

Roger Caiazza Personal Comments on the
NYISO IPPTF Meeting on May 21, 2018

Via email to NYISO at IPP_feedback@nyiso.com

Response to DPS sent through Document and Matter Management System “Matter 17-01821”

Introduction

I am motivated to submit these comments so that there is at least one voice of the unaffiliated public whose primary interest is an evidence-based balance between environmental goals and costs to ratepayers. There are significant hurdles to implementing carbon pricing in general and as proposed in the straw proposal that should be considered by the Integrating Public Policy Task Force (IPPTF). My comments raise issues that, in my opinion, each beg for careful consideration and analysis with input from outside experts.

These comments are submitted as a private retired citizen. They do not reflect the position of any of my previous employers or any other company I have been associated with, these comments are mine alone. The majority of New York State (NYS) ratepayers are unaware of the ramifications of this proceeding, and have any idea of the ramifications of incorporating the cost of carbon emissions into New York State (NYS) wholesale electricity markets. I do not see evidence that the IPPTF is adequately considering potential ratepayer impacts.

Mechanics of the Process

I do not understand the Integrating Public Policy Task Force (IPPTF) process for the initiative to institute a price on carbon in the wholesale electric market. As an outsider to NYISO it is not clear to me whether my submittals are read, much less considered. Is there some formal registration necessary for participation?

I have submitted two previous comments to IPP_feedback@nyiso.com and the DPS Document and Matter Management System “Matter 17-01821” that have not been added to the DPS site. It is my understanding that when I became a party to the DPS matter that my comments would be acknowledged. However, NYISO has posted my comments but the DPS has not. I understand that DPS participation has changed but I do not understand if that means that Matter 17-01821 is no longer active.

I apologize but I do not announce my presence on the IPPTF calls. Given the large number of participants at the meeting and on the associated conference call I don't feel that one more voice is necessary for the call proceedings. I would much prefer that instead of a conference call a webinar format call in would be used so that off-site participants would not have to guess

where the speakers are in their slide presentation. That would also give you a list of remote participants.

In addition to my personal concerns it is not clear to me how this process will resolve stakeholder issues. For example, I have previously commented on the emissions monitoring recommendations discussed at this meeting. I believe the preferred emissions approach is for the NYISO to adapt their process to include a CO2 emission rate based on generation rates and true those values up later to the EPA data. I think the generating companies agree with that approach. NYISO has proposed that the sources provide weekly submittals of the emissions data with a subsequent true-up. The level of effort for every affected source in the state to provide that information is larger than the level of effort for NYISO to add the calculated values to their system but who gets to decide which way to go?

Finally, as is true with many other current initiatives in New York, this proposed policy does not appear to be driven by evidence. Instead all the evidence is policy-based. There is a wide range of potential outcomes based on considering a range of the social cost of carbon which I have recommended in previous comments, the large uncertainties associated with future RGGI allowance prices in the face of multiple program changes even before this policy is implemented, and even timing of the implementation of the renewable energy resources necessary to meet the ambitious goals of Reforming the Energy Vision. It is disappointing that the supposedly independent NYISO does not address these outside the political agenda uncertainties relative to the viability of this initiative.

Interaction with Other State Policies and Programs

This presentation discussed issues and questions raised by stakeholders during work plan development.

One of the issues raised concerned the effect to consumers of the carbon pricing initiative relative to the NYSERDA REC payments. NYSERDA summarized the current commitments and then stated that “NYSERDA would not characterize these figures as estimates of “overpayments” even in the case of a carbon charge regime.” In my opinion this response parses out a definition of overpayment that may be technically true but misses the point of the comments. If NYSERDA pays for RECs and a carbon charge is instituted then those beneficiaries are going to get paid twice. That may not be an over-payment but it sure is a double-payment. The point of the comments is that adding another mechanism to price carbon in addition to a REC which also provides value relative to carbon must end up as an overpayment for consumers to get the same carbon reduction value.

My impression of the responses in this presentation was an over dependence upon the Brattle report. Was there an opportunity for stakeholders to critique that report and for Brattle to respond to any criticisms? If not then this reliance is mis-placed.

One of my areas of expertise is the Regional Greenhouse Gas Initiative and I have written extensively on various aspects [here](#). The responses to the leakage and RGGI issue rely on the Brattle report and the presentation states: “To prevent leakage of allowances and emissions to other states, New York could match its extra abatement efforts with a corresponding reduction in the number of allowances available.” This is a very confusing statement. Leakage in the traditional sense occurs when a price on carbon for generation in one location encourages the use of generation outside the jurisdiction so that the emission reductions simply are replaced or leaked. If the number of allowances is reduced that will “protect” the RGGI cap but do nothing to discourage leakage of emissions from New York.

I agree that the multiple program changes in RGGI make predicting the impact of carbon integration on RGGI and leakage complex.

Consumer Impact Analysis: Proposed Assumption Framework

My primary concern with this initiative is consumer price impact. Clearly the proposed assumptions have to include the New York State Energy Plan but in order to determine the viability of this program and the costs to consumers modeling scenarios outside of the energy plan need to be included. For example, the NYCA resources assumes that the NYSERDA large-scale renewable energy projects recently awarded will be implemented on the timelines proposed. This analysis should include a more realistic implementation schedule. Some of the projects awarded by NYSERDA have not even started site permitting. Given the intricacies of DPS Article Ten permitting and the number of potential projects it is unrealistic to expect that they all will be permitted on time if only because there are limited resources at DPS to process them all. This process should include scenarios that consider timing issues.

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