

April 16, 2020

253 Broadway, 14th Floor
New York, NY 10007

nyc.gov/sustainability

Richard Dewey
President & CEO
New York Independent System Operator
10 Krey Boulevard, Rensselaer, NY 12144

Re: NYISO 2020 Demand Curve Reset

Dear Richard Dewey:

I understand that the New York Independent System Operator (NYISO), as part of its ongoing Demand Curve Reset proceeding, seeks input from the City of New York (City) on how to interpret Executive Order No. 52 (EO-52). This letter provides the City's interpretation of EO-52 and whether a fossil fuel generation facility can serve as the "proxy unit" to establish capacity prices paid to generators in New York City.

Among other things, EO-52, issued on February 6, 2020, sets forth a policy reflecting the City's opposition to the addition of new fossil fuel generation facilities in New York City. However, that policy does not apply under all circumstances (*i.e.*, EO-52 specifically permits economic impacts to be taken into account). Section 3 of EO-52 provides that "City agencies that speak on behalf of the City before regulatory bodies that oversee energy infrastructure shall articulate the City's opposition to the development of infrastructure that expands the supply of fossil fuels via pipelines, new fossil-fuel-based electric generation capacity, or terminals for the transfer of fossil fuels." (emphasis added). Thus, while EO-52 sets forth the City's opposition to additional fossil-fuel-based electric generation, it does not prohibit repowered or replacement facilities.

Moreover, Section 4 includes the following directive: "In implementing and complying with this Executive Order, all agency heads are directed to cooperate fully with the Mayor's Office of Sustainability, to take into account potential economic impacts....". Our preliminary assessment shows that relying on a non-fossil fuel generation source as the "proxy unit" could cause significant annual capacity cost increases. Significant cost increases would constitute a potential economic impact that would affect agencies' implementation of EO-52, as directed under Section 4.

Accordingly, NYISO's designation of a fossil fuel generation facility as the "proxy unit" in the ongoing demand curve reset proceeding, particularly a repowered or replacement generation facility, is not prohibited by, or inconsistent with, EO-52.

Please let me know if I can provide any additional information.

Sincerely,



Susanne DesRoches
Deputy Director, Infrastructure and Energy

Cc: William Plache, NYC Law Department
Mark Chambers, Mayor's Office of Sustainability
Amanda De Vito Trinsey, Couch White