

## 23.3 Criteria for Imposing Mitigation Measures

### 23.3.1 Identification of Conduct Inconsistent with Competition

Conduct that may potentially warrant the imposition of a mitigation measure includes the categories described in Section 23.2.4 above, which shall be detected through the use of indices and screens developed, adopted and made available as specified in Attachment O. The thresholds listed in Sections 23.3.1.1 to 23.3.1.3 below shall be used to identify substantial departures from competitive conduct indicative of an absence of workable competition.

#### 23.3.1.1 Thresholds for Identifying Physical Withholding

23.3.1.1.1 The following initial thresholds will be employed by the ISO to identify physical withholding of a Generator or generation or a CSR Scheduling Limit or an Aggregation by a Market Party and its Affiliates:

23.3.1.1.1.1 Except for conduct addressed in Section 23.3.1.1.1.2: Withholding that exceeds (i) 10 percent of a Generator's or an Aggregation's capability or 10 percent of a CSR Scheduling Limit, or (ii) 100 MW of a Generator's or an Aggregation's capability or 100 MW of a CSR Scheduling Limit, or (iii) 5 percent of the total capability of a Market Party and its Affiliates, or (iv) 200 MW of the total capability of a Market Party and its Affiliates.

For a Generator or an Aggregation or a Market Party in a Constrained Area for intervals in which an interface or facility into the area in which the Generator or generation or Aggregation is located has a Shadow Price greater than \$0.04/MWh, indicating an active constraint, withholding that exceeds (i) 10 percent of a Generator's or an Aggregation's capability or 10 percent of a CSR Scheduling Limit, or (ii) 50 MW of a Generator's or an Aggregation's capability

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or 50 MW of a CSR Scheduling Limit, or (iii) 5 percent of the total capability of a Market Party and its Affiliates, or (iv) 100 MW of the total capability of a Market Party and its Affiliates.

23.3.1.1.1.2 Operating a Generator or generation or an Aggregation in real-time at a lower output level than would have been expected had the Market Party's and its Affiliate's Generator or generation or Aggregation followed the ISO's dispatch instructions, resulting in a difference in output that exceeds (i) 15 minutes times a Generator's or Aggregation's stated response rate per minute at the output level that would have been expected had the Generator or Aggregation followed the ISO's dispatch instructions, or (ii) 100 MW for a Generator or Aggregation, or (iii) 200 MW of the total capability of a Market Party and its Affiliates. For a Generator or an Aggregation or a Market Party in a Constrained Area for intervals in which an interface or facility into the area in which the generation or Aggregation is located has a Shadow Price greater than \$0.04/MWh, indicating an active constraint, operating a Generator or generation or an Aggregation in real-time at a lower output level than would have been expected had the Market Party's and its Affiliate's Generator or generation or Aggregation followed the ISO's dispatch instructions, resulting in a difference in output that exceeds (i) 15 minutes times a Generator's or an Aggregation's stated response rate per minute at the output level that would have been expected had the Generator or Aggregation followed the ISO's dispatch instructions, or (ii) 50 MW of a Generator's or an Aggregation's capability, or (iii) 100 MW of the total capability of a Market Party and its Affiliates.

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23.3.1.1.2 The amounts of generating capacity considered withheld for purposes of applying the thresholds in this Section 23.3.1.1 shall include unjustified deratings, and the portions of a Generator's or an Aggregation's output that is not Bid or subject to economic withholding. The amounts deemed withheld shall not include (i) generating output that is subject to a forced outage, subject to verification by the ISO as may be appropriate that an outage was forced, (ii) capacity that is out of service for maintenance in accordance with an ISO maintenance schedule, or (iii) generating capacity that is not Bid in the Real-Time Market, because and to the extent it would have to use unauthorized natural gas to operate, subject to verification by the ISO as may be appropriate that operation would require the use of unauthorized natural gas. See Section 23.3.1.4.6.2.1.1 below.

23.3.1.1.3 A transmission facility shall be deemed physically withheld if it is not operated in accordance with ISO instructions and such failure to conform to ISO instructions causes or contributes to transmission congestion. A transmission facility shall not be deemed withheld if it is subject to a forced outage or is out of service for maintenance in accordance with an ISO maintenance schedule.

**23.3.3.3.2 Revising Reference Levels of Certain Generators and Aggregations Committed Out-of-Merit or via Supplemental Resource Evaluation for Conducting Real-Time Guarantee Payment Conduct and Impact Tests and Applying Mitigation in Accordance with Section 23.3.1.2.3 of these Mitigation Measures**

23.3.3.3.2.1 Consistent with and subject to all of the requirements of Section 23.3.3.3.1 of these Mitigation Measures, Generators and Aggregations that (i) are committed Out-of-Merit or via a Supplemental Resource Evaluation after the DAM has posted, and (ii) for which the NYISO has posted real-time guarantee payment

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impact test settlement results, or identified possible mitigation under Section 23.3.1.2.3 of these Mitigation Measures may contact the ISO within 15 business days after new or revised impact test settlement results are posted, or possible mitigation under Section 23.3.1.2.3 of these Mitigation Measures is identified, to request that the reference levels used to perform the testing and mitigation be adjusted to include any of the following verifiable costs:

23.3.3.3.2.1.1 procuring fuel at prices that exceed the index prices used to calculate the

Generator's or Aggregation's reference level;

23.3.3.3.2.1.2 burning a type of fuel or blend of fuels that is not reflected in the

Generator's or Aggregation's reference level;

23.3.3.3.2.1.3 permitted gas balancing charges;

23.3.3.3.2.1.4 compliance with operational flow orders; ~~and~~

23.3.3.3.2.1.5 purchasing additional emissions allowances that are necessary to satisfy

the Generator's or Aggregation's Supplemental Resource Evaluation or Out-of-Merit schedule, and

23.3.3.3.2.1.6 demonstrated opportunity costs that ~~exceed~~ **differ from** the opportunity cost used in calculating the Generator's or Aggregation's reference level.

23.3.3.3.2.2 The ~~six~~ **five** categories of verifiable costs specified above shall be used to modify the requesting Generator's or Aggregation's reference level(s) subject to the following prerequisites:

23.3.3.3.2.2.1 the Generator or Aggregation must specifically and accurately identify and document the extraordinary costs it has incurred to operate during the hours of its Supplemental Resource Evaluation or Out-of-Merit commitment; and

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23.3.3.3.2.2 the costs must not already be reflected in the Generator's [or Aggregation's](#) reference levels or be recovered from the ISO through other means.

As soon as practicable after the Market Party demonstrates to the ISO's reasonable satisfaction that one or more of the five categories of extraordinary costs have been incurred, but in no event later than the deadline set forth in Section 23.3.3.3.1.7.2 of these Mitigation Measures, the ISO shall adjust the affected Generator's [or Aggregation's](#) reference levels and re-perform the real-time guarantee payment conduct and impact tests, or the Section 23.3.1.2.3 test, as appropriate, for the affected day. Only the reference levels used to perform real-time guarantee payment mitigation and/or mitigation pursuant to Section 23.3.1.2.3 of these Mitigation Measures, will be adjusted.

23.3.3.3.2.3 If, at some point prior to the issuance of a Close-Out Settlement for the relevant service month, the ISO or the Commission determine that some or all of the costs claimed by the Market Party during the consultation process described above were not, in fact, incurred over the course of the Out-of-Merit or Supplemental Resource Evaluation commitment, or were recovered from the ISO through other means, the ISO shall re-perform the appropriate test(s) using reference levels that reflect the verifiable costs that the Generator [or Aggregation](#) incurred and shall apply mitigation if the Generator's [or Aggregation's](#) Bids fail conduct and impact, or the Section 23.3.1.2.3 test, at the corrected reference levels.

23.3.3.3.2.4 Generators [and Aggregations](#) may contact the ISO to request the inclusion of costs other than the ~~six~~[five](#) types identified above in their reference levels. The

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ISO shall consider such requests in accordance with Sections 23.3.1.4, or 23.3.3.3.1 of these Mitigation Measures, as appropriate.