

To Whom This Concerns,

H.Q. Energy Services (U.S.) Inc. (“HQUS”) welcomes this opportunity to provide comments on the current version of the NYISO proposal to reform Buyer-Side Mitigation (“BSM”) provisions. HQUS recognizes that the NYISO should play a role in administering competitive energy and capacity markets, including mitigating concerns of buyer-side market power, where present.

In its most recent BSM reform proposal, the NYISO proposes to exempt Climate Leadership and Community Protection Act (“CLCPA”) resources from BSM. However, instead of using technologies that are listed in the CLCPA, the NYISO selects a subset of technologies from that list, and notably excludes large hydro for the purpose of receiving a BSM exemption.

From the NYISO Presentation Buyer Side Mitigation Reform Proposal Update, August 5, 2021<sup>1</sup>:

*“NYISO proposes to use resource types currently identified in its tariff that align with the State’s CLCPA mandates to determine whether a new ICAP Supplier would be subject to a BSM evaluation or otherwise exempt or excepted from BSM. These resource technology types are listed below:*

- *Solar and wind (land & offshore)*
- *Energy Storage Resources*
- *Demand Response (participating as an SCR or DER)*

*The NYISO appreciates the feedback received on July 13, 2021 and is updating its proposal to include Run of River Hydro as exempted or excepted from BSM.”*

This language excludes large (impoundment) hydro, which is however unequivocally included in the CLCPA as a Renewable Energy System (i.e. a CLCPA eligible resource):

*“(b) “renewable energy systems” means systems that generate electricity or thermal energy through use of the following technologies: solar thermal, photovoltaics, on land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity.” (emphasis added)*

Finally, in its most recent BSM reform proposal, the NYISO also questions (and is looking for comments on) the inclusion of External UDRs among the list of BSM exempt technologies, but proposes to discuss Internal UDRs’ treatment under BSM as part of a future initiative, i.e. the Internal Controllable Lines project, expected to be initiated in 2022.

### HQUS Recommendations

HQUS suggests that the NYISO should rely solely on the renewable technologies specified in the CLCPA without exception or limitation, for the purpose of exempting resources from BSM, and should not exclude CLCPA recognized resources from the list of exempted technologies. At a minimum, a comprehensive process for exempting or not exempting a technology falling within

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<sup>1</sup> <https://www.nyiso.com/documents/20142/23590734/20210805%20NYISO%20-%20BSM%20Reforms%20Proposal.pdf/0d7741cd-8ea5-0bbc-3a55-d519a00c1e87> (p.5)

the definition of CLCPA's Renewable Energy Systems should be discussed and developed among stakeholders, which has not been conducted under the current proposal.

It is also important to note that under the current proposal and NYISO's reliance on CLCPA, should a public policy/program recognize an External UDR resource as eligible to contribute to the CLCPA objectives, HQUS sees no reason to exclude such resource from BSM exemption.

Furthermore, HQUS questions the proposal to discuss Internal UDRs' treatment under BSM separately from the External UDRs. The BSM treatment of UDRs should be consistent whether the UDR is internal or external to the NYCA and therefore HQUS recommends discussing and developing tariff language for Internal and External UDRs concurrently.

Best regards,