compensation is warranted in these circumstances.

As you are aware, IPPNY has proposed a different process to provide compensation to generators that wish to retire but are needed for reliability. Unlike the NYISO proposal, IPPNY's proposal provides generators with compensation equivalent to what a "Gap" or "Reliability Backstop" solution is entitled to following selection by the Public Service Commission because, essentially, all reliability resources are providing the same service. IPPNY is unable to support the NYISO proposal because it falls short of providing the cost-of-service rate that is necessary and appropriate. Unless and until that core issue is modified in the NYISO proposal, IPPNY sees no value in offering feedback on other aspects of the proposal.