2017 Integrating Public Policy

Scope Update

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NYISO Krey Corporate Center
The NYISO believes it is prudent to include exploring concepts towards internalizing the value of zero-emissions within this project.
2017 Project on Integrating Public Policy
Stakeholder Feedback

Summary of written feedback from the August 17, 2016 BIC:

- “… supports the Proposed Project, which could result in changes to the market that could help achieve New York’s environmental goals at a lower overall cost.”
- “…supports the NYISO’s proposed project to examine the best option for internalizing the value of renewable and zero-emitting resources through a wholesale market-based mechanism.”
- “…the proposed project is, in concept, an appropriate and important effort for the NYISO to undertake.”
- “…strongly supports the NYISO undertaking this project. We urge the NYISO to consider capacity market impacts of the Clean Energy Standard equally to energy market impacts…”
- “…opposes advancing the project at this time…[as] we do not believe the substance of the project was properly vetted with stakeholders.”
- “…recommends that the NYISO clearly identify what goals NYISO believes can, or should be, addressed by putting an additional price on carbon.”
- “…supports the New York Independent System Operator’s (“NYISO”) intent to move forward with a project that would consider issues in the wholesale market, including the need for an accurate cost of carbon to be reflected in wholesale prices (the “Project”).”
- “…supports the NYISO on this project, and thinks the NYISO should pursue all approaches targeted at maintaining market efficiency and reliability.”
- “…continues to urge that the NYISO explore with stakeholders the various possibilities for internalizing the cost of carbon in market prices…”
- “…does not oppose expanding the scope of the project to include an evaluation of potential market changes intended to actively promote low emission resources…”
Project Objectives include determining:

- **The impact of New York’s Clean Energy Standard goals on the current NYISO energy and capacity markets**
  - Study the impacts of the current NYISO energy and capacity markets with the high penetration of low carbon or carbon-free resources similar to what is contemplated in 2030 by the CES
  - Determine whether the existing wholesale market construct is sufficient to sustain reliable operations, maintain necessary generation, while incenting new generation

- **Whether a redesign is needed in the wholesale market**
  - Study whether incorporating a state policy defined cost of carbon in the wholesale market would improve the overall efficiency of the NYISO energy and capacity markets while reducing overall costs to New York consumers
    - Compare the costs of internalizing the cost of carbon or utilizing a cap and trade mechanism or other developed alternatives to a Renewable Energy Credit/Zero Emissions Credit mechanism
  - Study whether other market products or changes to the existing market structure will be necessary to meet the anticipated reliability needs

- **The impacts of other regional efforts for integrating public policy on the NYISO wholesale markets**
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Next Steps

October 2016 – Draft Working Group Schedule

Fall 2016 – Discussion on the detailed action plan for studying the impacts of the current NYISO energy and capacity markets with the high penetration of low carbon or carbon-free resources will begin fall 2016 at a Market Issues Working Group.
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*

• [www.nyiso.com](http://www.nyiso.com)