

December 19, 2014

COMMENTS OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
ON THE CARBON POLLUTION EMISSION GUIDELINES FOR EXISTING
STATIONARY SOURCES: ELECTRIC UTILITY GENERATING UNITS IN INDIAN
COUNTRY
AND U.S. TERRITORIES; MULTI-JURISDICTIONAL PARTNERSHIPS; PROPOSED
RULE

Docket ID No. EPA-HQ-OAR-2013-0602

The NYISO is a not-for-profit company that is charged with reliable operation of New York’s bulk electricity grid, administration of wholesale electric markets, and planning for the future of New York’s power system. On June 2, 2014, the Environmental Protection Agency (“EPA”) issued the proposed *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, referred to as the “Clean Power Plan.”¹ On November 4, 2014 the EPA issued a supplemental rulemaking regarding Indian Country and U.S. Territories and Multi-Jurisdictional Partnerships.² As part of that supplemental rulemaking, the EPA is seeking comment on how renewable energy, demand-side energy efficiency, and other new low- or non-emitting electricity generation imported across international borders to reduce the use of Electric Generating Units should be treated.³

The NYISO strongly supports allowing states to meet their Clean Power Plan goals by acquiring qualifying low- or non-emitting electricity generated in a neighboring country and imported into the state. In the Clean Power Plan, the EPA recognized the domestic interconnectedness of the bulk electricity system and wholesale markets by proposing to allow cross-state-border trades of qualifying renewable energy to be considered as Clean Power Plan compliance options.⁴ The interconnectedness of the bulk electricity system and wholesale markets extends to Canada, and Canadian imports should be equally recognized as Clean Power Plan compliance options.⁵

¹ Published in the Federal Register at 79 Fed. Reg. 34830 (June 18, 2014). The NYISO provided responsive comments to the proposed rule in Docket ID No. EPA-HQ-OAR-2013-0602, *Comments of the New York Independent System Operator, Inc. on the Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units* (December 1, 2014).

² Published in the Federal Register at 79 Fed. Reg. 65482 (November 4, 2014).

³ 79 Fed. Reg. 65496.

⁴ 79 Fed. Reg. 34921.

⁵ See 2014 Reliability Needs Analysis, New York Independent System Operator, Final Report, Figure D-1: NYISO MARS Topology for Year 2015, D-13 (September 16, 2014) available at http://www.nyiso.com/public/about_nyiso/fundamentals_of_planning/reliability_planning/index.jsp. (The MARS

In 1997, New York, the New England states, and several Canadian provinces recognized that reliable operation of their individual bulk transmission grids depended on the reliable operating of the grids to which they were interconnected. They also recognized that their bulk transmission grid interdependence extended across the Canadian - United States border. To ensure the interconnected grids were operated reliably, New York, the New England states and the Canadian provinces of Ontario, Quebec, New Brunswick, and Nova Scotia formed the Northeast Power Coordinating Council (“NPCC”) to develop regional reliability standards and coordinate system planning, design and operations.⁶ NPCC is now a Regional Entity of the North American Electric Reliability Corporation (“NERC”) and comprehensively monitors and enforces compliance with reliability standards among all users, owners and operators of the bulk-power system in the NPCC Region.⁷

The Northeastern states and Canadian provinces also trade both Capacity and Energy across their interconnected border, providing each other with the added reliability of external resource availability. As prescribed by the NYISO’s Tariffs, the NYISO’s scheduling and dispatch software evaluates imports of energy from other control areas, including Canada, to develop New York’s Day-Ahead and real-time operating schedules.⁸ In New York, Capacity-supplying resources, whether internal or external, must offer energy everyday into the Energy market.⁹ Such resources will be scheduled if they would minimize costs and ensure reliability of New York’s power system.¹⁰ The EPA should recognize this electric grid and wholesale market interdependence and allow a state to use imports of renewable energy or other qualifying resources from Canada to meet its goal under the Clean Power Plan if a state can show in its state implementation plan that the imported energy qualifies under the final rule.

The EPA should allow states some flexibility in making this demonstration. In the Clean Power Plan, the EPA proposes that a state plan must include enforceable renewable energy and demand-side energy efficiency measures for evaluation, measurement and verification and that state plans must explain how the effect of these measures will be determined in the course of the plan implementation.¹¹ States importing renewable energy from Canada should be given the same flexibility. Importing Capacity from renewable resources, for instance, may well ensure

Topology shows the interconnections and the amount of power that can flow under normal operating conditions between the New York Control Area and external Control Areas including IESO Ontario and Hydro Quebec in Canada).

⁶ Northeast Power Coordinating Council, Inc., About NPCC, <https://www.npcc.org/About/default.aspx>.

⁷ See discussion at: Northeast Power Coordinating Council, Inc., Compliance, <https://www.npcc.org/Compliance/Default.aspx>.

⁸ See Open Access Transmission Tariff (OATT) Section 16.3.3.

⁹ See generally, Section 5 of the NYISO Market Administration and Control Area Services Tariff (Services Tariff). Penalties can apply to resources that were not bid in every day to the Energy market and to resources which sold Capacity they did not provide. *Id.*

¹⁰ See e.g. NYISO Services Tariff Section 4.2.3.

¹¹ 79 Fed. Reg. 34920.

that the availability of renewable energy is enforceable whether from an in-state, an out-of-state or a Canadian resource.¹²

The EPA is also soliciting comment on any mechanisms that could be used to ensure that the low or non-emitting generation resource is in fact offsetting fossil-fuel generation in the jurisdiction that would use the resource to meet its Clean Power Plan goal. The EPA should only require that states demonstrate the displacement of fossil-fuel fired generating units by international resources to the extent that they must demonstrate displacement of in-state resources.¹³ For mass-based compliance programs, like RGGI, displacement of fossil-fuel generation by low or non-emitting generating resources will be considered in developing the goal for each state, and should be recognized as having been achieved if the tonnage cap in the mass-based compliance program is met.

By allowing states to use international external resources to comply with the Clean Power Plans goal, the EPA will increase the flexibility that states have to meet the requirements of the Clean Power Plan. Such flexibility will lower costs to consumers and further ensure that states can maintain a reliable electric system while complying with the Clean Power Plan.

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¹² States may also be able to purchase environmental or green attributes that represent MWhs saved by energy efficiency investments in Canada that displace the need for fossil-fuel fired generation in the United States.

¹³ In market regions, where imported power is scheduled simultaneously with in-state produced power, evidence of displacement for in-state renewable resources would be equally applicable to imported renewable power. As suggested by the NYISO in its comments on the Clean Power Plan, 1 MWh from a low or non-emitting resource does not directly displace 1 MWh from regulated fossil-fuel generation, and the states should be allowed to determine that displacement rate in meeting its rate-based goal or developing its mass-based goal. Docket ID No. EPA-HQ-OAR-2013-0602 *Comments of the New York Independent System Operator, Inc. on the Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, pgs 12 – 13 (December 1, 2014). States should be given the flexibility to determine the extent of the offset or displacement made by renewable resource imports in their state plans.