

June Review of IPPTF Issue Track Progress

Purpose

The Integrating Public Policy Taskforce (IPPTF) work plan¹ (“Work Plan”) includes a June meeting to; i) review progress to date, ii) determine the schedule through the end of 2018, and iii) determine if any refinements to the 2018 deliverables are appropriate. This document provides the information needed for this review.

Overview of the IPPTF deliverable and the Five Issue Tracks

Deliverable

The IPPTF deliverable is a carbon dioxide pricing proposal. The NYISO intends to present the proposal to IPPTF in December 2018; however, if more time is required, the NYISO will present a schedule in December 2018 to finalize the proposal in 2019.

Issue Tracks

The Work Plan addresses five “Issue Tracks”. Recommendations from each Issue Track will be used to develop the proposal. The Issue Tracks are:

- **Issue Track 1: Straw Proposal Development.** How to price carbon into the wholesale energy markets.
- **Issue Track 2: Wholesale Energy Market Mechanics & Interaction with Other Wholesale Market Processes.** This includes leakage, how to measure emissions rates, etc. as well as the interactions with NYISO processes and markets, such as the capacity market, credit implications, etc.
- **Issue Track 3: Policy Mechanics.** This includes how the carbon dioxide emissions charge is set and who sets it, and how it could be modified in the future.
- **Issue Track 4: Interaction with Other State Policies and Programs.** This includes RGGI, VDER, REC/ZECs, etc.
- **Issue Track 5:** Customer Impacts.

Review of Progress

The IPPTF has met ten times since the IPPTF Work Plan was issued on January 31, 2018². These meetings included developing work plans for Issue Tracks 2, 3, 4 and 5. These work plans focus on the topics identified with stakeholders in the October and November 2017 IPPTF meetings, where possible.

¹ http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg_ipptf/meeting_materials/2018-02-05/Work%20Plan%20CLEAN3%20%2020180130.pdf

² See

http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=bic_miwg_ipptf for the IPPTF meeting dates and materials.

IPPTF meetings have discussed all of the Issue Tracks at least once. Five stakeholder presentations on various topics from Issue Tracks 1, 2 and 3 have provided additional information and context for IPPTF attendees.

Issue Track 1: Straw Proposal Development

The deliverable for this Issue Track was a straw proposal describing how to incorporate the cost of carbon dioxide into New York's wholesale electricity markets and the rationale for the recommendation. A straw proposal was developed by based on knowledge and evaluation of all existing alternate proposals provided on or before Thursday, November 30, 2017 and was issued on April 30, 2018.³ The straw proposal was reviewed with stakeholders at the May 14, 2018 IPPTF. This Issue Track has met its deliverable and will be closed.

Issue Track 2: Wholesale Energy Market Mechanics & Interaction with Other Wholesale Market Processes.

This Issue Track focuses on the wholesale Energy Markets and, as expected, it has so far had the broadest range of topics covered of all the Issue Tracks. The stakeholder discussions have included topics on how a carbon charge would be implemented, the issue of carbon emission leakage and the treatment of imports and exports, and how different types of emitting resources would be subject to the carbon charge, among others. Review of topics related to this Issue Track are expected to continue in the second half of 2018 and the schedule outlined below allows for additional discussion of Issue Track 2 topics.

Issue Tracks 3: Policy Mechanics

This Issue Track addresses one topic area; how a carbon charge should be set and adjusted for the Issue Track 5 Customer Impacts analysis. New York Department of Public Service staff and a stakeholder have both presented recommendations for setting the carbon charge. The NYISO is interested in understanding what else stakeholders wish to discuss in this Issue Track given that there is no additional work currently scheduled.

Issue Tracks 4: Interaction with Other State Policies and Programs

This Issue Track has focused on the specific interactions with other New York State policies and programs and on soliciting additional stakeholder feedback. The NYISO is also interested in understanding what else stakeholders wish to discuss in this Issue Track given that there is no additional work currently scheduled.

Issue Track 5: Customer Impacts

The meetings for this Issue Track have focused on the proposed consumer impact methodology and analysis, as well as on the appropriate assumptions and scenarios for the impact analysis. One more IPPTF discussion is planned prior to beginning the base modeling work with an additional IPPTF discussion scheduled to review the assumptions that will be used in the second phase of the impact

³ http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg_ipptf/meeting_materials/2018-04-23/Carbon%20Pricing%20Straw%20Proposal%2020180430.pdf

analysis: the “dynamic change case.” The results and deliverables from this Issue Track will be reviewed with IPPTF stakeholders in September and October.

Summary of anticipated IPPTF Schedule 2018:

2018 IPPTF Meeting and Deliverable Schedule	
Date	Topic/Deliverable
6/4	June Progress Review
	IT 2 Allocation of Carbon Revenue mechanics
6/11	No IPPTF Meeting
6/18	IT 5 Assumptions & Scenarios
	IT 2 Other wholesale market processes
6/25	No IPPTF Meeting
7/2	No IPPTF Meeting
7/9	IT 2 Leakage, Imports and Exports
	IT 2 Emissions reporting and the billing cycle & bilateral arrangements
	IT 2 Carbon Shadow Price & Transparency
7/16	Review and Comment on draft recommendations for IT2, IT 3 & IT4
7/23	No IPPTF Meeting
7/30	If Necessary
8/1	Draft Recommendations by August 1
8/6	IT 5 Assumptions - Dynamic Change Case
8/13	No IPPTF Meeting
8/20	If Necessary
8/27	If Necessary
9/3	Labor Day – No IPPTF Meeting
9/10	IT 5 First analysis results from modeling performed in July and August
9/17	IT 2 Allocation of Carbon Residuals
9/24	IT 5 Analysis results continued
	IT 4 Review of the dependence of the IT 5 results on the IT 4 issues
10/1	No IPPTF Meeting
10/8	Columbus Day – No IPPTF Meeting
10/15	IT 5 Analysis results continued (as needed)
10/22	If Necessary
10/29	If Necessary
11/1-11/15	Expected comment period on Issue Track deliverables
12/17	Review Progress of Carbon Pricing Proposal

2018 IPPTF Deliverables

The 2018 IPPTF deliverable is to present a carbon dioxide pricing proposal by December 2018. However, if more time is required to develop the proposal, the NYISO will present the progress to date and a detailed schedule to finalize the proposal in 2019 by the end of December 2018. The NYISO will notify the IPPTF if it concludes that a viable proposal is not achievable.

In addition, the IPPTF work plan anticipates that draft carbon pricing recommendations based on the straw proposal and stakeholder feedback will be reviewed with stakeholders by August 1, 2018. The anticipated IPPTF schedule includes a July 16, 2018 meeting to discuss the draft recommendations. The IPPTF work plan also recognizes that these draft recommendations are likely to be incomplete and subject to change. If necessary, the draft recommendations may indicate where additional work is ongoing.

No modifications of these deliverables are needed at this time.