



Proposed 2017 Project Integrating Public Policy

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2017 Project on Integrating Public Policy

Current Scope

Project Objectives include determining:

- *The impact of New York's Clean Energy Standard goals on the current NYISO energy and capacity markets*
- *Whether the existing capacity market construct is sufficient to maintain existing generation, while incenting new generation*
- *Whether a fundamental redesign is needed in the capacity market*
- *How the high penetration of renewable resources will impact the NYISO energy market*

CES Order – August 1, 2016



Requirements Established

- **Tiered Renewable Energy Credits (RECs)**
- **Zero Emissions Credit (ZEC)**

Pure Market	Full Regulation						
Fully Internalized Carbon Price	Cap & Trade	Clean Energy Credit	REC Trading	Tiers of RECs/ZECs	PPAs	Individual Unit ZEC	Fully Regulated ZEC
Technology Neutral: Broad Competition	Technology Neutral: Broad Competition	Technology Neutral: Broad Competition	Targeted Technologies: Limited Competition	Targeted Technologies: Narrow Competition	Targeted Technologies: Limited Competition	Targeted Units: No Competition	Targeted Units: No Competition
Geography Neutral	Global National Regional RGGI Europe	State Specific	State Specific	State Specific	State Specific	Unit Specific	Unit Specific
Internalizes Cost of Carbon	Internalizes Cost of Carbon	Maintains Cost of Carbon as an Externality	Maintains Cost of Carbon as an Externality	Maintains Cost of Carbon as an Externality	Price Opacity Detached from Cost of Carbon	"Maintenance Payment" Detached from Cost of Carbon	Regulated Rate Detached from Cost of Carbon
Promotes Efficiency and Innovation	Promotes Efficiency and Innovation	Promotes Moderate Efficiency and Innovation	Promotes Limited Efficiency and Innovation	Promotes Limited Efficiency and Innovation	Discourages Efficiency and Innovation	Discourages Efficiency and Innovation	Discourages Efficiency and Innovation
Complements Economic Dispatch	Complements Economic Dispatch	Can Skew Economic Dispatch	Can Skew Economic Dispatch	Skews Economic Dispatch	Circumvents Economic Dispatch	Circumvents Economic Dispatch	Circumvents Economic Dispatch

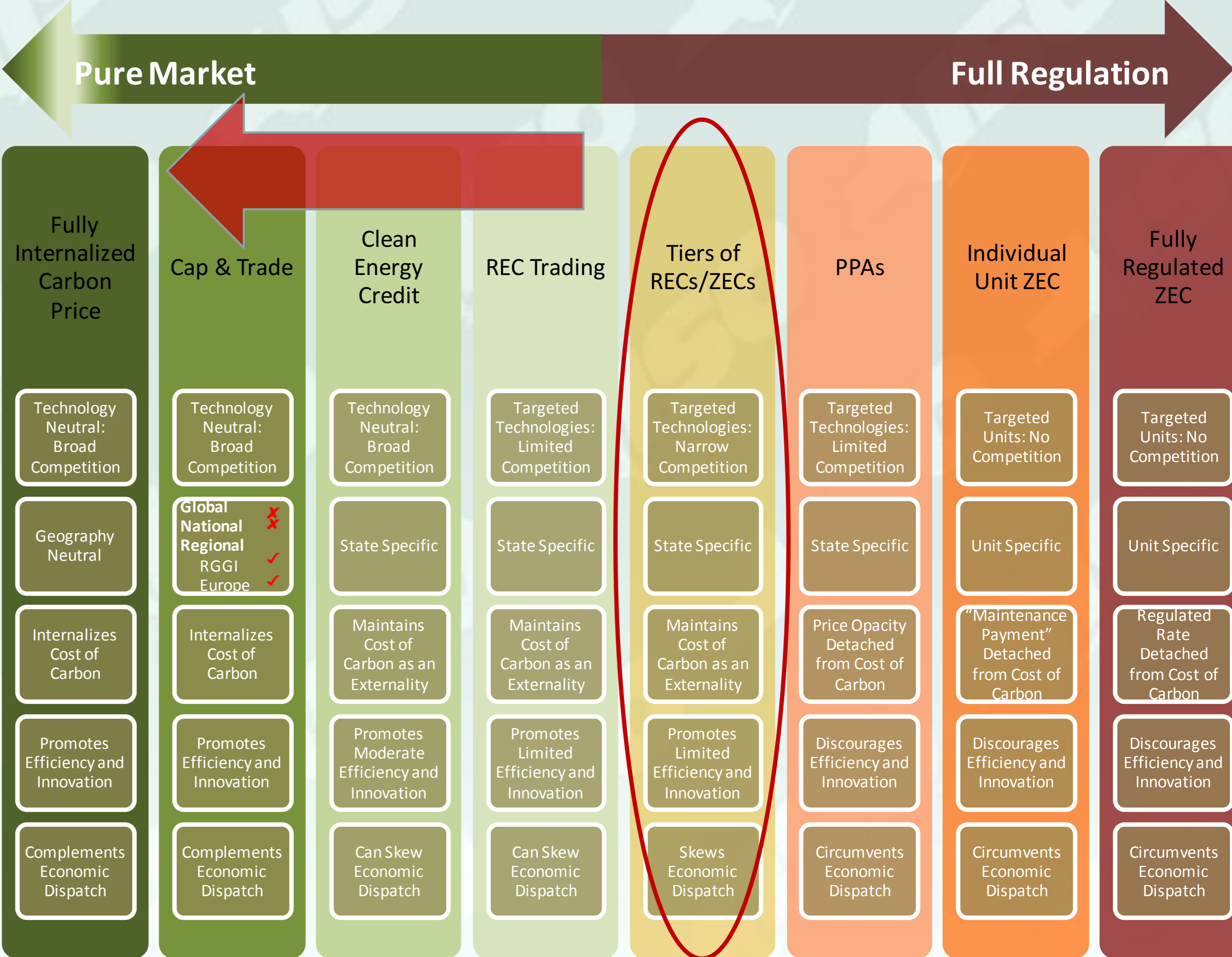
CES Order – August 1, 2016

“... the [ZEC] mechanism shall be such that it can be modified or eliminated by the Commission if there is a national, NYISO, or other program instituted that pays for or internalizes the value of the zero-emissions attributes ...”

(pp 144 of NYS PSC Order Adopting the Clean Energy Standard)

Integrating Public Policy Project

The NYISO believes it is prudent to include exploring concepts towards internalizing the value of zero-emissions within this project



Proposed 2017 Project scope

Integrating Public Policy

- *The NYISO is seeking stakeholder feedback on whether NYISO should explore concepts for internalizing the value of zero-emission resource within NYISO's market structure*
- *Budget estimate for this effort in 2017 is \$650k (\$350k external consultant plus \$300k internal labor)*
- *Verbal or written comments will be appreciated by August 31, 2016*

Questions?



- **The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:**
 - *Maintaining and enhancing regional reliability*
 - *Operating open, fair and competitive wholesale electricity markets*
 - *Planning the power system for the future*
 - *Providing factual information to policy makers, stakeholders and investors in the power system*

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