

# Potential Resource Retirement Process Changes

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NEPOOL Markets Committee  
February 8, 2022

# Proposed Change Summary

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## Four originally-proposed reforms:

- Remove retirement track obligation – *deferred.*
- Allow offer updates – *approved by MC and PC.*
- Relax IMM review in certain situation – *deferred; more training for FCA-17.*
- Create a meaningful mothball option – *for discussion today.*

Need for changes and rationale for each was discussed in prior meetings

**Schedule/voting:** *To be discussed.*

# Return to Service

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## Issue Recap

- **We have no meaningful ability to mothball units**
  - The best we have is ability to string together a series of one-year delists; but that has many limitations. Also, once retirement is accepted, no meaningful way to return to service if there are major regional changes,

## Proposed Solution

- Remove requirement to invest minimum \$\$ to re-enter markets (the so-called “Repowering rule”)
  - No change to true repowering rules; focus is on resources with an accepted Retirement Bid.
  - Resource loses interconnection rights with retirement under existing rules – do not change
    - To return to market, resource would still need a new IR and presumably new IA.
  - Resource would need to follow all other rules for “New”

# Return to Service - Issues

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## Three New Issues:

- *Should this apply to Permanent Delists?*
- *Guidelines for how Retirement Bids can be constructed to reflect new optionality.*
- *ISO's statement at January MC that they have no ability to support stakeholder-sponsored proposals that are not already in the Work Plan.*

# Applicability to Permanent Delists

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- Discussion to date has focused on Retirement Bids
- Permanent Delists are very similar *except*:
  - They do not lose interconnection rights upon implementation of the delist bid
- The loss of interconnection rights was an important part of the “pain” that would ensure units don’t toggle in and out of retirement.
- Should the Return to Service option be available to Permanent Delists?

# Retirement Bid Construction

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- Current rules specify what costs can and cannot be included in Retirement Delist Bids
- The ability to return to service under the proposal has option value
  - That's one reason we are proposing it
- We would need to construct rule modifications around how this new option can be quantified in bids, so that the IMM can complete its pricing review

# ISO's Ability to Support Any Changes

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- At the January MC, the ISO made clear that they are unable to support new stakeholder-driven proposals that are not in the Work Plan – at least for the foreseeable future.
- To resolve the bidding question, as well ensure that the overall rule does not raise other concerns, we need ISO support.
- **Question:** *In light of ISO's statement, does it make sense to spend valuable stakeholder time on finalizing this proposal, or should we just drop it for now?*