

January 3, 2013

Dr. Nicole Bouchez
NYISO
10 Krey Boulevard
Rensselaer, NY 12144

Re: Proposed ICAP Buyer Side Mitigation Competitive Entry Exemption

Dear Nicole:

During the December 5, 2012 Installed Capacity Working Group (ICAP) meeting questions were raised regarding the applicability of the proposed ICAP Buyer Side Mitigation Competitive Entry Exemption to units with a Renewable Portfolio Standard¹ (RPS) contract with NYSERDA. Since NYSERDA purchases attributes, not capacity from a very limited type of generating facilities, these facilities should be exempt from the ICAP Buyer Side Mitigation Competitive Entry Exemption proposal.

The renewable energy from the Main Tier² category is procured through a competitive solicitation administered by NYSERDA and contributes the majority to the RPS energy goal. NYSERDA purchases attributes that include any and all reductions in harmful pollutants and emissions, such as carbon dioxide and oxides of sulfur and nitrogen and are similar to Renewable Energy Certificates (RECs). By acquiring the RPS Attributes, rather than the associated electricity, the program ensures that increasing amounts of renewable electricity will be injected into the State's power system, while minimizing interference with the State's competitive wholesale power markets.

Please consider the clear distinction between contracting attributes described above and contracting capacity as the Buyer Side Mitigation Competitive Entry Exemption proposal is further developed and refined.

If you have any questions regarding this issues, please do not hesitate to call me.

Sincerely,

Erin Hogan

¹ In 2004, the Public Service Commission (PSC) issued an Order adopting an RPS with a goal of increasing the proportion of the renewable energy used by New York consumers to at least 25% by the end of 2013. In 2010, the PSC increased the goal to 30% by 2015.

² The RPS goal is achieved through one of three categories including large utility scale resources (Main Tier), smaller behind the meter resources (Customer Sited Tier), and purchases made voluntarily (Voluntary Market).

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