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By Electronic Portal

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Subject: Case Number 19-E-0530 – Proceeding on Motion of the Commission to Consider Resource Adequacy Matters
Comments of the New York Independent System Operator, Inc. on Materials Related to July 10 Technical Conference

Dear Secretary Phillips:

In accordance with the Notice Soliciting Comments issued in the above-referenced proceeding on July 20, 2020, enclosed are the Comments of the New York Independent System Operator, Inc. Addressing Brattle Group Analyses.

If you have any questions, please call or email me.

Respectfully submitted,

/s/ David Allen
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Enclosure
cc: Active Party List (via e-mail; w/encl,)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 19-E-0530 - Proceeding on Motion of the Commission to Consider Resource Adequacy Matters

COMMENTS OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
ON MATERIALS RELATED TO JULY 10 TECHNICAL CONFERENCE

The New York Independent System Operator, Inc. ("NYISO") respectfully submits these comments in response to the New York State Public Service Commission's ("PSC" or "Commission") *Notice Soliciting Comments* issued on July 20, 2020. The Commission invited comments "on the economic, policy, and legal implications associated with the existing and potential resource adequacy structures addressed" by the materials prepared by the Brattle Group ("Brattle") in connection with the July 10 technical conference (the "Technical Conference") in this proceeding. The Brattle materials are: (i) the *Qualitative Analysis of Resource Adequacy Structures for New York* that was filed by the Department of Public Service's Staff ("DPS Staff") on May 19, 2020 (the "Brattle Qualitative Analysis"), and; (ii) the updated version of the *Quantitative Analysis of Resource Adequacy Structures* that was filed on July 1, 2020 (the "Brattle Quantitative Analysis"). For convenience, the two Brattle analyses are referred to collectively as the "Brattle Analyses" herein.

I. INTRODUCTION

The NYISO remains committed to improving its existing market design, including the capacity market and the "buyer-side" capacity market power mitigation measures (the "BSM Rules"), to better align with New York State's environmental policies. The NYISO

acknowledges the concerns surrounding the impact that the BSM Rules may have on the State's environmental policy goals. In particular, the NYISO has focused on market design enhancements through its comprehensive review of its BSM Rules in order to facilitate achievement of the mandates embodied in the Climate Leadership and Community Protection Act (the "CLCPA") while maintaining competitive price signals in the wholesale markets that it administers. These enhancements would involve numerous aspects of the NYISO's capacity, energy, and ancillary service markets. Together they will substantially address the concerns that prompted the Commission to initiate this proceeding.[1]

The NYISO has already had significant success in securing stakeholder support for, and Federal Energy Regulatory Commission ("FERC") acceptance of, multiple enhancements to the BSM Rules. Most recently, FERC has accepted the NYISO's Renewable Exemption and formula for calculating renewable exemption limits.[2] NYISO stakeholders approved, and FERC is currently considering, proposed reforms to the NYISO's "Part A Exemption Test" that will enable the BSM Rules to more accurately account for how those State policies will influence which resources enter the market in New York.[3] FERC has also accepted improvements to the Competitive Entry Exemption under the BSM Rules[4] as well as changes to the "Class Year"

[1] *See* NYISO Initial Comments at 59-63.

[2] *New York Independent System Operator, Inc.*, 172 FERC ¶ 61,058 (2020). The NYISO recognizes that the Commission recently sought rehearing of this order and has expressed concerns that the Renewable Exemption is too narrow. *See Request for Rehearing of New York State Public Service Commission and New York State Research and Development Authority*, Docket No. ER16-1404-000 (August 17, 2020). Nevertheless, the Renewable Exemption will, at a minimum, materially reduce the impact of the BSM Rules on clean energy resources, especially during Class Year 2019.

[3] See New York Independent System Operator, Inc., *Proposed Enhancements to "Part A Exemption Test" Under the "Buyer-Side" Capacity Market Mitigation Measures*, Docket No. ER20-1718-000, filed April 30, 2020; New York Independent System Operator, Inc., *Response to Deficiency Letter*, Docket No. ER20-1718-001, filed July 9, 2020.

[4] *See* Letter Order, *New York Independent System Operator, Inc.*, Proposed Enhancements to the Competitive Entry Exemption, Docket Nos. ER20-663-000 and ER20-663-001, issued March 11, 2020.

interconnection process[5] that will improve the schedule for many resources receiving determinations under the BSM Rules.[6]

The NYISO and its stakeholders continue to evaluate other market design projects that could further facilitate the State's environmental policy goals through competitive markets. The NYISO is exploring additional capacity market revisions through its ongoing Comprehensive Mitigation Review ("CMR") project while simultaneously moving forward with enhancements to its energy and ancillary services markets. These revisions to the energy and ancillary services markets will provide important investment signals to renewable and storage resources. These measures will also better value certain reliability benefits that storage and other duration-limited resources can provide to the system.[7] They have the potential to reduce suppliers' reliance on capacity market revenues and to thereby lessen the importance of capacity market mitigation. In addition, the NYISO stands ready to move forward with its carbon pricing initiative which Brattle itself has previously acknowledged could help to prevent the BSM Rules from discouraging clean energy investments.[8]

The NYISO is optimistic that it will be able to implement market-based reforms that address the Commission's concerns in this proceeding. Rulings addressing PJM's Minimum

[5] *See New York Independent System Operator, Inc.*, 170 FERC ¶ 61,033 (2020).

[6] These two sets of enhancements were developed with the NYISO stakeholders in 2019 and had only recently been filed with the FERC in December 2019 in Dockets ER20-638 and ER20-663 at the time of the NYISO's previous submission in this proceeding. *See* NYISO Reply Comments at 12.

[7] *See* New York Independent System Operator, Inc., Compliance Filing Establishing an Effective Date for the Energy Storage Resource Participation Model, Docket No. ER20-1696-001, filed August 12, 2020.

[8] *See Analysis of a New York Carbon Charge (Updated)*, The Brattle Group, November 13, 2018 (Updated December 21, 2018) ("Brattle 2018 Carbon Pricing Update"); *Pricing Carbon Into NYISO's Wholesale Energy Market to Support New York's Decarbonization Goals*, The Brattle Group, August 10, 2017, *available at* https://www.brattle.com/news-and-knowledge/news/brattle-economists-nyiso-carbon-charge-could-help-meet-new-york-decarbonization-goals-more-cost-effectively.

Offer Price Rule ("MOPR") over the last few years caused some to question whether FERC might prevent the NYISO from enhancing its markets to better address the clean energy transition. But FERC has recently emphasized that it continues to support allowing different regional markets to have different rules tailored to reflect their regional differences.[9] It is reasonable to expect that FERC will allow the NYISO markets to evolve in ways that differ from PJM's and that better suit New York's needs.

These comments encourage the Commission to work collaboratively with the NYISO and its stakeholders to pursue improvements to the existing market-based resource adequacy framework. The Brattle Analyses are a useful preliminary step towards exploring the policy options available to the Commission. But they do not justify making major changes to the NYISO's resource adequacy framework at this time. As discussed below, the Brattle Analyses for the most part did not consider enhancements that the NYISO is making to its interrelated capacity, energy, and ancillary services markets (or the potential benefits of carbon pricing). The Brattle Analyses' comparison of different Resource Adequacy Structures is therefore incomplete. Further, the potentially negative impacts of the BSM Rules shown under Resource Adequacy Structure 1 appear to be overstated since it is based on a "status quo" scenario that already has changed and will likely evolve further in the future.

To the extent that the Commission decides to move forward in this proceeding, it should explore additional details on the options that it is considering in order to develop robust supporting analyses and to develop a complete record. That record must fully account for the benefits of the existing interrelated capacity, energy, and ancillary services markets, including

[9] *See New York Independent System Operator, Inc.*, 170 FERC ¶ 61,121, *order addressing arguments on reh'g and compliance*, 172 FERC ¶ 61,058 (2020).

the impact of evolutionary enhancements. The Commission should also use this proceeding to review the NYISO's carbon pricing initiative and how it might interact with various Resource Adequacy Structures. Finally, the Commission should adopt a flexible approach that accounts for potential changes to FERC mitigation policies that may make it easier to achieve New York State's environmental policy goals.

II. COMMENTS

A. The Brattle Analyses Do Not Adequately Support Making Fundamental Changes to the NYISO's Established Resource Adequacy Framework at this Time

The NYISO's previous comments in this proceeding demonstrated the benefits of the existing resource adequacy framework based on competitive markets.[10] They also underscored the disadvantages and risks associated with potential alternative resource adequacy models, including relying solely on bilateral transactions.[11] Most of the parties to this proceeding agreed that improving the current market rules is preferable to pursuing dramatic changes to the underlying resource adequacy framework, such as an exclusively bilateral model.[12]

The NYISO continues to believe that "the best way for New York State to achieve its environmental goals in a timely manner is through the collaborative development of wholesale energy market design enhancements that secure broad stakeholder support and that can be filed with the [FERC] under Section 205 of the Federal Power Act ("FPA")."[13] Nothing in the Brattle Analyses that have been conducted to date has altered the NYISO's view. To the contrary, Brattle acknowledged at the Technical Conference that the existing market design brings

[10] *See* NYISO Reply Comments at 3; NYISO Initial Comments at Section II.A.

[11] *See* NYISO Reply Comments at 3; NYISO Initial Comments at 14-16.

[12] *See* NYISO Reply Comments at 1 and Section I.

[13] NYISO Reply Comments at 1.

substantial benefits, including by shifting procurement risks to investors, providing greater transparency, and valuing the reliability benefits of capacity surpluses through the Installed Capacity ("ICAP") Demand Curves. Brattle further recognized that these benefits would be lost under a less efficient bilateral contract framework.

Moreover, as discussed in greater detail below, Brattle's work, although not without value, was, by design, limited in scope and premised on high-level assumptions regarding generic models. There are understandable, but nonetheless significant, omissions in the Brattle Analyses. These include underestimating the substantial benefits that will be realized from the NYISO's recently-accepted Renewable Exemption, that could be achieved under pending enhancements to the "Part A" Exemption Test, and other initiatives. Brattle's Analyses only gave limited consideration to the various market and reliability impacts of alternative resource adequacy models beyond a narrow focus on their direct mitigation-related impacts. These factors cannot reasonably be overlooked. The NYISO's capacity, energy, and ancillary services markets are closely integrated and work together to preserve reliability while sending efficient investment signals.[14] The Commission should not consider changes to the NYISO's resource adequacy framework based on analyses that address only one facet of these interrelated market structures. Some of the Resource Adequacy Structures described by Brattle may also face significant regulatory and legal obstacles. It is impossible to accurately assess the relative merits of these structures based on the Brattle Analyses. More detailed and complete modeling analysis is required if the Commission is to move forward in this proceeding.

Thus, the NYISO once again respectfully recommends that the Commission focus on collaborative efforts to improve the existing NYISO capacity market design and BSM Rules. In

[14] *See* NYISO Initial Comments at 4-5.

the NYISO's view, Brattle's "Resource Structure 1," *i.e.*, the current framework, as it will evolve to better reflect New York's environmental policies, including the CLCPA, is the best approach. To the extent that the Commission remains interested in alternatives to the NYISO's existing resource adequacy framework, it should not take action based on the Brattle Analyses. Instead, it could use the Brattle Analyses as a starting point for further inquiry and discussion that could proceed at the same time as efforts to enhance the existing markets.

B. The Commission Should Provide Additional Details on Possible Changes to the Existing Resource Adequacy Framework and Conduct Additional Supporting Analyses Before Taking Action

1. The Brattle Analyses Could Serve as a Starting Point for Further Evaluation But They Leave Key Issues Unaddressed

Several of the Resource Adequacy Structures explored by the Brattle Analyses represent significant modifications to the NYISO's existing resource adequacy framework. Making fundamental changes to that framework would have major consequences for customer costs, reliability, and the NYISO-administered energy and ancillary services markets. Before adopting such changes, the Commission should establish clear goals and principles for evaluating alternative models. Such goals and principles are not found in the Brattle Analyses.

A more complete analysis would include the core principles from the *Competitive Opportunities Order, i.e.*, fostering competition among suppliers to achieve greater economic efficiency for consumers, incentivizing market entry through locational pricing signals, and shifting investment risk away from customers and to private investors to avoid the risk of consumers bearing stranded costs.[15] A model's ability to preserve reliability should also be a

[15] *See* NYISO Initial Comments at 4 *citing Competitive Opportunities Order, Opinion and Order Regarding Competitive Opportunities for Electric Service,* Opinion No. 96-12, Cases 94-E-0952, et al., (May 20, 1996).

critical criterion in any evaluation of its costs and benefits. These principles are in no way "outdated." They will be at least as important during the ongoing clean energy transition, and beyond, as they were in the 1990s.

The assessment of alternative Resource Adequacy Structures should not be based solely on their impacts on any one area, even one as significant as the expected costs and benefits of major changes to the BSM Rules. All impacts should be considered, including indirect effects. For example, a complete evaluation of the implications of eliminating the BSM Rules must account for reductions to existing generator revenues caused by uneconomic entry that could lead to a large number of high-cost Reliability Must Run ("RMR") agreements. It is not sufficient to state that the risk of mitigation overwhelms all other risk. The purpose of the ICAP product is to incentivize investment that attracts and retains sufficient supply resources to continue to meet resource adequacy criteria. The Brattle Analyses address the costs of the BSM Rules under one set of circumstances (assuming "status quo BSM Rules") but they do not explicitly address the costs and risks of these options with respect to continuing to incentivize the investments necessary to maintain reliability.

For example, while the Brattle Analyses point out that price lock-ins and long-term contracts are mechanisms that could be relied upon to maintain system reliability, they do not address the associated risks to consumers of these mechanisms. More information is needed to understand how Brattle determined that alternative models without mitigation would be able to retain the necessary existing supply to maintain reliability.

Further, at the Technical Conference, Brattle confirmed that it did not fully account for the impacts of the recently accepted Renewable Exemption or of proposed improvements to the

Part A Exemption Test.[16] These two improvements alone are expected to result in substantial quantities of clean energy resources receiving exemptions. It likewise appears that Brattle has not considered potential CMR initiatives, changes to the ICAP Demand Curves over time, other reforms to the NYISO's energy and ancillary services markets, and changes in future system conditions[17] that could significantly alter outcomes. The Commission should not take action without accounting for these developments and their impact on the costs and risks associated with different Resource Adequacy Structures.

In addition, the Commission should recognize that changing from one resource adequacy framework to another would inevitably introduce risks that could increase costs or delay the realization of environmental policy objectives. This is especially true given the expedited implementation schedules that are likely to be adopted under the CLCPA. It is likely that these schedules would be disrupted by lengthy regulatory processes at FERC, including potential litigation, that would have uncertain outcomes.

Additional information is needed to assess whether the customer cost estimates in the Brattle Analyses are reasonable. There are significant outstanding questions regarding how Brattle performed its analyses and their underlying assumptions.

[16] The Brattle Quantitative Analysis noted that the "Resource Adequacy Structure 1" scenario included "approximately 550 UCAP MW of policy exemptions" in its simulation of market conditions for 2030. It is not clear how Brattle calculated that static UCAP value or exactly what "policy exemptions" it assumed would exist at that time. Nevertheless, the NYISO does not believe that Brattle's estimate would sufficiently capture the UCAP megawatts that will be eligible for exemption in the near future under the dynamic Renewable Exemption Limit formula that was recently accepted by FERC and other exemptions (especially if the pending enhancements to the Part A Exemption Test are accepted). It is quite possible that considerably more than 550 MW of "policy exemptions" (however defined) would be available in 2030 as well.

[17] For example, an increase in minimum system requirements could increase the number of new resources that are exempt from mitigation under the existing BSM Rules.

For example, it is unclear whether Brattle evaluated equilibrium, and end-state, reliability under each of its Resource Adequacy Structures. Brattle has stated that each of the five structures respect the established one day in ten years Loss of Load Expectation ("LOLE"). It has not indicated whether they do so to the same extent, *e.g.*, would similar levels of surplus ICAP (or Resource Adequacy Credits ("RACs")) be procured under each approach? Or would some options provide a much greater level of as-found reliability than others? What are the incremental costs and benefits of this higher or lower level of end-state system reliability? Would differences in the as-found reliability of the system under the different structures impact cost allocation mechanisms for procuring RACs?

Similarly, any evaluation of alternative resource adequacy structures must consider more than just a given model's impact on costs related to capacity market power mitigation. It is at least as important to quantify, or at least consider qualitatively, who will bear the investment risk under each model and whether the model produces effective investment signals. Brattle has framed the risk of mitigation as being greater than any other risk associated with switching to a different Resource Adequacy Structure, including relying on bilateral contracting under Resource Adequacy Structure 4. A key shortcoming of this analysis is that it ignores the risks of moving to a modified structure.

2. Additional Information Is Needed Concerning Certain Resource Adequacy Structures

Additional details on several of the different Resource Adequacy Structures addressed in the Brattle Analyses are needed. The Commission and stakeholders must be able to understand whether proposed new structures would achieve their stated objectives, are feasible, and are legally viable. It is understandable that the Brattle Analyses were based on simplified

assumptions.[18] Nevertheless, more detail is needed to complete the kind of robust analysis required to support any decision to change resource adequacy models.

This is especially true for Resource Adequacy Structure 3, which is based on a wholly novel RAC concept. The NYISO's understanding is that Resource Adequacy Structure 3 would adopt the current NYISO-administered capacity market design but replace the existing capacity product with RACs. As the NYISO has stated,[19] the NYISO capacity market is designed to attract and retain the necessary investments in supply resources to maintain resource adequacy. The Brattle Analyses acknowledge the significance of the LOLE criterion, role of New York State Reliability Council, and other factors but do not address them in depth. The Commission, and the parties to this proceeding, need to fully understand many critical additional details that have not yet been addressed. These include explanations of how applicable reliability criteria would be achieved under Brattle's models. It is unclear whether, or how, RMR provisions, performance measures for resources, obligations in the energy market; Installed Reserve Margin and Locational Capacity Requirements, Load Serving Entity ("LSE") obligations to procure and the determination of LSE requirements, penalties for non-performance, the Equivalent Forced Outage Rate demand ("EFORd") construct, and deliverability requirements would operate under Resource Adequacy Structure 3. It is also unclear how FERC would view the jurisdictional nature of RACs. How these matters are addressed could determine whether Resource Adequacy Structure 3 would adequately maintain reliability as well as its relative cost and benefits compared to alternatives.

[18] *See Quantitative Analysis of Resource Adequacy Structures*, The Brattle Group, July 1, 2020, at 3.

[19] *See* NYISO Initial Comments at 11, NYISO Reply Comments at 4-5.

The Brattle Analyses recognized that the primary advantages of "Structure 1: ICAP Market with Status Quo BSM" as being the "[l]east effort to design and refine" and "[c]ontinued use of a time-tested ICAP market design and structures that have been proven to reliably meet capacity needs at competitive prices across a wide range of market conditions. The ICAP market will have either a minimal role or no role in guiding investment decisions for contracted resources, but will continue to perform the primary role of managing orderly fossil retirements and attracting/retaining other resources." Brattle does not appear to have analyzed the economic risk to consumers and the risk to achieving the CLCPA's mandates, in shifting from the current market structure to a different approach.

Given that the NYISO capacity and energy and ancillary services markets are designed to work in concert to guide investment decisions, it is essential to evaluate whether the market frameworks under Resource Adequacy Structures 3, 4, and 5 would work in concert with the energy and ancillary services markets to provide transparent market signals that guide investment decisions. Will price lock-in mechanisms for RACs play a large role in incenting investment? If so, how will such mechanisms be made available to existing resources? Brattle's work does not quantify the risk or cost to consumers associated with transferring the risk of investment to consumers through the use of price lock-in mechanisms. The Commission should consider how these risks and costs will change when evaluating different price lock-in durations.

C. The Commission Should Evaluate the NYISO's Carbon Pricing Initiative in this Proceeding

Many stakeholders posed questions concerning the NYISO's carbon pricing initiative at the Technical Conference. Brattle acknowledged that its analyses did not address the potential impacts of carbon pricing. In general, Brattle recognized the potential benefits of

carbon pricing but did not appear to believe that it could fully resolve conflicts between FERC's mitigation policies and New York State's environmental policy objectives.

The NYISO has previously urged the Commission to support carbon pricing.[20] The Commission should, at a minimum, seriously consider carbon pricing as it moves forward with additional analyses of its policy options. The NYISO understands that carbon pricing alone may not eliminate the concerns that prompted the Commission to initiate this proceeding. Nevertheless, carbon pricing can be a powerful tool. It should not be overlooked because it would only represent a partial solution to the concerns that led to this proceeding, especially given that no single reform is likely to be sufficient on its own.

Carbon pricing promises significant benefits. It would harness the power of competitive markets to further encourage the investment and innovation needed to meet CLCPA mandates. It could help to substantially harmonize the FERC-jurisdictional, NYISO-administered markets with New York State environmental policies. Brattle itself has previously recognized that carbon pricing could reduce "pressure for more aggressive buyer-side mitigation measures that could deter policy-supported resources or result in costly excess capacity" while helping New York State achieve its environmental goals more efficiently.[21] Other studies have also emphasized that carbon pricing could establish "an economic basis to avoid mitigation," further reduce tension between state and federal policies, and significantly boost near-term investments in clean energy resources.[22] Adopting carbon pricing would be much less disruptive than some options

[20] *See* NYISO Reply Comments at 6-7; NYISO Initial Comments at 62-63.

[21] Brattle 2018 Carbon Pricing Update at 6.

[22] *See Clean Energy in New York State: The Role and Economic Impacts of a Carbon Price in NYISO's Wholesale Electricity Markets*, October 3, 2019, at 2, *available at* https://www.analysisgroup.com/Insights/publishing/clean-energy-in-new-york-state-the-role-and-economic-impacts-of-a-carbon-price-in-nyisos-wholesale-electricity-markets/.

that the Commission is considering. The NYISO's proposal has attracted widespread stakeholder interest, as evidenced by the questions at the Technical Conference, and by numerous comments in this proceeding.[23] Other regions continue to explore their own carbon pricing options. FERC will be holding a conference to assess legal issues associated with carbon pricing on September 30.[24] In short, there is every reason for the Commission to give serious consideration to the NYISO's carbon pricing initiative in this proceeding.

D. The Commission Should Adopt a Flexible Approach that Accounts for Potential Changes to FERC's Mitigation Policies

As the NYISO has stated, the Commission should not act precipitously in this proceeding.[25] It should not rush to adopt a non-market-based resource adequacy framework out of fear that FERC mitigation policies will necessarily block the NYISO from making market design changes that reflect changing circumstances in New York.[26] As noted above, FERC has recently reiterated that different regional markets may have different rules. FERC precedent continues to treat mitigation as the "standard solution" for addressing state policies but also continues to allow for regional alternatives.[27] As a single state entity, the NYISO is likely to

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[23] *See, e.g.*, *Comments of Exelon Corporation*, Case 19-E-0530, Nov. 8, 2019 at 15-16, 20-24; *Comments of Advanced Energy Economy Institute*, Case 19-E-0530, Nov. 8, 2019, at 4; *Initial Comments of Institute for Policy Integrity* at 6; *Initial Comments of Potomac Economics, Ltd.*, Case 19-E-0530, Nov. 12, 2019 at 9; *Initial Comments of the New York Association of Public Power*, Case 19-E-0530, Nov. 8, 2019, at 2; *Comments of Calpine Corporation and Vistra Energy Corp*, Case 19-E-0530, filed Nov. 8, 2019 at 3-4; *Comments of Independent Power Producers of New York, Inc.*, Case 19-E-0530, filed Nov. 8, 2019 at 4-5; *Reply Comments of Eastern Millwright Regional Council Local 1163*, Case 19-E-0530, January 31, 2020.

[24] *See* Notice of Technical Conference, *Carbon Pricing in Organized Wholesale Electricity Markets*, Docket No. AD20-14-000, issued June 17, 2020; Supplemental Notice of Technical Conference, *Carbon Pricing in Organized Wholesale Electricity Markets*, Docket No. AD20-14-000, issued August 5, 2020.

[25] *See* NYISO Reply Comments at 15.

[26] *Id.*

[27] *See* NYISO Initial Comments at 55-56; NYISO Reply Comments at 15-16.

enjoy relatively greater freedom to address New York specific needs than is the case for multi-state market regions.[28] In fact, FERC has accepted many of the recently proposed market design enhancements that the NYISO and its stakeholders have developed to support clean energy resources, expedite interconnection study processes, and improve the BSM Rules to better facilitate New York's environmental policy efforts.

III. CONCLUSION

In conclusion, the Brattle Analyses do not provide a sufficient basis for concrete action by the Commission at this time. The Commission should provide additional detail regarding the policy options that it is considering, and additional analyses. It should seriously consider carbon pricing as a potentially significant part of the solution to the concerns that prompted the commencement of this proceeding. The Commission should also take a flexible approach that accounts for the possibility of greater flexibility in FERC mitigation policy.

Ultimately, the Commission should fully examine possible enhancements to competitive capacity markets that would enable New York State to more readily achieve its environmental goals in an economically efficient manner. If the Commission examines non-market-based alternatives, it should carefully assess the costs, potential delays, and viability of such options, including the potential impact of uncertainty on decisions to invest in new or existing resources. Continuing to support competitive wholesale electricity markets and pursuing the environmental goals under the CLCPA both represent New York State public policy decisions. They should not be seen as "either/or" propositions. They do not need to be in conflict. To the contrary, New York is most likely to achieve its environmental goals quickly through competitive market structures, including capacity markets.

[28] *See* NYISO Reply Comments at 16.

Respectfully submitted,

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August 21, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rensselaer, NY this 21st day of August, 2020.

/s/ Mohsana Akter

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