

# Financial Data Considerations for Generator Deactivation Process

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# Background

# Objective

- **Stakeholders have asked the NYISO to consider revising the financial data requirements of the Short-Term Reliability Process that are a prerequisite to a deactivating Generator being included in a Short-Term Assessment of Reliability (“STAR”).**
  - Stakeholders have expressed that the financial data requirements are overly burdensome in some instances, such as when Generators are forced to retire for regulatory reasons, such as the DEC Peaker rule, rather than for economic reasons.
  - Stakeholders have suggested that the NYISO could reduce or limit the amount of data that it initially requires in these occurrences.
- **The NYISO agreed to review the requirements and is here today to discuss possible improvements to the process and to solicit further feedback from stakeholders.**

# Background

- In February 2015, FERC issued the initial RMR Order and directed the NYISO to submit proposed tariff revisions to establish an RMR process to govern “the retention of and compensation to generating units required for reliability including procedures for designating such resources, the rates, terms and conditions for RMR service, provisions for the allocation of costs of RMR service, and a pro forma service agreement for RMR service.”
- Current rules require that a Market Participant must provide the NYISO with a minimum 365 days before its Generator with a nameplate rating greater than 1 MW may be Retired or enter a Mothball Outage. If the NYISO determines that the Generator is not needed for reliability, then it can deactivate earlier. See OATT Section 38.3.7.
  - The 365-day notice period does not start until: (1) a Market Participant submits a “complete” Generator Deactivation Notice form that includes all required information, including the financial information required for an Initiating Generator, (2) the NYISO commences the next Short Term Assessment of Reliability after the notice is deemed complete.

# Current Process

- **With current rules, Generators are required to submit financial data up front, before the Generator Deactivation Notice is deemed complete.**
  - 5 years historical financial data, as well as 6 years projected future financial data
- **Generators are not allowed to proceed with Generator Deactivation process until NYISO determines the submittal is “complete” after which the generator is evaluated in the next Short-Term Assessment of Reliability**

## Use Cases for Current Process

- **The current process to require the financial information at the time the generators submits a deactivation notice for three purposes:**
  - (1) once a need is determined in a STAR, the NYISO only has approximately 275 days to find a solution before the Initiating Generator can deactivate, and it might be required to pay an Interim Service Provider Rate just 10 days after the STAR is posted. That is why the NYISO requires the data described in (2) and (3) below to be in its possession before a Generator is permitted to enter the STAR for evaluation;
  - (2) the NYISO requires the data to perform its analysis of the impact of the generator’s proposed deactivation on the system, consistent with NYISO’s responsibility to continuously monitor competitive market behavior; and
  - (3) so NYISO can calculate an Interim Service Provider Rate and/or the Availability and Performance Rate (APR) for the deactivating generator.

# Financial Data Requirement Considerations

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- **The NYISO has begun to consider the following situations in which there may be an opportunity to reduce the current financial data requirements:**
  - Generator retirement decisions based on regulatory requirements rather than economic rationales (e.g., DEC Peaker Rule)
    - Current rules require these Generators to include financial projections for ‘5 years in the future’, which may overlap the cutoff where generators are proscribed by law from operating unless they are determined to be needed for reliability and are “designated” to remain in service by the NYISO or by a Transmission Owner
  - Generator deactivations that result from Forced Outages that were determined by NYISO to be a Catastrophic Failure
    - Current rules require the same financial information for these Generators
    - However, audits and reviews for Physical Withholding may not be necessary if the NYISO determines a Catastrophic Failure occurred
  - Other deactivations based physical limitations rather than economic decisions (e.g., landfill gas resources due to a lack of fuel)

# Financial Data Requirement Considerations *Cont'd*

- **Any potential changes need to consider the intended purpose of the information requirements**
  - **If a reliability need is identified in the STAR the NYISO needs the Generator's financial information to calculate RMR/ISP rates**
    - The information is currently required up-front to provide the NYISO sufficient time to perform its required responsibilities
  - **MMA's responsibility to monitor competitive market behavior**
    - Audits and reviews for physical withholding
    - Annual withholding analysis
    - ICAP forecast for BSM determinations (*i.e.*, NPV analysis to determine whether to assume deactivated units will return to service)



# Questions?

# Next Steps

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- **Solicit Stakeholder feedback**
  - Please email [David Parries](#) and [Jonathan Newton](#) with your comments and concerns for inclusion in future discussion.
- **Consider feedback and return to an Installed Capacity Working Group next month**

# Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit to consumers by:

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

