



# Generator Retirement WG

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Retirement Policy

- Implement policy for retirements
  - Ensure reliability of system
  - Ensure economic viability of units needed for reliability
  - Ensure that retirements are not used to exercise market power

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- Agreed approach to retirement policy
  - Need clear retirement policy
  - A notice provision is required
  - A reliability test is required
  - Explicit assignment of risk is required
  - Compensation rules are required
  - Test for market power is required

- Retirements/mothballing and market power concerns
  - Aggregate market power
    - Impact on market prices
    - Capacity market
    - Energy market
  - Local market power
    - Impact on local reliability
    - Impact on local energy market prices

- Retirements/mothballing and market power
  - Market power tests
    - Positive cash flow
    - Covering going forward costs
  - Aggregate market power solutions
    - Notice requirements
    - Require sale of unit (FERC Order)
    - Define term of commitment to market
    - Term of injection rights

- Retirements/mothballing and market power
  - Market power tests
    - Needed for local reliability
    - Positive cash flow
    - Covering going forward costs
  - Local market power solutions
    - Notice requirements
    - Require continued operation of unit until alternate solution
    - Guarantee going forward costs
    - Require sale of unit (FERC Order)
    - Define term of commitment to market