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To Whom This Concerns,

On October 16, 2017, the NYISO updated the MIWG on the current initiative “Market Assessment with 50% Renewable Generation” and explained it is “considering a broad spectrum of market product and/or structure enhancements”, which may be necessary to achieve the State objective of counting on 50% renewable generation by 2030.

H.Q. Energy Services (U.S.) Inc. (“HQUS”) has access to a large hydropower fleet supported by a system of 27 reservoirs that allow for 176 TWh of electricity to be stored for future use or to be dispatched to meet real time changes in consumer demand. This feature of HQUS’ resources can also enhance the deployment of intermittent sources of clean energy such as wind and solar, with HQUS having the potential to act as a giant battery for the Northeast. In fact, Hydro-Québec is a leader in wind integration on large power systems and has integrated over 3,500 MW of wind power supplied by independent power producers in Québec.

HQUS would like to further emphasize that the renewable generation baseline of NY State, as articulated in the Clean Energy Standard (“CES”) Order, includes significant levels of HQUS hydro imports, despite these not being tied to any long-term energy commitment or contract. On a yearly basis, HQUS sells approximately 8 TWh of clean, reliable, energy through the NYISO-administered markets. The market assessments of CES performed to date by the NYISO has however identified a serious risk of downward impact on market prices, which could lower, all else being equal, the quantity of renewable imports NY State can count on. In turn, this could lead to incremental out-of-market procurements to make up for the loss of renewable imports, with associated additional costs to end-use customers.

As a consequence, HQUS believes it is of the greatest importance that the NYISO and HQUS optimize the use of their existing interties, through the development of additional reliability and flexibility products, such as ramping and operating reserve, to name only two. In the Budget & Priorities Working Group, HQUS has also supported the development of 5 minute scheduling at the HQ-NY interties, but that project was not able to gather enough points to achieve 2018 prioritization. HQUS is hopeful that this product will eventually be considered as a priority item, and be implemented by the NYISO.

In addition, while this is looked at in a different forum, the Integrating Public Policy Task Force, HQUS believes it will be crucial to consider Carbon Pricing in the wholesale markets and its non-discriminatory application to imports. Carbon Pricing has the potential to ensure a localized, cost-efficient dispatch of renewable resources in the energy market, including providing incentives for cost-efficient and renewable imports to remain in the NYISO supply stack.

HQUS is open to discuss further with NYISO and other interested parties to develop market design options that will ensure NY State policies and objectives are implemented in a cost-efficient manner, to the benefit of end-users.

Sincerely,



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