

**GAP SOLUTION SOLICITATION REGARDING  
JAMES A. FITZPATRICK GENERATOR DEACTIVATION**  
*Responses due March 17, 2016*

February 16, 2016

Dear NYISO Stakeholder or Interested Party:

The New York Independent Service Operator (NYISO) requests the submission of proposed Gap Solutions and market-based solutions to address the Reliability Need<sup>1</sup> identified in the attached Generator Deactivation Assessment that was issued on February 11, 2016. The NYISO performed the assessment in response to a notice from Entergy Nuclear FitzPatrick, LLC (Entergy) proposing to deactivate the James A. FitzPatrick nuclear generating facility (FitzPatrick Facility), PTID 23598.

**I. Determination of Reliability Need Regarding the Deactivation of the FitzPatrick Facility**

Entergy provided a Generator Deactivation Notice for the proposed retirement of the FitzPatrick Facility to the NYISO, which the NYISO determined to be complete on November 13, 2015.<sup>2</sup> Entergy reported that the deactivation of the 882 MW facility is intended to occur at the end of the current fuel cycle (*i.e.*, Quarter 4 of 2016 – Quarter 1 of 2017).

Pursuant to Section 31.2.11.2.4 of Attachment Y to its Open Access Transmission Tariff (OATT),<sup>3</sup> in coordination with National Grid and New York Power Authority (NYPA), the NYISO performed a resource adequacy and transmission security analysis to determine whether a Reliability Need would result from the deactivation of the Fitzpatrick Facility. On February 11, 2016, the NYISO finalized the Generator Deactivation Assessment, which has been posted to the NYISO's website under "Reliability Planning Studies." The Generator Deactivation Assessment determined that the deactivation of the FitzPatrick Facility would result in a Reliability Need in the New York Control Area (NYCA) that cannot be timely addressed in the NYISO's biennial reliability planning process.

The Generator Deactivation Assessment of the FitzPatrick Facility identified a statewide resource adequacy Reliability Need that would occur starting in 2019. The resource deficiency is expected to be at least 325 MW. A detailed description of the Reliability Need is provided in the

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<sup>1</sup> Capitalized terms in this letter refer to defined terms in the NYISO's Open Access Transmission Tariff (OATT) or the NYISO Reliability Planning Manual.

<sup>2</sup> The Posting of Completed Generator Deactivation Notice is located at:  
[http://www.nyiso.com/public/webdocs/markets\\_operations/services/planning/Documents\\_and\\_Resources/Planned\\_Generation\\_Retirements/Planned\\_Retirement\\_Notices/Fitzpatrick%20Nuclear%20Generating%20Facility%20Completion%20of%20Generator%20Deactivation%20Notice.pdf](http://www.nyiso.com/public/webdocs/markets_operations/services/planning/Documents_and_Resources/Planned_Generation_Retirements/Planned_Retirement_Notices/Fitzpatrick%20Nuclear%20Generating%20Facility%20Completion%20of%20Generator%20Deactivation%20Notice.pdf)

<sup>3</sup> All references to Section 31.2.11 and 31.9 of Attachment Y of the OATT refer to the pending revisions to the Reliability Planning Process contained in NYISO's Reliability Must Run (RMR) compliance filing that was submitted to the Federal Energy Regulatory Commission (FERC) in Docket No. ER16-120-000. The RMR compliance filing requested that the NYISO's proposed RMR rules be permitted to become effective on October 20, 2015. Proposed Sections 31.2.11, 31.2.12, and 31.9 of the OATT are attached for your convenience.

Generator Deactivation Assessment. Consistent with its proposed Reliability Must Run (RMR) Tariff rules, the NYISO is commencing its Gap Solution process under Section 31.2.11 of the OATT to address the identified Reliability Need.

## II. Project Submission Requirements

In accordance with Section 31.2.11.3 of the OATT, the NYISO hereby solicits proposed Gap Solutions and market-based solutions to address the Reliability Need. Parties interested in submitting solutions to address the Reliability Need should review the Generator Deactivation Assessment to better understand the identified Reliability Need for the NYCA.

The NYISO has identified all New York Transmission Owners as the Responsible Transmission Owners, due to the statewide nature of the Reliability Need. The Responsible Transmission Owners must submit both a proposed Gap Solution and a conceptual permanent solution to the identified Reliability Need by March 17, 2016, in accordance with Section 31.2.11.3 of the OATT.

Any other Developer(s) may also submit a proposed solution. Proposed market-based solutions and Gap Solutions may include generation, transmission, and/or demand response projects that are capable of satisfying, in whole or in part, the identified Reliability Need. Only Developers that have been determined by the NYISO to be qualified under Section 31.2.4.1.1.2 of the OATT may propose a transmission Gap Solution.

Key data submission requirements for proposed solutions specified in Section 31.2.11.3 of the OATT are identified in the table below.

<b>Data Submission Requirements</b>		
<b>Submitting Entity</b>	<b>Gap Solution</b>	<b>Market-Based Solution*</b>
Responsible Transmission Owner(s)	OATT Sections 31.2.4.4.1 and 31.9 and Reliability Planning Process Manual Attachment B	Not Applicable Under Gap Solution Process
Developer	OATT Sections 31.2.4.8.1 and 31.9 and Reliability Planning Process Manual Attachment B	OATT Section 31.2.4.6

\* Must not be seeking cost recovery under the NYISO's Tariffs.

Please use the NYISO's posted Gap Solution Cost Input Template to submit cost data to the extent possible. The NYISO recognizes that it is not possible to submit all required data and supporting information via the template.

The NYISO may publicly disclose project information contained in the proposals, except as provided in Sections 31.2.4.6 and 31.2.12.6 of the OATT.<sup>4</sup> If Developers, including the Responsible Transmission Owners, desire eligible information to be maintained as confidential, they are responsible for designating such information as “Confidential Information.”

Proposed Gap Solutions or market-based solutions, together with all required project information, must be submitted on or before March 17, 2016 in the manner described below, in order to be evaluated in the NYISO’s Gap Solution process. Gap Solutions proposed in response to this solicitation will be assessed by the NYISO to determine their viability and sufficiency and processed further in accordance with Sections 31.2.11.6 through 31.2.11.11 of the OATT.

Proposals must be sent electronically to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com), including in the subject line, “Proposed Gap Solution Regarding FitzPatrick Facility.” Due to file size restrictions, e-mail attachments should not exceed 60 MB for any single e-mail. Any supplemental hard copy information that could not be sent via e-mail can be sent to Dana Walters, Director of Reliability & Economic Planning, New York Independent System Operator, 10 Krey Boulevard, Rensselaer, New York 12144. Questions about the filing of proposals or about the Generator Deactivation Assessment should be addressed to [DeveloperSolution@nyiso.com](mailto:DeveloperSolution@nyiso.com).

Very truly yours,



Henry Chao  
Vice President, System & Resource Planning

cc: Paul Gioia, Counsel to the New York Transmission Owners

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<sup>4</sup> The NYISO *will* disclose Confidential Information it receives to the New York State Public Service Commission in accordance with Section 31.2.11.5 of the OATT.

# Attachment I



# **Generator Deactivation Assessment**

**James A. FitzPatrick  
Nuclear Generating Facility**

**February 11, 2016**

## Purpose

Entergy Nuclear FitzPatrick, LLC (“Entergy”) provided a Generator Deactivation Notice for the proposed retirement of the James A. FitzPatrick Nuclear Generating Facility (“FitzPatrick”) to the New York Independent System Operator, Inc. (NYISO), which the NYISO determined to be complete on November 13, 2015. Entergy reported that the deactivation of the 882 MW facility is intended to occur at the end of the current fuel cycle (i.e., Quarter 4 of 2016 – Quarter 1 of 2017).

Pursuant to Section 31.2.11.2.4 of Attachment Y to the Open Access Transmission Tariff (OATT)<sup>1</sup>, the NYISO performed, in coordination with National Grid and New York Power Authority (NYPA), resource adequacy and transmission security analysis to determine whether a Reliability Need would result from the deactivation of Fitzpatrick. As further detailed below, the NYISO has identified a statewide resource deficiency that constitutes a Reliability Need that would occur starting in 2019.

## Assumptions

The NYISO evaluated the near-term period from 2016 through 2020 using the most recent reliability planning process base case<sup>2</sup>, with updates including the load forecasts consistent with the 2015 Load and Capacity Data Report (“Gold Book”), capacity resource deactivations and additions (Appendix Table 1 and Table 2), and planned transmission facilities modifications (Appendix Table 3).

On January 1, 2016, the NYISO received notice from NRG Energy of its intent to mothball Astoria GTs 8, 10, and 11. Also on January 1, NRG Energy Astoria GTs 5, 7, 12, and 13 and Niagara Generation, LLC Niagara Bio-Gen transitioned from Forced Outages into ICAP Ineligible Forced Outages (IIFO). Full assessments for these units will be completed no later than March 31, 2016; however, these generator deactivations were modeled as out-of-service in the resource adequacy analysis for this Generator Deactivation Assessment.

Accordingly, the resource adequacy analysis in this assessment assumes all generators that are currently mothballed (including Mothball Outage), in an IIFO, or have issued a notice of intent to mothball or retire are out of service. If any such generator returns to service or rescinds its notice, then the NYISO would evaluate the impact of that return on the findings and conclusions from this assessment in accordance with the Gap Solution process, Section 31.2.11 of the OATT.

## Findings

The NYISO assessed the resource adequacy of the overall system, per the one-day-in-ten-years (0.1 per year) Loss of Load Expectation (LOLE) criterion, which measures the probability of disconnecting

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<sup>1</sup> All references to Section 31.2.11 of Attachment Y of the OATT refer to the pending revisions to the Reliability Planning Process contained in NYISO’s Reliability Must Run (RMR) compliance filing that was submitted to the Federal Energy Regulatory Commission (FERC) in Docket No. ER16-120-000. The RMR compliance filing requested that the NYISO’s proposed RMR rules be permitted to become effective on October 20, 2015.

<sup>2</sup> The 2014 Comprehensive Reliability Plan (CRP) base case is the most recent reliability planning process base case.

firm load due to a resource deficiency.<sup>3</sup> The NYISO has identified a statewide resource deficiency resulting in an LOLE criterion violation that would occur starting in 2019. The resource deficiency equates to approximately 325 MW statewide, but would likely require more than 325 MW of new or retained capacity resources to resolve, depending on forced outage rates and the location of the resources. Due to transmission system limitations between Zones A and B, capacity added in Zone A is not as effective as capacity added in other locations, unless that capacity also improves the transfer limitations.

Additionally, the NYISO performed a transmission security assessment for the Bulk Power Transmission Facilities (BPTFs), and National Grid and NYPA each performed a transmission security assessment of their non-BPTFs. The NYISO reviewed and verified the analysis performed by National Grid and NYPA. No transmission security related Reliability Needs were identified in the near-term period.

## Conclusions

The NYISO has identified a statewide resource deficiency that constitutes a Reliability Need that would occur starting in 2019. A statewide resource deficiency in year 2019 cannot be timely addressed within the biennial reliability planning process; therefore the NYISO will commence the Gap Solution process to address the Reliability Need in accordance with Section 31.2.11 of Attachment Y to the OATT.

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<sup>3</sup> See R4 of the Northeast Power Coordinating Council, Inc. (NPCC) Regional Reliability Reference Directory #1; Section A-R1 of the New York State Reliability Council, L.L.C. (NYSRC) Rules.

# Appendix

**Table 1: Updates to Capacity Resource Deactivations**

Plant	Zone	Expected Deactivation Date	Name Plate (MW)	Summer (MW)
Niagara Bio-Gen <sup>(1)</sup>	A	January 1, 2016	50.5	43.2
Astoria GTs 5, 7, 8, 10, 11, 12, 13 <sup>(1)</sup>	J	January 1, 2016	142.0	104.7
Dunkirk 2	A	January 1, 2016	100.0	75.0
Huntley 67 & 68	A	March 1, 2016	436.0	376.9
Ravenswood GTs 4, 5, 6	J	May 1, 2016	64.2	39.9
FitzPatrick	C	November 12, 2016	882.0	836.8
Ginna	C	April 1, 2017	614.0	581.4
Cayuga 1 & 2	C	July 1, 2017	322.5	304.3

(1) This Generator Deactivation Assessment considered the deactivation of Niagara Bio-Gen and the Astoria GTs only in the resource adequacy analysis. Transmission security analyses considering the deactivation of Niagara Bio-Gen and the Astoria GTs will be reported in the respective Generator Deactivation Assessments for each plant on March 31, 2016.

**Table 2: Updates to Capacity Resource Additions**

Plant	Zone	Planned In-Service Date	Name Plate (MW)	Summer (MW)
CPV Valley Energy Center	G	March 2018	820.0	677.6

**Table 3: Updates to Planned Transmission Facilities**

Project	Transmission Owner	Planned In-service Date
Huntley 230kV capacitor banks	National Grid	June 2016
Sawyer load serving transformer reconfiguration and relay additions	National Grid	June 2016
Packard-Huntley 230 kV series reactors	National Grid	June 2016
Ginna Retirement Transmission Alternative (GRTA)	RG&E	June 2017
Station 255	RG&E	June 2020



## Attachment II

regulated backstop solution for necessary regulatory action within a reasonable period of time, (B) is unable to or fails to obtain the approvals or property rights necessary to construct the project, or (C) is otherwise not taking the actions necessary to construct the project to satisfy the Reliability Need by the need date, the ISO shall: (i) submit a report to the Commission for its consideration and determination of whether action is appropriate under federal law, and (ii) take such action as it reasonably considers is appropriate to ensure that the Reliability Need is satisfied by the need date.

### 31.2.11 Gap Solutions

31.2.11.1 ~~IF~~ The ISO will commence the Gap Solution process under this Section 31.2.11 if: (i) the ISO determines within the biennial reliability planning process that neither market-based solutionsproposals nor regulated solutionsproposals can satisfy theone or more identified Reliability NeedsNeed(s) by the need date, the ISO will set and sets forth its determination in the CRP that a Gap Solution is necessary in the CRP. The ISO will; (ii) the ISO Board, after consultation with the NYDPS, determines that there is an imminent threat to the reliability of the New York State Transmission System that cannot be timely addressed within the biennial reliability planning process; or (iii) a Generator Deactivation Assessment performed by the ISO in accordance with Section 31.2.11.2.4 identifies a Reliability Need arising on the New York State Transmission System that cannot be timely addressed within the biennial reliability planning process. Reliability Needs that the ISO determines can be addressed within the biennial reliability planning process shall be addressed in the current or next planning cycle and will

not be addressed through the Gap Solution process set forth in this Section

31.2.11.

### **31.2.11.2 Generator Deactivation Requirements**

31.2.11.2.1 A Market Participant must provide the ISO with a minimum of 365 days prior notice (such period beginning after its Generator Deactivation Notice has been determined to be complete) before its Generator may be Retired or enter into a Mothball Outage, except for Generators reclassified as Retired pursuant to Sections 5.18.2.3.1 or 5.18.3.3.1 of the ISO Services Tariff or as provided for an RMR Generator under an RMR Agreement. The Market Participant shall provide this notice to the ISO by submitting a Generator Deactivation Notice in the form set forth in Appendix E to this Attachment Y, along with all information required by that form, the supporting certification from a duly authorized officer, and the information required for an Initiating Generator in accordance with Sections 31.9.2, and 31.9.5 through 31.9.7 of Appendix F of this Attachment Y. ~~also request~~The Market Participant must indicate in the Generator Deactivation Notice whether it proposes for its Generator to be Retired or to enter into a Mothball Outage greater than 365 days after the Generator Deactivation Assessment Start Date. If so, the Market Participant must specify in the Generator Deactivation Notice its proposed date for its Generator to be Retired or to enter into a Mothball Outage. The Market Participant may also indicate in the Generator Deactivation Notice whether it has an interest in deactivating its Generator earlier than 365 days after the Generator Deactivation Assessment Start Date if the ISO

determines that a Reliability Need is not created by the deactivation of the Generator.

31.2.11.2.2 The 365-day notice period applicable to a Generator proposing to be Retired or enter into a Mothball Outage will begin to run once the ISO has issued a written notice to the Market Participant indicating that the Generator Deactivation Notice, including the supporting information and certification, is complete. For purposes of this Section 31.2.11, “complete” shall mean sufficiently complete for the ISO to begin its review of the reliability impacts that would result from a Generator being Retired or entering into a Mothball Outage under this Attachment Y and to review as required by Sections 31.2.11.7 and 31.2.11.8 the information provided in accordance with Appendix F of this Attachment Y. Within ten (10) business days of receiving a Generator Deactivation Notice, the ISO shall review the notice form, along with the supporting information and affidavit submitted with it, and will inform the Market Participant whether its submission is complete or whether additional information is required. The Market Participant shall provide the ISO with any requested additional information, and the ISO will promptly review the information to determine whether the Market Participant’s notice is complete. Within ten (10) business days of the ISO receiving all additional information it requested, the ISO will inform the Market Participant whether its submission is complete, or whether further information is needed. Upon its determination that a submitted Generator Deactivation Notice is complete, the ISO will concurrently notify the Generator and post a notice on its website that the Generator Deactivation Notice has been

determined to be complete. The Market Participant has a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment Y, as required by Section 31.9.4 of Appendix F of Attachment Y, and assessment of market impacts under Section 23 of Attachment H of the ISO Services Tariff.

31.2.11.2.3 Within 20 days of a Market Participant's Generator entering into an ICAP Ineligible Forced Outage, the Market Participant shall submit the information required for an Initiating Generator in accordance with Sections 31.9.2 and 31.9.5 through 31.9.7 of Appendix F of this Attachment Y. The Market Participant has a continuing obligation to promptly submit any additional information requested by the ISO in connection with the ISO's evaluation under this Attachment Y, required by Section 31.9.4 of Appendix F of this Attachment Y, and assessment of market impacts under Section 23 of Attachment H of the ISO Services Tariff.

31.2.11.2.4 Following the Generator Deactivation Assessment Start Date, the ISO will perform, in coordination with the Responsible Transmission Owner(s) ~~to seek a Gap Solution.~~ identified by the ISO, a Generator Deactivation Assessment concerning the Generator identified in the Generator Deactivation Notice or a Generator that has entered into an ICAP Ineligible Forced Outage in accordance with Section 5.18.2.1 of the ISO Services Tariff. The ISO will conduct the necessary reliability studies to review the impact on the reliability of the BPTFs that would result from the Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage. The Responsible Transmission Owner(s) 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, which studies the ISO will review and verify. For the Generator Deactivation Assessment, the ISO will use the most recent base case from the reliability planning process and updates in accordance with ISO Procedures. As part of the assessment, the ISO shall review whether any potential Reliability Need resulting from the Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage can be addressed through the adoption of alternative ISO or Transmission Owner operating procedures or by updates to Local Transmission Owner Plans, other than an agreement with the Generator addressed in the Generator Deactivation Notice or a Generator already in a Mothball Outage, an ICAP Ineligible Forced Outage, or that has been mothballed since before May 1, 2015. Within ninety (90) days of the Generator Deactivation Assessment Start Date, the ISO shall concurrently notify the Generator and post on its website the results of the Generator Deactivation Assessment, including whether a Reliability Need would arise from the Generator being Retired, entering into a Mothball Outage, or being unavailable due to an ICAP Ineligible Forced Outage.

31.2.11.2.5 If: (i) the ISO determines in the Generator Deactivation Assessment that a Reliability Need would not arise from a Market Participant's Generator being Retired or entering into a Mothball Outage, and (ii) the Market Participant indicated in the Generator Deactivation Notice an interest in deactivating its Generator earlier than the completion of the 365-day notice period, the ISO will notify the Market Participant when its Generator may be Retired or enter into a

Mothball Outage, as designated in the Generator Deactivation Notice, which deactivation date shall be no earlier than 120 days after the Generator Deactivation Assessment Start Date.

### **31.2.11.3 Solicitation of Gap Solutions**

Upon the determination of a Reliability Need pursuant to Section 31.2.11.1 above, the ISO shall solicit proposed Gap Solutions and market-based solutions to address the identified Reliability Need. In response to the ISO's request, the Responsible Transmission Owner must submit: (i) a proposed Gap Solution, which solution must satisfy the project information requirements in Section 31.2.4.4.1 and should to the extent practicable satisfy completely the identified Reliability Need, and (ii) a conceptual permanent solution to the identified Reliability Need. Any Developer may also propose a Gap Solution to the identified Reliability Need, which solution must satisfy the project information requirements: (i) in Section 31.2.4.6 for a market-based solution, or (ii) in Section 31.2.4.8.1 for alternative regulated solutions. A Gap Solution may include generation, transmission, or demand ~~side resources~~ response solutions. Only Developers that have been determined by the ISO to be qualified under Section 31.2.4.1.1.2 may propose a transmission Gap Solution. As part of the Developer's submission of its proposed Gap Solution, the Developer shall provide the information required for a proposed Gap Solution in accordance with Sections 31.9.3, and 31.9.5 through 31.9.7 of Appendix F of this Attachment Y. It shall also provide the information required by Section 31.9.4 of Appendix F of this Attachment Y. A Developer shall submit its proposed Gap Solution within the timeframe specified by the ISO; *provided, however*, that if the Reliability Need is identified under Section 31.2.11.1(iii) as a result of a Generator Deactivation Assessment, the Developer must submit its proposed Gap Solution within thirty (30) days of the ISO's request.

~~31.2.11.2 — If there is an imminent threat to the reliability of the New York State Power System, the ISO Board, after consultation with the NYDPS, may request the appropriate Transmission Owner or Transmission Owners to propose a Gap Solution outside of the normal planning cycle.~~

~~31.2.11.3 — Upon the ISO's determination of the need for a Gap Solution, pursuant to Sections 31.2.11.1 or 31.2.11.2 above, the Responsible Transmission Owner will propose such a solution as soon as reasonably possible, for consideration by the ISO and NYDPS.~~

~~31.2.11.4 — Any party may submit an alternative Gap Solution proposal to the ISO and the NYDPS~~

#### **31.2.11.4 Review and Notification of Generator(s) Currently in an Outage State**

If the ISO determines that a Market Participant's Generator, other than an Initiating Generator, that is in a Mothball Outage, an ICAP Ineligible Forced Outage, or has been mothballed since before May 1, 2015, may be capable of satisfying in whole or in part the Reliability Need, the ISO will notify the Market Participant that its Generator is subject to review to determine whether it can satisfy the Reliability Need as a possible Gap Solution. The Market Participant shall provide the ISO within twenty (20) days of the ISO's issuance of the notification the information required for a Generator identified under this Section 31.2.11.4 in accordance with Sections 31.9.3.1, 31.9.3.2, and 31.9.5 through 31.9.7 of Appendix F of this Attachment Y (a) if it has not previously provided such information, or (b) if it has previously provided such information, it shall update all such information, not limited to the updates required by Section 31.9.4 of Appendix F of this Attachment Y. When the return to service of a



Generator in a Mothball Outage or an ICAP Ineligible Forced Outage is the Gap Solution, the return to service procedures set forth in Section 5.18.4 of the Services Tariff shall apply.

### **31.2.11.5 ISO Submission of Information to the NYPSC**

Upon the NYDPS's request, the ISO will submit to the NYPSC the information requested that the ISO receives from Developers for their ~~consideration.~~ proposed Gap Solution(s), and information it receives pursuant to Sections 31.2.11.2.1 through 31.2.11.2.4, 31.2.11.3, and 31.2.11.4 from Initiating Generators, and generators that are in a Mothball Outage, an ICAP Ineligible Forced Outage, or have been mothballed since before May 1, 2015. For each such submission, the ISO will request in accordance with the NYPSC's rules and regulations that any information that the ISO must maintain as confidential pursuant to Section 31.2.12.6 or pursuant to Attachment F of the OATT, be treated as confidential and non-public by the NYPSC.

### **31.2.11.6 Evaluation of Gap Solutions**

The ISO shall evaluate all proposed Gap Solution proposals, ~~to determine whether they will meet the Reliability Need or imminent threat. The ISO will also evaluate, as an alternative Gap Solution proposal, any Generator in a Mothball Outage or an ICAP Ineligible Forced Outage to determine whether its return to service would meet the Reliability Need or imminent threat; provided, however, that the Mothball Outage began on or after the effective date of Section 5.18 of the Services Tariff and the ICAP Ineligible Forced Outage followed a Forced Outage that began after the effective date of Section 5.18 of the Services Tariff. The ISO will report the results of its evaluation to the party making the proposal, or to the Generator when evaluating its return to service, as well as to the NYDPS and~~ all Generators identified pursuant to Section 31.2.11.4, and the conceptual permanent solution provided by the Responsible Transmission Owner pursuant to Section 31.2.11.3 to determine whether each is viable and

sufficient to satisfy individually or in conjunction with other solutions the identified Reliability Need. If the Reliability Need is identified under Section 31.2.11.1(iii) as a result of a Generator Deactivation Assessment, the ISO will perform this evaluation within one hundred twenty (120) days of the due date for receiving proposed Gap Solutions established in Section 31.2.11.3. The ISO shall perform this viability and sufficiency evaluation consistent with the requirements set forth in Sections 31.2.5.3 and 31.2.5.4 of this Attachment Y. The ISO shall coordinate with the Responsible Transmission Owner(s), as necessary, in performing its evaluation. If the ISO determines that there are adequate viable and sufficient market-based solutions to satisfy completely the identified Reliability Need, the ISO will conclude the Gap Solution process under this Section 31.2.11, and the ISO will monitor the development of the market-based solutions in accordance with ISO Procedures. The ISO shall present the results of its viability and sufficiency assessment to interested parties, including its findings regarding whether the Gap Solution process has been concluded because there are adequate market-based solutions to satisfy completely the identified Reliability Need. If the ISO identifies any non-generation Viable and Sufficient Gap Solution(s) that would satisfy in whole or in part an identified Reliability Need, the ISO shall provide to the NYPSC: (i) a list of the proposed Viable and Sufficient Gap Solution(s), and (ii) the results of the ISO's viability and sufficiency assessment performed in accordance with Section 31.2.11.6.

### **31.2.11.7 ISO Review of Information Pursuant to Appendix F**

The ISO shall review, verify and/or validate to the extent necessary the information provided in accordance with Sections 31.2.11.2, 31.2.11.3, and 31.2.11.4 and Appendix F of this Attachment Y. The ISO's review, verification and/or validation, as applicable, of the financing

cost of each capital expense that the ISO determines is necessary in accordance with Good Utility Practice shall consider the market interest rate available to the Market Party.

31.2.11.7.1 The ISO may reject, and may require a Market Party to re-submit, or substantiate information (including estimates) that the ISO determines is not adequately supported or otherwise verifiable. The Market Party shall promptly provide any additional information that the ISO may request, and update and revise information previously provided, and provide new information as set forth in Section 31.9.4 of Appendix F of this Attachment Y. Upon the ISO's prior notice, the Market Party shall make qualified representatives available to answer the ISO's question(s) and otherwise facilitate the ISO's review of the information.

### **31.2.11.8 Reliability Net Cost Determinations**

31.2.11.8.1 Determinations pursuant to this section are solely for purposes of determining (a) the RMR Offer Price in accordance with Section 23.4.5.8.2 of the ISO Services Tariff, and (b) the RMR Avoidable Cost of Initiating Generators and Generators that are determined to be a Viable and Sufficient Gap Solution for a Reliability Need. The ISO shall determine the cost (net of estimated revenues, as applicable) of each Initiating Generator and Viable and Sufficient Gap Solution for a Reliability Need. This determination for a Generator shall be its "RMR Avoidable Costs." The ISO shall use the costs, revenues, and other information submitted in accordance with Sections 31.2.11.2, 31.2.11.3 and 31.2.11.4, or Appendix F, or Sections 31.2.11.7 and 31.2.11.8 of this Attachment Y that it verifies and/or validates, as applicable. If the ISO cannot verify and/or validate, as applicable, a cost or revenue submitted by a Market Party, the ISO shall

substitute an estimated value. The ISO's cost determinations pursuant to this Section shall be for the shorter of (i) the duration of the Reliability Need identified by the ISO in its request for Gap Solutions, and (ii) the period identified by the ISO that an Initiating Generator or Viable and Sufficient Gap Solution can satisfy the Reliability Need.

31.2.11.8.1.1 Cost savings due to an Initiating Generator's continuation of service.

Costs submitted in accordance with Sections 31.2.11.2, 31.2.11.3 and 31.2.11.4, or Appendix F, or Sections 31.2.11.7 and 31.2.11.8 of this Attachment Y that arise out of an agreement that contains a cost, premium, or fee to terminate the agreement in whole or in part prior to the anticipated RMR Start Date, or commencement of service as a Gap Solution, shall be reduced by the cost, premium or fee that would have been incurred had the Generator ceased operations on a date identified in the Generator Deactivation Notice, or such other date associated with performing service as a Gap Solution.

31.2.11.8.1.2 For each proposed demand response solution and transmission project, the

ISO shall calculate the net costs that would be incurred to provide the service identified in the Developer's response to the ISO's request for Gap Solutions, considering any costs the Developer otherwise had a contractual or regulatory obligation to incur.

31.2.11.8.1.3 The ISO shall identify as "Capital Expenditures" the purchase or non-

operational lease of, or modification to real property or assets (including, but not limited to, land, buildings, and equipment) that (a) are necessary to permit an Initiating Generator or Viable and Sufficient Gap Solution to provide service to

satisfy, in whole or in part, the Reliability Need identified in the ISO's request for Gap Solutions, (b) have a useful life greater than one year, and (c) are not otherwise included in the ISO's calculation of RMR Avoidable Costs. The ISO shall also identify the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the Generator.

31.2.11.8.1.4 Revenue Calculation. As a component to the ISO's calculation of the total net cost of each Initiating Generator and Viable and Sufficient Gap Solution, the ISO shall calculate the estimated revenues thereof.

31.2.11.8.1.4.1 If an Initiating Generator or other Generator that has been determined to be a Viable and Sufficient Gap Solution has a contract pursuant to which it provides energy, capacity, or ancillary services, the ISO shall also, for the period of such contract, calculate the estimated revenues for the provision of energy, capacity or ancillary services thereunder.

31.2.11.8.2 Identification of the Lowest Net Cost Non-Generation Solution. The ISO shall determine if there is a non-generator Viable and Sufficient Gap Solution that has an estimated net present value that is distinctly higher than the net present value of any Initiating Generator or Generator that is a Viable and Sufficient Gap Solution for a Reliability Need (i.e., the non-generator Viable and Sufficient Gap Solution has a lower net cost). The ISO shall inform the NYSPC and post on its website the identification of the non-generation Viable and Sufficient Gap Solution that has the highest estimated net present value, provided it is distinctly higher than the net present value of any Initiating Generator or Generator that is a Viable and Sufficient Gap Solution. That posting shall not disclose the estimated

costs or revenues of any solution, nor identify which generator solution has the lowest estimated net cost.

31.2.11.8.3 The ISO shall seek comment from the Market Monitoring Unit on matters relating to the inputs and the calculations performed pursuant to Sections 31.2.11.8, and the identification of the non-generation Viable and Sufficient Gap Solution if there is one that has an estimated net present value that is distinctly higher than the net present value of any Initiating Generator or Generator that is a Viable and Sufficient Gap Solution (i.e., the non-generation Viable and Sufficient Gap Solution has a lower net cost), pursuant to Section 31.2.11.8.2. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 31.2.11.18.1 of this Attachment Y and in Section 30.4.6.8.6 of Attachment O to the ISO Services Tariff.

### **31.2.11.9 Consideration of Non-Generation Gap Solutions**

The NYPSC or other appropriate governmental agency(ies) and/or authority(ies) ~~for consideration in their review of the proposals. The appropriate governmental agency(ies) and/or authority(ies)~~ with jurisdiction over the implementation or siting of Gap Solutions will determine ~~whether~~ which, if any, of the non-generation Viable and Sufficient Gap Solutions ~~or an alternative Gap Solution submitted by the ISO~~ will be implemented to address the identified Reliability Need. ~~When the return to service of a Generator in a Mothball Outage or an ICAP Ineligible Forced Outage has been selected as either the Gap Solution or to resolve a reliability issue arising on a non-New York State Bulk Power Transmission Facility during its outage, the compensation and return to service procedures set forth in Section 5.18.4 of the Services Tariff shall apply.~~ The ISO will monitor the development of any Gap Solution(s) identified by the

NYPSC in accordance with ISO Procedures. The requirements concerning the NYPSC within Section 31.2.11 will apply equally with regard to any agency or authority with jurisdiction over the implementation or siting of Gap Solutions pursuant to this Section 31.2.11.9.

**31.2.11.10 RMR Service Offers and RMR Agreements**

31.2.11.10.1 If the ISO determines that a Gap Solution is needed, the ISO may enter into an RMR Agreement if the ISO determines it is necessary to pursuant to this section. In determining whether to enter into an RMR Agreement, the ISO will consider, among other things: (i) whether the ISO identified any non-generation Viable and Sufficient Gap Solution(s) that would satisfy in whole or in part the identified Reliability Need; and (ii) whether the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of Gap Solutions) has timely identified, or has elected not to identify, sufficient non-generation Gap Solutions to satisfy completely the identified Reliability Need. If, subsequent to the ISO's execution of an RMR Agreement to satisfy in whole or in part the Reliability Need, the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of Gap Solutions) identifies non-generation Gap Solution(s) that would satisfy in whole or in part the Reliability Need, the ISO may withdraw its filing of, or terminate, the RMR Agreement.

31.2.11.10.2 If there is a non-generation Viable and Sufficient Gap Solution but the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of Gap Solutions) has not identified it pursuant to Section 31.2.11.9 on or before the ISO determines it should proceed with an RMR Agreement to timely address the Reliability Need, then (a) if there is only one Initiating Generator or

Generator that is a Viable and Sufficient Gap Solution for a Reliability Need, the ISO shall provide to that Generator its RMR Avoidable Cost and an opportunity for it to enter into the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT, and (b) if there is more than one Initiating Generator or Generator that is a Viable and Sufficient Gap Solution for a Reliability Need, the ISO shall notify each such Generator that has been determined to be a Viable and Sufficient Gap Solution that the ISO is requesting offers to provide service pursuant to an RMR Agreement.

31.2.11.10.3 The ISO shall concurrently post on its website that it has issued a request for RMR service offers.

31.2.11.10.4 The ISO's notice to each Generator of a request for RMR service offers shall include (a) the Generator's RMR Avoidable Costs determined pursuant to Section 31.2.11.8, and separately identify the Capital Expenditure amount that is included in the RMR Avoidable Costs and the reasonably anticipated date the Capital Expenditure will be placed into service, or otherwise integrated into the Generator, (b) the duration of the period for which the ISO determined the Generator was viable and sufficient to meet (in whole or in part) the Reliability Need, (c) the deadline by which offers must be received by the ISO, and (d) any other information that must be provided in the Generator's response in accordance with ISO Procedures.

31.2.11.10.5 Offers in response to a request for RMR service offers shall (a) state the price at which the Generator is willing to enter into an RMR Agreement with (i) an Availability and Performance Rate or (ii) and Owner Developed Rate for



which the Generator would be seeking approval from the Commission, and (b) separately state the anticipated timing and cost of each Capital Expenditure that is included in the offer, (c) if the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT is incompatible with the Generator's ability to provide service absent a modification to a term or condition, provide a blackline marking any and all changes that are necessary to permit the Generator to provide RMR service, and explain why, absent such changes, the Generator would be unable to provide RMR service, (d) state the duration for which the Generator is being made available to provide the RMR service (which shall be no longer than the duration the ISO determined the Generator is a viable and sufficient solution,) and specify whether the offer would be the same for any shorter period of time, and (e) state whether the offer is for less than or equal to the generator's full cost of service. The offer must be executed by a duly authorized officer with authority to bind the Market Party to an RMR Agreement. The ISO will not consider offers that indicate they are for an amount greater than the Generator's full cost of service. The ISO shall exclude from consideration offers that are received after the deadline.

31.2.11.10.6 The ISO shall rank the Generators from which it received offers in accordance with Section 31.2.11.10.5 primarily based on which offer, or set of offers from more than one Generator, results in the highest net present value solution to the Reliability Need. The ISO shall also consider any blacklined modifications to the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT that were submitted that the ISO

reasonably projects would affect the cost. In the event that cost alone does not provide for a clear delineation between two or more offers, the ISO shall also consider in its ranking the operational impacts and the size of the Generators in an effort to minimize impacts to markets. The ISO shall seek comment from the Market Monitoring Unit on its review and ranking of the offers. The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 31.2.11.18.2 of this Attachment Y and in Section 30.4.6.8.6 of Attachment O of the ISO Services Tariff.

### **31.2.11.11 Entry into RMR Agreements**

31.2.11.11.1 The ISO may enter into an RMR Agreement for service from one or more of the Generators from which it received offers in accordance with Sections 31.2.11.10.4 and 31.2.11.10.5 that can individually, or in conjunction with other Viable and Sufficient Gap Solutions, satisfy the identified Reliability Need. If multiple Generators are capable of satisfying in whole or in part the identified Reliability Need, the ISO may execute an RMR Agreement with the Generator, or more than one Generator that the ISO determines submitted the best offer(s) in ranking pursuant to Section 31.2.11.9.5, provided that the offer accepts the Availability and Performance Rate, does not exceed the RMR Avoidable Costs determined by the ISO, and that the amount of Capital Expenditures in any given year included in the offer do not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, and 25,000,000 U.S. Dollars if a nuclear Generator. If the offer satisfies the stated requirements, but the amount of Capital Expenditures in any given year included in the offer exceeds the applicable limit in the preceding

sentence, then the ISO may accept the offer conditioned upon the Commission approving the Capital Expenditure amount. If the offer exceeds the RMR Avoidable Costs determined by the ISO, and if there are no modifications, or only modifications which the ISO has determined are reasonable, to the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT, then the ISO will identify the Generator, and the ISO and the Owner will submit filings to the Commission in accordance with Section 31.2.11.11.5. If a Generator's offer is lower than the other offers but the Generator's proposed revisions to the *Form of Reliability Must Run Agreement* are not acceptable to the ISO, then the ISO may proceed to enter into an RMR Agreement, in accordance with this section, with one or more Generator(s) that submitted the next ranked offer or offers.

31.2.11.11.2 The ISO will tender to the Owner of the selected Generator(s) the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT. The term of the RMR Agreement will be determined by the ISO based on: (i) the in-service date of the conceptual permanent solution to the identified Reliability Need submitted by the Responsible Transmission Owner(s) pursuant to Section 31.2.11.3, and (ii) any modifications to the scope and timing of the identified Reliability Need resulting from circumstances as the identification by the NYPSC (or other agency or authority with jurisdiction over the implementation or siting of non-generation Gap Solutions), the ISO's identification of market-based solutions, and RMR Agreements entered into between the ISO and other Generators. If the Reliability Need is identified

pursuant to a Generator Deactivation Assessment, the effective date of the RMR Agreement shall be no earlier than the completion of the 365-day notice period.

31.2.11.11.3 Filing of Executed RMR Agreement. The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Owner agree on the terms and conditions of the RMR Agreement, Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator, and the ISO and Owner execute the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Owner have mutually agreed to.

31.2.11.11.4 Filing of Unexecuted RMR Agreement by ISO and Capital Expenditures in excess of annual limit by owner. The ISO will submit an RMR Agreement, including a proposed Availability and Performance Rate, to the Commission pursuant to Section 205 of the Federal Power Act if the ISO and Owner agree on the terms and conditions of the RMR Agreement and Owner accepts the Availability and Performance Rate calculated by the ISO for its Generator. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Owner have mutually agreed to. Owner shall submit a filing pursuant to Section 205 of the Federal Power Act in addition to the ISO's filing of the RMR Agreement that proposes the inclusion of the costs of certain Capital Expenditures in the Availability and Performance Rate that exceed the U.S. Dollar limits specified in Section 31.2.11.11.1, which filing shall be consistent with the terms and

conditions of service proposed in the RMR Agreement that the ISO submits, and shall track the format of the RMR Agreement that the ISO submits.

31.2.11.11.5 Filing of Unexecuted RMR Agreement and Owner Developed Rate. If the ISO and Owner agree on the terms and conditions of the RMR Agreement, but Owner rejects the Availability and Performance Rate calculated by the ISO for its Generator and proposes an Owner Developed Rate, the ISO will submit an unexecuted RMR Agreement to the Commission pursuant to Section 205 of the Federal Power Act that sets forth the agreed upon terms and conditions of the RMR Agreement. The ISO's filing shall specifically identify and explain any changes to the *Form of Reliability Must Run Agreement* terms and conditions that ISO and Owner have mutually agreed to. Owner shall submit a separate filing to the Commission pursuant to Section 205 of the Federal Power Act that proposes an "Owner Developed Rate," which filing shall be consistent with the terms and conditions of service proposed in the RMR Agreement the ISO submitted and shall track the format of the RMR Agreement the ISO submitted.

31.2.11.11.16 As part of its submission of an executed RMR Agreement pursuant to Section 31.2.11.11.3 or an unexecuted RMR Agreement pursuant to Sections 31.2.11.11.4 or 31.2.11.11.5, the ISO will include: (i) a description of the methodology and results of the reliability studies that identified a Reliability Need requiring a Gap Solution, which description will specify identified violations of Reliability Criteria and local criteria and describe the impacted criteria, and (ii) a description of the alternative solutions evaluated by the ISO and why the term of the RMR Agreement is appropriate in light of these alternative solutions.

31.2.11.12 Gap Solutions ~~propos~~als submitted under ~~Sections~~Section 31.2.11.3 ~~and~~ ~~31.2.11.4 shall be designed to be temporary solutions and to~~shall strive to be compatible with permanent market-based ~~propos~~als and regulated solutions, as applicable.

31.2.11.~~6~~13 A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

31.2.11.14 A Market Participant's Generator that satisfies the requirements to be Retired or enter into a Mothball Outage may be Retired or enter into a Mothball Outage, as applicable, within 365 days of: (i) the conclusion of the 365-day notice period, or (ii) the date specified in the Generator Deactivation Notice for the Generator to be Retired or enter into a Mothball Outage if the Market Participant provided greater than 365 days prior notice. If the Generator is not Retired or does not enter into a Mothball Outage within this time period, the Market Participant must submit a new Generator Deactivation Notice and satisfy anew the requirements of this Section 31.2.11.2.1 and 31.2.11.2.2 before the Generator may be Retired or enter into a Mothball Outage.

31.2.11.15 If: (i) a Market Participant rescinds its Generator Deactivation Notice, or (ii) a Market Participant's Generator has not Retired or entered into a Mothball Outage within the timeframes described in Section 31.2.11.14 and is not operating under an RMR Agreement, the Market Participant must reimburse the ISO and the Responsible Transmission Owner(s) the actual costs that each incurred in performing their responsibilities under this Section 31.2.11 in response to the Market Participant's submission of a Generator Deactivation Notice, including

any costs associated with using contractors. In the event that a Market Participant rescinds its Generator Deactivation Notice before the ISO posts the results of the Generator Deactivation Assessment conducted under Section 31.2.11.2.4, the ISO will not thereafter post the results of said assessment.

### **31.2.11.16 RMR Generator Additional Costs**

#### **31.2.11.16.1 Proposed Additional Costs. During the performance of an RMR**

Agreement, the Owner of one or more RMR Generators shall promptly notify the ISO of an event that (a) could not reasonably have been foreseen at the time the rate in the RMR Agreement was executed, and that (b) it reasonably expects may require it to incur costs that in the aggregate exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, that (i) it can reasonably demonstrate was not among the costs (A) submitted to the ISO prior to the execution of an RMR Agreement with an Availability and Performance Rate, or (B) within the categories of costs submitted to the Commission in a petition for an Owner Developed Rate, and (ii) are necessary to incur in order to for the RMR Generator to be able to continue to perform its obligations under the RMR Agreement after the event (a “Notice of Event of Proposed Additional Cost”). Following its submission of the required Notice of Event of Proposed Additional Cost, the Owner shall promptly notify the ISO of, and provide updates addressing the following: (i) the reason(s) why the expense was or must be incurred, (ii) viable alternatives to incurring the expense, (iii) actions examined or taken to avoid the need to incur the expense, and to minimize the expense, (iv) the potential impact on the RMR Generator’s

ability to perform its obligations under an RMR Agreement if the expense is not incurred, (v) the estimated and actual costs of the proposed expense, (vi) the plan specifying the schedule and timing of any planned action or expenditure, (vii) an explanation and supporting documentation of how that plan compares with the Owner's past similar actions and protocols, (viii) whether each cost is associated solely with the RMR Generator or are for services or functions shared with other units or businesses; and if a shared cost, the Owner shall identify the other entities with which the cost is shared, the entity that allocates the cost to it, and accounting protocols and methodology used to allocate the units and businesses across which the cost is allocated.

31.2.11.16.1.1 If the cost of returning an RMR Generator to service does not exceed the lesser of (x) \$250,000, and (y) five (5) percent of the annual RMR Avoidable Costs excluding the cost of Capital Expenditures, then the Owner shall promptly return the RMR Generator to service without additional recompense.

31.2.11.16.1.2 ISO Identification of Proposed Additional Costs. If the ISO determines that the Notice of Event of Proposed Additional Cost was timely provided and each of the requirements in Subsections (a) and (b) of Section 31.2.11.16.1 have been met, and the information required by Subsections (i) through (viii) has been provided, it shall be a "Proposed Additional Cost."

31.2.11.16.2 Proposed Additional Cost Eligibility for Recovery

31.2.11.16.2.1 The ISO shall review, verify, and/or validate the information provided by the Owner for a Proposed Additional Cost. The ISO may require the Owner to re-submit or to submit additional information to support statements and costs that the



ISO determines are not adequately supported or otherwise verifiable. A  
“Substantiated Additional Cost” shall mean a Proposed Additional Cost that the  
ISO has either verified is the actual cost, or verified and validated the estimated  
cost information received from the Owner, provided that (a) the Owner  
demonstrates it took measures to minimize the expense, or if the ISO determines  
that the Owner did not demonstrate it took such steps, such amount estimated by  
the ISO that would be the expense had the RMR Generator taken measures to  
reduce it, and (b) it is or was necessary for the Owner to incur these costs for the  
RMR Generator to perform its obligations under the RMR Agreement; provided  
the ISO has not issued a notice of shut-down (or similar notice) to Owner for the  
RMR Generator pursuant to the RMR Agreement. If the cost information  
provided by the Owner cannot be verified and validated by the ISO, the ISO shall  
substitute the amount it reasonably determines. The ISO shall also identify if the  
Substantiated Additional Costs, or a component thereof, is a Capital Expenditure  
by using the applicable criteria set forth in Section 31.2.11.8.1.3. The ISO shall  
notify the Owner of its determination regarding whether Proposed Additional  
Costs are Substantiated Additional Costs.

31.2.11.16.2.2 The ISO shall seek comment from the Market Monitoring Unit on its  
review of Proposed Additional Costs and determinations of Substantiated  
Additional Costs. The responsibilities of the Market Monitoring Unit that are  
addressed in this Section are also addressed in Section 31.2.11.18.1 of this  
Attachment Y and in Section 30.4.6.8.6 of Attachment O of the ISO Services  
Tariff.

31.2.11.16.3 ISO's authority to recover and pay Substantiated Additional Costs that are Capital Expenditures. This Section shall apply only to RMR Agreements with an Availability and Performance Rate. If a Substantiated Additional Cost is determined by the ISO to be a Capital Expenditure and it does not exceed 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, on the basis of the total expenditure needed to address the event that resulted in the Notice of Event of Proposed Additional Cost, then the ISO may recover the Substantiated Additional Cost that is a Capital Expenditure pursuant to OATT Rate Schedule 14 and pay that amount to Owner in accordance with (a) the rules in Section 31.2.11.17 of Attachment Y that address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is paying pursuant to the authority granted in this section.

31.2.11.16.4 Owner may request Commission approval for recovery of additional costs. If the Owner makes such a filing, it shall also submit the ISO's determinations pursuant to Sections 31.2.11.16.1.2 and 31.2.11.16.2.1 with its filing, or promptly after receipt of either determination. The ISO shall only be obligated to pay the Owner under this section if (a) the Commission determines that the cost filed for the RMR Generator is eligible for recovery as a Proposed or Substantiated Additional Cost, and (b) the Commission approves the specific amount and authorizes its recovery. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is for a Capital Expenditure, the ISO will pay in accordance with (a) the rules in Section 31.2.11.17 of Attachment Y that

address the ISO's payment of Capital Expenditures, and (b) Rate Schedule 8 to the Services Tariff. If the Proposed or Substantiated Additional Cost that the Commission authorizes payment of is an Avoidable Cost that is not a Capital Expenditure then payment directed by a Commission order shall be made in accordance with Rate Schedule 8 to the ISO Services Tariff.

#### 31.2.11.17 Payment of Capital Expenditures to RMR Generators

31.2.11.17.1 Capital Expenditures that are specifically identified (including an estimated cost and estimated in-service date) in a Commission-accepted Availability and Performance Rate or in a Commission-accepted Owner Developed Rate are eligible for recovery in accordance with the rules set forth in Section 31.2.11.17 of Attachment Y, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.

31.2.11.17.2 Capital Expenditures that are Proposed Additional Costs or Substantiated Additional Costs are eligible for recovery in accordance with the rules set forth in Sections 31.2.11.16 and 31.2.11.17 of Attachment Y, Section 23.6.5 of the ISO Services Tariff, Rate Schedule 8 of the ISO Services Tariff, Schedule 14 of the ISO OATT, and any relevant Commission order.

31.2.11.17.3 ISO authority to authorize Capital Expenditures. If the ISO determines that (a) Capital Expenditures are necessary for a Generator to provide service under an RMR Agreement, and (b) work on one or more of the Capital Expenditures must commence in advance of Commission action in order to timely, or more timely, address a Reliability Need, then the ISO may authorize the

Owner to spend up to 10,000,000 U.S. Dollars if a non-nuclear Generator, or 25,000,000 U.S. Dollars if a nuclear Generator, in total, to develop the Capital Expenditure(s) in advance of receiving an order from the Commission. The ISO shall submit an informational filing to the Commission identifying any Capital Expenditures it is authorizing pursuant to the authority granted in this Section. The ISO may recover the cost of such a Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay the Owner in accordance with (a) the rules in this Section 31.2.11.17, and (b) Rate Schedule 8 to the ISO Services Tariff. If the Commission issues an order rejecting the proposed Capital Expenditure, then the Owner shall cease work on the Capital Expenditure and take reasonable efforts to minimize the costs it incurs. Reimbursement of a rejected Capital Expenditure shall be limited to actual costs incurred, including reasonable wind-down costs, shall be subject to the dollar limits set forth in this section, and shall be reviewed in accordance with Section 31.2.11.17.5 below. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 31.2.11.17.5 shall include consideration of whether the Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

31.2.11.17.4 Early termination of RMR Agreement. If the Owner is working to complete a Capital Expenditure consistent with an accepted RMR Agreement or consistent with an approved or accepted Proposed Additional Cost or Substantiated Additional Cost and the RMR Agreement is terminated early because (x) the Reliability Need is resolved sooner than expected, or (y) the RMR

Generator suffers a forced outage that would require significant costs to repair, or (z) for any other reason that does not involve an uncured Owner default under the RMR Agreement or the RMR Generator failing to satisfy one or more of the operating standards described in Sections 31.2.11.19.4(A) and (B) below, and if Owner ceased work on the Capital Expenditure and made reasonable efforts to minimize the costs it incurred, then, following review, the ISO shall recover the actual costs the Owner incurred to construct the Capital Expenditure and to wind-down its work on the Capital Expenditure pursuant to Schedule 14 of the ISO OATT and pay Owner in accordance with (a) the rules in this Section 31.2.11.17, and (b) Rate Schedule 8 to the ISO Services Tariff. Allowed wind-down costs shall be reimbursed as additional Avoidable Costs that are not Capital Expenditures. ISO review pursuant to Section 31.2.11.17.5 below shall include consideration of whether the Owner timely ceased developing a Capital Expenditure and made reasonable efforts to minimize its wind-down costs.

31.2.11.17.5 ISO Review of Actual Costs Incurred Prior to Commencing Payment.

After the Owner expends money for an allowed or accepted Capital Expenditure, including expenditures that may be eligible for recovery under Sections 31.2.11.17.3 and 31.2.11.17.4 above, it shall submit to the ISO copies of original documentation of the expenditure (including the financing costs) and an explanation of any difference between the estimated amount and the actual expenditure. If Owner submits an actual total amount for a Capital Expenditure that is five (5) percent or more above (a) the estimate that was used by the ISO to develop an Availability and Performance Rate or to authorize recovery of a

Substantiated Additional Cost; or (b) the estimate that was presented to the Commission to recover Capital Expenditure costs that exceed the dollar thresholds specified in Section 31.2.11.11.1, in an Owner Developed Rate, or in a request by the Owner to recover a Proposed or Substantiated Additional Cost; or (c) an appropriate portion of the estimate provided pursuant to (a) or (b) if the Capital Expenditure was not completed plus wind-down costs (if any), then the Owner shall demonstrate to the ISO that reasonable efforts were made to expend the least amount necessary. The ISO shall review, verify and/or validate the actual expenditure provided by the Owner. The ISO may require the Owner to re-submit, information that the ISO determines is not adequately supported or otherwise verifiable. The amount due for Capital Expenditure shall be equal to the amount verified and validated by the ISO as the actual expenditure. If the ISO cannot verify and/or validate, as applicable, the information the Owner provides, or if the ISO determines that reasonable efforts were not made to expend the least amount necessary, then compensation for the Capital Expenditure shall only be due after the Owner submits its Capital Expenditure to the Commission and the Commission determines the amount to be paid.

31.2.11.17.5.1 If the Commission specified the amount that it authorized to be recovered for a particular Capital Expenditure in an order, then the ISO shall permit the Owner to recover the actual amount verified and validated by the ISO, up to the limit(s) specified in the Commission order.

31.2.11.17.6 ISO payment and recovery of authorized or accepted Capital Expenditures.

31.2.11.17.6.1 The ISO shall commence paying for Capital Expenditures as soon as practicable after (i) the capital asset that is a Capital Expenditure (a) has been placed into service, or otherwise integrated into the Generator, or (b) was not placed into service solely due to the ISO instructing the RMR Generator to halt implementation of the Capital Expenditure, or issuing a Notice of Shut-down or terminating the RMR Agreement after costs had already been incurred; and (ii) the amount paid by the Owner is verified and /or validated, as applicable, by the ISO as described in Section 31.2.11.17.5, or is determined by the Commission.

31.2.11.17.6.2 The ISO shall implement a repayment schedule in accordance with the formula specified in Section 31.2.11.17.6.2.1 below for each Capital Expenditure that will permit the Capital Expenditure to be completely repaid by the end date specified in Section 2.2.5 of the *Form of Reliability Must Run Agreement* set forth in Appendix G of Attachment Y of the ISO OATT or by the equivalent date specified in an RMR Agreement that is not a *Form of Reliability Must Run Agreement*. If an RMR Agreement terminates prior to the end date that is specified in the RMR Agreement, then the ISO may continue repaying any Capital Expenditures the Owner remains eligible to receive until that end date.

31.2.11.17.6.2.1 Repayment schedule for Capital Expenditures.

For each Capital Expenditure *CapExMonthly Payment* is the amount that Owner is permitted to recover each month:

$$CapEx\ Monthly\ Payment = \frac{Verified\ CapEx_{g,k}}{M_{E-k}}$$

Where:

Verified CapEx<sub>g,k</sub> = the amount due for a Capital Expenditure, verified and validated by the ISO as an actual expenditure for Generator *g*.

Month *k* is the month in which Repayment of a Capital Expenditure commences.

Month *E* is the month that includes the end date specified in Section 2.2.5 in the *Form of Reliability Must Run Agreement* or by the equivalent date specified in an RMR Agreement that is not a *Form of Reliability Must Run Agreement* for Generator *g*.

$M_{E-k}$  = the number of months from month *k* to month *E*, including month *k* and month *E*.

31.2.11.17.6.3 The ISO shall pay the Owner amounts due for Capital Expenditures as a component of RMR Avoidable Costs (for an Availability and Performance Rate) or RMR Cost (for an Owner Developed Rate) under Rate Schedule 8 to the ISO Services Tariff. The ISO shall recover the cost of Capital Expenditures from RMR LSEs in accordance with Schedule 14 to the OATT.

31.2.11.17.6.4 Unless the Commission issues an order instructing it to pay, the ISO shall not pay the cost of Capital Expenditures that Section 23.6.5.2 of the Services Tariff prohibits it from paying, even if the Capital Expenditures might otherwise be payable under the rules specified in this Attachment Y.

31.2.11.17.6.5 An Owner that recovers the cost of Capital Expenditures may be required to repay to the ISO the depreciated value of the Capital Expenditure costs it recovered before the RMR Generator at or for which the Capital Expenditure was incurred is permitted to be offered into or scheduled in the ISO Administered Markets. See Section 15.8.6 of Rate Schedule 8 to the Services Tariff.

### **31.2.11.18 Market Monitoring Unit Review of Determinations**

31.2.11.18.1 The ISO shall seek comment from the Market Monitoring Unit when (i) making cost determinations required by Section 31.2.11.8 of this Attachment Y,



(ii) identifying the non-generation Viable and Sufficient Gap Solution with the highest estimated net present value provided there is one distinctly above that of the Initiating Generator and Generators that are Viable and Sufficient Gap Solutions, (iii) reviewing and ranking of offers to provide RMR service, (iv) reviewing Proposed Additional Costs, and (v) determining Substantiated Additional Costs.

31.2.11.18.2 If the ISO identifies a non-generation Viable and Sufficient Gap Solution with a distinctly higher net present value than a Generator in accordance with Section 31.2.11.8.2, the Market Monitoring Unit shall publish a report concurrent with the ISO's posting on its website. The report shall review the ISO's RMR Avoidable Cost Determinations for non-generation Viable and Sufficient Gap Solutions, and for Initiating Generators and Generators that are Viable and Sufficient Gap Solutions for a Reliability Need to the extent necessary to report on whether the ISO's identification of the distinctly higher net present value non-generation Viable and Sufficient Gap Solution was based on cost determinations conducted in accordance with Section 31.2.11.8.2.

31.2.11.18.3 Concurrent with the ISO filing with the Commission of an RMR Agreement pursuant to Sections 31.2.11.11.3, 31.2.11.11.4, or 31.2.11.11.5, the Market Monitoring Unit shall publish a report. The report shall review the ISO's determination of the highest net value present offer (or more than one offer if in conjunction with another generator or non-generation Viable and Sufficient Gap Solution) to provide RMR service in accordance with Section 31.2.11.10.6. In the event that cost alone did not provide for a clear delineation between two or more

offers, the report shall also review the ISO's consideration the size of the Generators in an effort to minimize impacts to markets. If the agreement contains RMR Avoidable Costs and an Availability and Performance Rate, the MMU report shall also review the inputs to and ISO's calculation of the RMR Avoidable Costs; and the Availability and Performance Rate.

31.2.11.18.4 The responsibilities of the Market Monitoring Unit that are addressed in this Section 31.2.11.18 are also addressed in Section 30.4.6.8.6 of Attachment O of the ISO Services Tariff.

### **31.2.11.19 Terminating RMR Agreements**

31.2.11.19.1 Each RMR Agreement shall include an end date. RMR Agreements may incorporate a different end date for each RMR Generator that operates pursuant to the RMR Agreement.

31.2.11.19.2 RMR Agreements that include more than one RMR Generator shall permit the ISO to terminate the RMR Agreement for an RMR Generator without requiring the ISO to terminate the RMR Agreement for any or all of the other RMR Generator(s) that are operating pursuant to the same RMR Agreement.

31.2.11.19.3 The ISO shall timely terminate an RMR Agreement for an RMR Generator when that RMR Generator is no longer needed to address identified Reliability Need(s).

31.2.11.19.4 The ISO may terminate an RMR Agreement for an RMR Generator under any of the following circumstances: (A) if the RMR Generator fails to satisfy any of the minimum operating standards specified in the RMR Agreement; (B) if the RMR Generator repeatedly fails to operate as requested when it is called upon by

the ISO or by a Transmission Owner to address one or more of the identified Reliability Need(s) the RMR Generator is being retained to address; (C) when the RMR Generator suffers a forced outage that will prevent it from being available for 180 or more days to address the identified Reliability Need(s) that the RMR Generator is being retained to address; or (D) if significant Additional Costs arise (see Section 31.2.11.16) that make the RMR Generator more expensive than other solutions to the identified Reliability Need(s).

### **31.2.12 Confidentiality of Solutions**

31.2.12.1 The term “Confidential Information” shall include all types of solutions to Reliability Needs that are submitted to the ISO as a response to Reliability Needs identified in any RNA issued by the ISO as part of the reliability planning process if the Developer of that solution designates such reliability solutions as “Confidential Information.”

31.2.12.2 For regulated backstop solutions and plans submitted by the Responsible Transmission Owner in response to the findings of the RNA, the ISO shall maintain the confidentiality of same until the ISO and the Responsible Transmission Owner have agreed that the Responsible Transmission Owner has submitted viable and sufficient regulated backstop solutions and plans to meet the Reliability Needs identified in an RNA and the Responsible Transmission Owner consents to the ISO’s inclusion of the proposed solution in the CRP. Thereafter, the ISO shall disclose the regulated backstop solutions and plans to the Market Participants; however, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.

31.2.12.3 For an alternative regulated response, the ISO shall determine, after consulting with the Developer thereof, whether the response would meet a Reliability Need identified in an RNA, whether the response is viable and sufficient to meet all or part of the Reliability Need, and the Developer consents to the ISO's inclusion of the proposed solution in the CRP. Thereafter, the ISO shall disclose the alternative regulated response to the Market Participants and other interested parties; however, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.

31.2.12.4 For a market-based response, the ISO shall maintain the confidentiality of same during the reliability planning process and in the CRP, except for the following information which may be disclosed by the ISO: (i) the type of resource proposed (e.g., generation, transmission, demand side); (ii) the size of the resource expressed in megawatts of equivalent load that would be served by that resource; (iii) the subzone in which the resource would interconnect or otherwise be located; and (iv) the proposed in-service date of the resource.

31.2.12.5 In the event that the Developer of a market-based response has made a public announcement of its project or has submitted a proposal for interconnection with the ISO, the ISO shall disclose the identity of the market-based Developer and the specific project during the reliability planning process and in the CRP.

31.2.12.6 The ISO may disclose to Market Participants and other interested parties the Gap Solution and plans proposed pursuant to Section 31.2.11.3; provided, however, that the ISO will maintain as confidential the following information if

designated as “Confidential Information”: (i) a Responsible Transmission Owner’s conceptual permanent solution, except for its proposed project type and in-service date; (ii) the information required to be maintained as confidential for a market-based solution pursuant to Sections 31.2.12.4 and 31.2.12.5; and (iii) any non-public financial qualification information submitted under Section 31.2.4.1.1.1.3.

### **31.2.13 Monitoring of Reliability Project Status**

31.2.13.1 The ISO will monitor and report on the status of market-based solutions to ensure their continued viability to meet Reliability Needs by the need date in the CRP. The ISO shall assess the continued viability of such projects using the following criteria:

31.2.13.1.1 Between three and five years before the Trigger Date for a regulated solution, the ISO will use a screening analysis to verify the feasibility of the proposed market-based solution (this analysis will not require final permit approvals or final contract documents).

31.2.13.1.2 Between one and two years before the Trigger Date for a regulated solution, the ISO will perform a more extensive review of the proposed market-based solution, including such elements as: status of the required interconnection studies, contract negotiations, permit applications, financing, and Site Control.

31.2.13.1.3 Less than one year before the Trigger Date of a regulated solution, the ISO will perform a detailed review of the market-based solution’s status and schedule, including the status of: (1) final permits; (2) required interconnection studies; (3)

## **31.9 Appendix F – Gap Solution Process Cost, Revenue, and Other Information Requirements**

### **31.9.1 Overview of Information Requirements**

This Appendix F governs the information that must be received by the ISO from Market Parties for Initiating Generators, proposed Gap Solutions pursuant to Section 31.2.11.3 of Attachment Y, and Generators identified by the ISO pursuant to Section 31.2.11.4 of Attachment Y. The term “information” as used in this Appendix F, and in Section 31.2 of Attachment Y regarding it, includes all sources and types of information and data. The information required by this Appendix shall be separately stated from and is in addition to the information requirements for Generators in certain outages set forth in Section 5.18 of the ISO Services Tariff, the information required by the ISO pursuant to Section 23.4.5.6 of the ISO Services Tariff, and the Gap Solution process project information requirements set forth in Section 31.2.11.3 of this Attachment Y. If the information required by this Appendix does not exist on the date due to the ISO, the Market Party shall promptly provide it to the ISO if and when it does exist in whole or in part.

### **31.9.2 Information Requirements Applicable to Initiating Generators**

31.9.2.1 The Market Party for an Initiating Generator must submit the information specified below, and any other information specified by the ISO on the section of its website identified for RMR Information Requirements, in the form and manner directed by the ISO. The items and their costs identified for (a) through (d), and (e) in this Section shall include only those costs necessary for the Initiating Generator to operate in accordance with Good Utility Practice for the duration of the relevant information period (as set forth in Section 31.9.8).

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (e.g., interest and fees) for each item;
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs, such as fuel, emissions, and start up costs, and other costs identified by the ISO in accordance with ISO Procedures; and if there is any difference between the submitted information and the information in the ISO's Reference Level System at the time of the submission, and an explanation of the reason for the difference.
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this section that are necessary for the Generator to operate;
- (f) All information pertaining to the capital structure of the Generator and its financing structure, the sources of capital, financing agreements, and dividend payout schedules;
- (g) If the Generator Deactivation Notice is for the Generator to be Retired, (a) all existing agreements and proposals pertaining to the cost of opportunities that would be foregone if the Generator is not retired, such agreements being for the reuse, repurposing, or distribution of the real property of or on which the unit is located, its personal property or appurtenances; and (b) all agreements that contain a cost, premium, or fee for termination of all or a portion thereof;
- (h) If the Generator is in an ICAP Ineligible Forced Outage or is Mothballed, and the Generator Deactivation Notice is for a retirement prior to the expiration of the period set forth in Section 5.18.[\*] of the Services Tariff, the costs that are necessary to enable the Generator to return to service; and
- (i) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the Generator.

31.9.2.2 For each item of cost or revenue, the Market Party shall specify whether it can be avoided, in whole or in part or diminished, if the Generator (a) ceases operations in the manner specified in its Generator Deactivation Notice, or (b) does not resume service from an ICAP Ineligible Forced Outage or Mothball Outage state. For each cost that can

be avoided, the Market Party shall specify how it plans to do so and the potentially viable options examined to minimize the cost.

### **31.9.3 Information Requirements Applicable to Proposed Gap Solutions and Generators Identified Pursuant to Section 31.2.11.4**

31.9.3.1 The Market Party for a proposed Gap Solution or a Generator identified pursuant to Section 31.2.11.4 shall submit the information identified below, and any other information specified by the ISO on the ISO's website, in the form and manner directed by the ISO.

31.9.3.2 If the NYISO identifies a Generator pursuant to Section 31.2.11.4 of Attachment Y, the Market Party shall submit the information set forth in Section 31.9.2.1 and 31.9.2.2.

31.9.3.3 If a proposed Gap Solution is a new Generator, the Market Party shall submit those costs necessary for the Generator to be sited, permitted, and constructed, and the information below. The items and their costs identified for (a) through (d) in this Section shall include only those costs necessary for the Generator to operate in accordance with Good Utility Practice for the duration of the relevant information period.

- (a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations, and requirements, separately stating the financing cost (e.g., interest and fees) for each item;
- (b) Fixed operating and maintenance costs;
- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) All information pertaining to the capital structure of the Generator and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;



(f) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the Generator served as a Gap Solution; and

(g) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the construction of, investment in, upgrade to, or operation of the proposed Gap Solution or Generator.

31.9.3.4 If a proposed Gap Solution is a demand response project, solely to the extent required to provide the demand response service described in the proposal as a Gap Solution, the Market Party shall provide:

(a) Capital expenses, including those necessary to comply with federal or state environmental or safety laws, rules, regulations or requirements which would be required over the current course of business to equip the resource(s), separately stating the financing cost (e.g., interest and fees) for each item;

(b) Fixed operating and maintenance costs, and identifying if the cost also benefits any other aspect of the resource or another entity;

(c) Variable operating and maintenance costs, such as additional fuel, emissions, and start up or ramping costs;

(d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;

(e) The cost of expenditures other than those identified in (a) through (d) of this section that are necessary to provide the demand response service described in the proposal as a Gap Solution;

(f) All information pertaining to the capital structure of the entity that comprises the demand response project and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules; and

(g) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenues related to the development or construction of, investment in, upgrade to, or operation or provision of the service.

31.9.3.5 If a proposed Gap Solution is a transmission project, the Market Party shall provide:

(a) Capital expenses, including those necessary to comply with federal or state environmental or safety requirements, separately stating the financing cost (e.g., interest and fees) for each item;

(b) Fixed operating and maintenance costs;

- (c) Variable operating and maintenance costs;
- (d) The quantity of specific items of inventory necessary to be maintained, and costs thereof;
- (e) The cost of expenditures other than those identified in (a) through (d) of this Section that are necessary to enable the project to operate, including any costs to obtain right of way, siting, and other federal, state and local permits;
- (f) All information pertaining to the capital structure of the project and its financing structure, including the sources of capital, financing agreements, and dividend payout schedules;
- (g) All existing agreements and proposals pertaining to opportunity costs that would be foregone if the project served as a Gap Solution; and
- (h) All sources of revenue, and the amount of, and terms and conditions associated with each source of revenue related to the construction of, investment in, upgrade to, or operation of the project.

#### **31.9.4 Obligation to Submit Further Information**

Market Parties for Initiating Generators, proposed Gap Solutions, and Generators identified by the ISO pursuant to Section 31.2.11.4, shall provide any new information, and shall update and revise information previously submitted to the ISO in accordance with Sections 31.9.2 or 31.9.3, (i) no more than fifteen days after (a) a material change (or a series of changes that results in a material change) in (I) the physical condition of an Initiating Generator, proposed Gap Solution, or Generator identified by the ISO pursuant to Section 31.2.11.4, or any aspect of its proposal or (II) the information previously submitted, (b) an event occurring that makes any element of the information submitted materially inaccurate, (c) actual cost information becoming available where estimated information had been provided, (d) changes to costs based on physical events or regulatory developments that might reasonably be expected to impact planned operations, and also (ii) promptly upon the request of the ISO for any other information. The obligation to provide information pursuant to this Section 31.9.4 shall cease (a) for any proposed Gap Solution or Generator identified by the ISO pursuant to Section 31.2.11.4 (other than an

Initiating Generator) on the earlier of the date (x) the ISO provides notice that a Gap Solution is not needed, the request for Gap Solutions is withdrawn, or that the ISO determines a Gap Solution other than it is expected to satisfy the Reliability Need, and (b) for any Initiating Generator, upon the earlier of the date that (x) it withdraws its Generator Deactivation Notice if it stated it was a notice of retirement, or (y) it permanently retires.

31.9.5 The Market Party shall provide the ISO the actual costs and revenues for each item in Sections 31.9.2 through 31.9.4 to the greatest extent practicable. If actual costs and revenues are not available, the Market Party shall provide estimated costs and revenues along with a description of how the estimates were prepared. The Market Party must identify and describe the accounting protocols used to identify or determine all actual and estimated costs and revenues.

31.9.6 For each cost identified under Subsections (a), (b), (d) and (e) of Sections 31.9.2.1, 31.9.3.1, 31.9.3.4, or 31.9.3.5, or Subsections (a), (b) and (d) of Section 31.9.3.3, the Market Party shall provide a detailed plan specifying the schedule and timing of the planned action and expenditure, and if it is an existing Resource, an explanation and supporting documentation of how that plan compares to the Market Party's past similar expenditures, actions, and protocols. The Market Party shall also specify the terms in any contracts associated with (a) avoidable capital expenses, normal maintenance, extraordinary maintenance and repairs, or variable costs that contain a cost, premium, and/or fee for termination of the agreement in whole or for a portion thereof, and shall provide a copy of the contract and documents pertinent to the calculation of the early termination premium, cost, and fee, and (b) revenues, and shall provide a copy of the

contract and documents pertinent to the calculation of the revenues, and the historic revenues.

31.9.7 The Market Party shall specify whether each cost is associated solely with the individual unit(s) of the Generator, or a component of the DR Proposed Service or transmission project, or whether the cost is for services or functions shared with other units or businesses. If a cost is a shared cost, the Market Party shall identify the other entities with which the cost is shared, the entity that allocates the cost to it; and the accounting protocols and methodology used in the allocation of the costs, and across which units and business the cost is allocated.

### **31.9.8 Information Periods**

31.9.8.1 Information provided under Sections 31.9.2.1 and 31.9.2.2 shall encompass one year periods, for the five (5) years prior to and (a) if by an Initiating Generator for six (6) years from the date of the initial provision of information, and each annual update thereto, and (b) if by an existing Generator that is identified by the ISO pursuant to Section 31.2.11.4, for the number of years identified by the ISO in the notification provided pursuant to Section 31.2.11.4 of Attachment Y.

31.9.8.2 Information provided by proposed Gap Solutions other than an existing Generator that is identified by the ISO pursuant to Section 31.2.11.4, shall encompass one year periods, from the date of the initial provision of information for the period identified in the request of Gap Solutions.

31.9.8.3 For the financing cost of any mandatory capital expense, the Market Party shall provide information and data for: (a) the one-year period beginning on the estimated date of expenditure for the item of capital expense; and in addition (b) the period beginning on

the estimated date of expenditure for the item of capital expense and ending, respectively, (i) if an Initiating Generator two years, three years, four years, five years, and six years, from the date of the Generator Deactivation Notice; (but excluding data and information beyond the date that is six years from the Generator Deactivation Notice); (ii) if an existing Generator that is identified by the ISO pursuant to Section 31.2.11.4, for the number of years identified by the ISO in the notification provided pursuant to Section 31.2.11.4 of Attachment Y, from the date of its initial submission of information in accordance with Section 31.9.3, and (iii) if a proposed Gap Solution, for the duration of the Reliability Need identified by the ISO in its request for Gap Solutions.