

STATE OF NEW YORK
Department of Environmental Conservation and New York State Energy Research and
Development Authority

In the Matter of New York’s Cap and Invest Program

Comments of the New York Independent System Operator in Response to the DEC and
NYSERDA Request for Feedback on the New York Cap-and-Invest Pre-Proposal Outline

The New York Independent System Operator, Inc. (“NYISO”) hereby submits written comments to the New York State Department of Environmental Conservation (“DEC”) and the New York State Energy Research and Development Authority (“NYSERDA”) on the New York Cap-and-Invest (“NYCI”) Pre-Proposal Outline (the “NYCI Outline”). The NYISO values the opportunity to provide additional pre-proposal feedback to the DEC and NYSERDA on the NYCI initiative. The NYISO urges the DEC and NYSERDA to consider these comments and the need to prioritize electric system reliability as we all work to achieve the Climate Leadership and Community Protection Act (“CLCPA”) mandates. The NYISO looks forward to continuing to work with the DEC and NYSERDA on the regulations required to achieve these policy objectives.

The CLCPA is transforming New York’s economy and driving profound changes in the electricity sector. The NYISO supports this transformation and will continue steadfast efforts to maintain and enhance power system reliability and to operate open competitive wholesale electricity markets for New York that align with the CLCPA objectives.

The NYISO is committed to reliable operation of the electric system 24 hours a day, 365 days a year, and to planning a reliable system for the future grid. Any programs implemented to achieve success in the CLCPA must be designed with components that reflect the necessity of

maintaining the reliability of the electric system, including safeguards to deal with unplanned circumstances during the transition. The Climate Action Council’s Scoping Plan (“Scoping Plan”) accurately notes, “[w]hile transitioning away from fossil fuel use, maintaining reliable access to power, whether through centralized or distributed energy sources, is crucial for maintaining good public health in our energy-dependent society.”¹ Today, an aging fleet of natural gas-fired, and other fossil fuel-fired, generation provides much of the flexible, controllable energy that is necessary to meet demand and to maintain reliability. A sufficient fleet of new generation resources that satisfy the CLCPA, with the appropriate reliability attributes, *must* be available *before* the existing, traditional generators retire voluntarily or are forced out of service in response to regulatory requirements or failures of aging equipment. The future non-emitting supply mix must include sufficient predictable, reliable, and dispatchable supply resources to maintain the level of service New Yorkers expect as a greater share of electricity is supplied by intermittent resources and more electricity is demanded by multiple other sectors of the economy, such as buildings and transportation.

To maintain the reliable operation of the electric system during the supply fleet transition, the NYISO strongly supports several elements of the NYCI Outline that will provide backstop mechanisms to allow electric generators to operate when needed for system reliability and to meet consumer demands for electricity, if the electric sector becomes obligated under the NYCI program. As proposed in the NYCI Outline, the multi-year compliance periods, the Cost Containment Reserve (“CCR”) mechanism, and Price Ceiling Units (“PCU”) are critical components of an emission reduction program that provides electric generators the necessary flexibility to operate to maintain system reliability and serve consumer demands, while, at the

¹ See New York State Climate Action Council Scoping Plan, Full Report December 2022, at p. 105.

same time complying with the NYCI program, if obligated. Overly restrictive compliance obligations, such as insufficient availability of emission allowances, could prevent emitting generation from operating to support system reliability or serving consumer demand and potentially force generators to retire before suitable replacement resources are available.

Wholesale electricity markets are also essential to maintaining electric system reliability, serving consumer demand at the lowest possible cost, and supporting the necessary investment and innovation to transition the generation fleet. Reflecting the cost of greenhouse gas emissions and public policy mandates in wholesale electricity markets would send price signals to accelerate the new resource development required to support the CLCPA mandates, signal where carbon abatement efforts would have the most effect, and efficiently maintain electric system reliability. Several approaches, or combinations of approaches, could be used to reflect emissions costs in wholesale electricity markets. Emission allowance costs can directly impact wholesale electricity markets and prices when generators purchase allowances and reflect that purchase price in their energy market offer. Today, nearly all fossil fuel-fired generators with 15 MW or more of nameplate capacity in New York State are required to purchase Regional Greenhouse Gas Initiative (“RGGI”) allowances for their carbon dioxide (“CO₂”) emissions and those allowance costs are embedded in energy market offers. NYCI allowance costs could similarly flow into wholesale electricity markets through generator offers if the electric sector is obligated. Alternatively, the State and the NYISO could work together to impose a CO₂ emissions charge on emitting generators participating in the NYISO-administered wholesale electricity markets. The NYISO developed a carbon pricing design several years ago with its stakeholders, which could be reevaluated and used to reflect the cost of carbon dioxide emissions in the wholesale markets as a step to achieving the CLCPA mandates.

Any approach, or combination of approaches, to reflect the cost of greenhouse gas emissions and public policy mandates in wholesale electricity markets would accelerate new resource development and reduce the need for resource-specific incentive contracts. Resource-specific incentives or contracts would be an inefficient approach acting in isolation to supporting the statewide turnover of the generation fleet necessary to satisfy the CLCPA. Contracts can alter the allocation of risk that is fundamental to competitive markets, shifting increased risk to consumers. Contracts with individual resources can also obscure additional consumer funded payments to renewable resources and impede the market's ability to minimize costs to consumers by procuring the most efficient electric generation resources and greenhouse gas abatement. Market constructs and market incentives that depend on the general characteristics of the resources help reduce the contract costs for new resources and could be accomplished through the various approaches mentioned above and discussed further below.

I. Electricity Sector Emission Reductions Over Time and Emissions from Other Sectors

Competitive wholesale electricity markets administered by the NYISO and overseen by the Federal Energy Regulatory Commission have complemented environmental regulations, public policy initiatives, and efforts to expand renewable power resources that serve consumers since the inception of wholesale markets in New York in 1999. Over the past 20 plus years in New York, wholesale electricity markets have worked in tandem with air-quality regulations to cut the sulfur dioxide (“SO₂”) emission rate by 99%, the nitrogen oxide (“NO_x”) emission rate by 91%, and the rate of CO₂ emissions from the power sector by roughly 42%. As discussed in the Climate Action Council’s Scoping Plan and the 2023 Statewide GHG Emissions Report (“Statewide GHG Report”), the electricity sector comprised 16% of statewide emissions in

2021.² The Statewide GHG Report indicates a 60% reduction from 1990 for in state generation but only 35% when including all electric generation under NYCI because of the out of state accounting.

The Scoping Plan and the Statewide GHG Report also review the current state of emissions from the transportation and buildings sectors, and contemplates significant future electrification in both sectors.³ The transportation sector was responsible for approximately 26% of the New York’s greenhouse gas emissions in 2021. Transportation sector emissions are about 16% higher today than they were in 1990. Transitioning the transportation sector to zero-emission technologies is central to achieving the State’s greenhouse gas emission reduction requirements. In most cases, this means replacing existing vehicles that run on gasoline or diesel fuel with Zero-Emission Vehicles (“ZEVs”) that rely on battery electric, hydrogen fuel cell, or future zero-emission propulsion technologies. Most light-duty ZEVs are expected to be powered by electric batteries. While other technologies, such as hydrogen fuel cells, may emerge as alternatives to batteries, ZEVs are generally expected to increase demand on the electric system and change the timing and location of the system’s needs.

The buildings sector was the largest source of emissions in 2021, responsible for 31% of emissions statewide. The fuels used in buildings today include fossil natural gas, distillate fuel (*e.g.*, heating fuel oil #2), wood, propane, kerosene, and residual fuel. Decarbonizing building operations contemplates building end uses switching from equipment and systems powered by burning gas, oil, or other fuels to highly efficient electrical equipment and systems powered by zero-emission energy sources, largely through electrification. Reducing emissions in both of

² See Scoping Plan at p. 219 and the 2023 Statewide GHG Emissions Report at p. v, available at <https://dec.ny.gov/sites/default/files/2023-12/summaryreportnysghgemissionsreport2023.pdf>.

³ See Scoping Plan at pp. 147 and 175 and the 2023 Statewide GHG Emissions Report at p. v.

these major sectors of the economy almost exclusively relies on electrification.⁴ A well-designed emission pricing program, such as NYCI or a NYISO-developed carbon pricing program, would encourage efficient economy-wide investment, decrease overall costs, and support the state’s environmental mandates.

II. Electric System Reliability Depends on the Availability of Fossil Fuel-Fired Generation in the Near Term

New Yorkers have long enjoyed reliable electric service and will expect the same, or better, service to continue throughout the transition of our power grid and increasing reliance on electricity. Reliable, dispatchable electric generation supports every aspect of New Yorkers’ daily lives, is vital to the state’s economy, and is critical to achieving the electrification contemplated in the Scoping Plan. A diverse resource mix currently promotes grid resilience and minimizes the risk of power disruptions. The resources supporting this diverse mix integrate sufficient levels of dispatchable, reliable generators, with capabilities to provide the energy and reliability attributes the electric system requires. This resilience is increasingly important as winter load steadily increases and extreme weather conditions place power systems across the nation at risk of not reliably serving electricity customers. Any blackouts, or electric service interruptions, would upend normal life and could have a devastating impact on public health, welfare, and safety.

Today, natural gas-fired, and other fossil fuel-fired, generation provide much of the flexible, controllable generation that is necessary to meet demand and to maintain reliability. Grid reliability and all consumers depend on these traditional resources day in and day out.⁵ The

⁴ See e.g., Scoping Plan at pp. 155-161 and 185-190.

⁵ See, 2023-2032 Comprehensive Reliability Plan (“CRP”), A Report from the New York Independent System Operator, November 28, 2023 at p. 50, available at <https://www.nyiso.com/documents/20142/2248481/2023-2032-Comprehensive-Reliability-Plan.pdf/c62634b6-cdad-31dc-5238-ee7d5eaece04>.

NYISO recognizes and is planning for the eventual deactivation of emitting generation (*i.e.*, largely fossil fuel-fired generation) in New York State. The NYISO’s ability to facilitate a reliable electric system, including delivery to consumers, requires that the introduction of new resources be coordinated with and occur prior to the orderly retirement of any existing generators. This order of operations and the capability of the new generation is critical for maintaining reliability in conjunction with such retirements. Electric system reliability margins are already close to minimum reliability requirements in certain areas across New York and are tightening. If these margins are totally depleted, the reliability of the grid would be at an unacceptable risk and power outages could disrupt normal life or negatively impact public health, welfare, and safety.⁶ As the NYISO recently reported in the 2023-2032 Comprehensive Reliability Plan (“CRP”)⁷ and the 2023 Quarter 4 Short-Term Assessment of Reliability (“STAR”),⁸ the New York grid may not have sufficient transmission capability and generation resources to reliably serve electric demand in the future without the entry of new transmission and generation assets. The NYISO’s 2024 Reliability Needs Assessment (“RNA”) is underway to identify deficiencies in the grid’s ability to serve forecasted demand over the next ten years, with due consideration of potential fuel unavailability for the generation fleet as electric demand increases across New York State. The RNA will be published by December 2024, after which the NYISO would seek solutions for any deficiencies to reliably serve demand.

⁶ Federal and state reliability regulators expect the NYISO to comply with applicable reliability requirements to mitigate such risks to the power grid.

⁷ The 2023-2032 CRP is available at <https://www.nyiso.com/documents/20142/2248481/2023-2032-Comprehensive-Reliability-Plan.pdf/c62634b6-cdad-31dc-5238-ee7d5eaece04>.

⁸ The 2023 Quarter 4 STAR is available at <https://www.nyiso.com/documents/20142/39103148/2023-Q4-STAR-Report.pdf/47749fc2-50e3-b571-66e4-7d4ff15172d7>.

A sufficient fleet of new generation resources that satisfy the CLCPA, with the appropriate reliability attributes, *must* be available *before* the existing, traditional generators retire voluntarily or are forced out of service. As the generation fleet transitions, demands for electricity will also drive the New York electric grid to become winter peaking in approximately ten years. Electrification of the transportation and building sectors will then drive winter peak demand higher in the future and could result in risks to maintaining reliability. These demand trends exacerbate the urgency of new generation, with the necessary reliability attributes, becoming available before the existing generators retire or are forced out of service. The future non-emitting resource mix must include sufficient predictable, reliable, and dispatchable resources to maintain the level of service New Yorkers require as a greater share of electricity is supplied by intermittent resources and more electricity is demanded by multiple other sectors of the economy, such as building heating and transportation.

III. NYISO Wholesale Electricity Market Signals are Critical to Achieving Targets and Supporting Reliability

Efficient competitive wholesale markets depend on transparent price signals that accurately reflect system needs and incentivize specific behavior from flexible generation and load resources. The price signals in the NYISO markets provide the foundation for economically efficient generation, transmission, demand response, and energy efficiency investment decisions. Along with other factors, investors and developers rely on transparent market signals to determine whether to build new facilities in the New York Control Area, what type of facilities to build, and where to build. Wholesale market prices must, therefore, accurately reflect system needs and resource costs in order to produce the most economically efficient investment and operational decisions and ultimately the lowest costs for consumers. Emissions requirements and reliability attributes should be reflected in resource costs to allow the markets to establish

resource schedules and ultimately send investment signals and drive appropriate resource development.

Competitive markets provide price signals to incentivize efficient siting, construction, and operation of necessary transmission infrastructure and resources. Action is required now to use wholesale markets to spur development of new generation resources and new generation technologies. Market prices must support the entry of new resources that satisfy the zero-emission target and support the reliability needs of the electric system before fossil fuel-fired generation can deactivate. NYCI, RGGI, or carbon pricing in the electricity sector, individually or in combination, could be reflected in the wholesale markets to increase prices to encourage new technologies and new resources to meet electricity demands of New York. Aligning market signals with policy goals is critical to maintaining electric system reliability while also achieving public policy goals and requirements. Appropriate market signals could flow from a well-designed NYCI program that obligates the electric sector, a more robust RGGI program,⁹ or a New York electricity sector-specific effort, like pricing carbon dioxide emissions directly in the NYISO-administered markets. Obligating electric generation to participate in both NYCI and RGGI could also facilitate similar investments as NYCI alone but would continue to provide the regional benefits of RGGI.

Carbon pricing in the NYISO-administered energy market could be used as an electric sector-specific bridge to spur investment and reduce emissions in the electric sector. An approach like the NYISO's 2019 carbon pricing proposal¹⁰ has the strong advantage of providing

⁹ RGGI allowance prices are not currently high enough to align with the public policy mandates of New York State. Increased RGGI allowance prices could align market signals with the CLCPA mandates.

¹⁰ See https://www.nyiso.com/documents/20142/7129597/6.20.2019_MIWG_Carbon_Pricing_MDC_FINAL.pdf/cf67ebb8-d0fc-7b4b-100f-c3756d6afae8.

technology-neutral signals regarding where new resources should locate for the highest value to the system and its consumers. Internalizing a state-determined cost of carbon dioxide emissions in the NYISO's energy market would send a financial incentive to all developers and electricity suppliers to identify efficient ways to address carbon-reduction requirements for downstate loads.¹¹ While carbon pricing would increase wholesale energy market prices in the near term, these higher prices would reduce the need for out of market payments (*e.g.*, contracts). Because a supplier's carbon dioxide emissions adders would increase the variable costs of carbon dioxide-emitting generation dispatched by the NYISO, the market-clearing price of energy would increase whenever carbon dioxide-emitting resources are on the margin (referred to as the carbon effect on Locational Based Marginal Prices or "LBMPs"). All Suppliers, including clean energy resources such as offshore wind resources would receive the higher energy price, net of any carbon dioxide charges due on their emissions, if applicable.¹² Lower emitting resources, including efficient fossil burning units, renewables, hydropower, and nuclear generators, would potentially benefit from higher net revenues, and in pursuit of those higher revenues would be incentivized to further lower their respective carbon dioxide emissions rates. This will also incentivize additional battery system deployment, which will seek to arbitrage the price differential between on-peak and off-peak periods.

Wholesale load serving entities would continue to be charged the LBMP for wholesale energy purchases, which would account for the carbon dioxide emissions adder of the marginal units. The NYISO could return to wholesale load serving entities any carbon dioxide emissions

¹¹ See Analysis Group, Clean Energy in New York State: The Role and Economic Impacts of a Carbon Price in NYISO's Wholesale Electricity Markets at 37, <https://www.nyiso.com/documents/20142/2244202/Analysis-Group-NYISO-Carbon-Pricing-Report.pdf/81ba0cb4-fb8e-ec86-9590-cd8894815231?t=1570098837163>.

¹² While certain generating resources with Renewable Energy Credit ("REC") contracts may not receive an increase in total revenue, *e.g.*, Indexed REC contract holders, consumers would observe a decrease in total costs for electricity usage.

adder charge residuals to reduce the impact to consumers (*i.e.*, the sum of the carbon charges debited from suppliers). Carbon pricing would leverage competitive markets to pursue New York’s clean energy goals at the lowest cost to consumers while maintaining system reliability and providing the best market signals for resource development.

These various, market-based approaches could also vary over time. New York could strive to strengthen the RGGI program, while at the same time supporting a NYISO-administered carbon pricing effort in the electricity sector. The State’s ability to set the price of carbon dioxide emissions under NYISO’s carbon pricing mechanism would allow fine tuning of the tradeoffs between the electricity sector and other sectors without losing the price signal efficiency in the electric sector. In the future, the electric sector could be obligated to participate in NYCI. NYCI may prove to be a more effective, economy-wide mechanism after the transportation and building sectors progress with electrification and some early emissions reductions. Over time, sectoral marginal abatement costs could converge, as the electric sector approaches a zero emissions system and further mitigation becomes significantly more expensive.

Any combination of the market-based approaches will provide more overall, statewide value than using individual contracts in isolation to drive resource development over the long term. Contracts with individual resources¹³ impede the market’s ability to procure the most efficient resources in the locations that provide the most value to the electric system. Contracts also obscure consumer funded payments to renewable resources and may fail to minimize costs to consumers. Resource-specific contracts transfer the risk that certain resources may not be

¹³ Contracts with individual resources could include REC contracts or Zero-Emission Credits (“ZECs”) issued under the Clean Energy Standard and subsequent REC procurements in New York State Public Service Commission case number 15-E-0302.

economically viable from private investors and developers to those that are unable to manage and mitigate such risk – consumers. Any payment structures that partially or completely insulate renewable resources from price signals or reduce incentives to follow dispatch instructions could hinder achievement of the CLCPA targets and undermine the efficiencies gained by fully integrating resources into the NYISO’s economic commitment and dispatch software.

IV. The Pre-Proposal Appropriately Supports Electric System Reliability

Several concepts discussed in the NYCI Outline would serve as necessary and viable reliability backstop mechanisms critical to protecting electric system reliability and to serving consumers with the energy they demand. Providing electric generators with options to comply with NYCI, if they are obligated to participate, while also operating as needed to maintain electric system reliability is crucial to the statewide electric system that supports every aspect of New Yorkers’ daily lives as well as public health, welfare, and safety.

Insufficient availability of emission allowances could, in the short term, prevent emitting generation from operating to support system reliability or serving consumer demand and, in the longer term, potentially force generators to retire before suitable replacement resources are available. Regulatory program designs that incorporate mechanisms to protect electric system reliability up front have proven successful over time.¹⁴ Lessons learned over time should be included in the NYCI program design to protect electric system reliability, if the electric sector is obligated under the new rules.

The NYCI Outline incorporates several RGGI program design features that have successfully supported reliable electric system operations. First, multi-year compliance periods

¹⁴ For example, the RGGI program includes a Cost Containment Reserve consisting of allowances that are set aside and made available if the allowance price exceeds a certain level. *See also*, the DEC “Peaker Rule,” 6 NYCRR Subpart 227-3.

with interim compliance obligations offer operational and financial flexibility for electric generators to procure the necessary allowances to support expected operation. The multi-year period provides time to procure additional allowances through the ordinary auction process to support deviations from expected operation. The proposed two- or three-year compliance periods allow electric generators to plan for and respond to annual variations in weather, load, and economic conditions. Second, providing time after each compliance period ends for obligated entities to determine any remaining allowance needs, secure the necessary allowances, and report emissions affords generators more operational and financial flexibility while complying with NYCI. Third, allowing obligated entities to bank allowances provides further operational and financial flexibility, which is critical for generators to plan for and support electric system reliability. Finally, the proposed CCR mechanism would make available additional allowances that enter auctions if prices reach a price trigger. This defined subset of allowances would allow electric generators and other obligated entities to purchase needed allowances, when they become available, to cover their compliance obligation in support of electric system reliability and to reflect the costs of such operation in the NYISO-administered markets.

In addition, if the electric sector is obligated under the NYCI program, the NYISO supports the PCU concept as a critical compliance approach to support electric system reliability. The proposed PCU mechanism would make further compliance instruments available that Obligated Entities could purchase at pre-defined fixed prices and submit immediately to cure any remaining compliance obligation if they operate beyond the allowances available. This compliance mechanism directly addresses the need for electric generators to be able to operate to maintain electric system reliability.

In the event electric generators choose to deactivate or reduce operation in response to the NYCI program, or for any other reason,¹⁵ the NYISO must specifically plan for the deactivation or reduced operation of every such generator to maintain electric system reliability. The NYISO's planning processes evaluate the unique circumstances of each generator, identify reliability needs, and solicit solutions to resolve reliability gaps resulting from any resource retirement. This process maintains the reliability of the electric system that serves consumers' needs. Electric generators are obligated to inform the NYISO at least one year prior to deactivating to provide the time needed to study potential impacts.¹⁶ If a reliability need arises and another timely solution is not available, the NYISO may request such generators to remain in service beyond their planned retirement date to temporarily resolve an electric system reliability need while a permanent solution is completed.¹⁷

V. External Transactions (Imports) and Leakage

Any state-specific program addressing greenhouse gas emissions should expose all generation in New York and, to the extent possible, all electric power entering New York to the same emission requirements. Uniform compliance requirements are critical to informing operational decisions and financial offers to provide electricity in the NYISO-administered wholesale markets.

New York could implement a "border adjustment mechanism" (a concept previously proposed by NYISO in the context of its carbon pricing design) to maintain economic efficiency and to address differences in energy or environmental policies among New York and

¹⁵ See e.g., NYCI Outline at pp. 24-25. The DEC and NYSERDA are considering other approaches to limit emissions from electric generators, such as facility-specific emission caps.

¹⁶ See Short-Term Reliability Process, contained in NYISO Open Access Transmission Tariff ("OATT"), Attachment FF, Sections 38.2-38.3, available here: [Tariffs, FERC Filings & Orders - NYISO](#)

¹⁷ See OATT Sections 38.4 and 38.11.

neighboring states.¹⁸ Such a mechanism could be designed to ensure that imports and exports of power compete on equitable grounds consistent with New York State’s public policies. When designing a border adjustment mechanism, it is important to note that, subject to limited exceptions,¹⁹ linking imported power to specific generators outside New York State is impractical and open to errors and/or double counting. Therefore, an approach that assigns compliance obligations to the entity offering the energy transaction may need to be developed based on estimated emissions. While the exact production characteristics cannot be connected to each import, average greenhouse gas emission profiles can be used to reasonably approximate the greenhouse gas emissions associated with imported power.²⁰

Any border adjustment mechanism must also consider the fact that neighboring regions almost always have first rights to the generation in their region. Therefore, as electric generation surplus margins also shrink in neighboring regions, fewer and fewer imports may be available to the New York region to serve consumer demands or to support electric system reliability.²¹

¹⁸ If the NYISO is asked to develop and administer a border adjustment mechanism, it would take time to design and implement and have to be approved by NYISO’s stakeholders and accepted by the Federal Energy Regulatory Commission.

¹⁹ The DEC and NYSERDA could consider treating imports from out-of-state renewables with New York Renewable Energy Credit contracts different than imports supported by other generators in neighboring regions. Special considerations may be required for generating units located in New Jersey but electrically located in the New York Control Area (the area under the control of the NYISO).

²⁰ Average hourly emission profiles will likely be available for neighboring states supplying power to New York based on the daily, monthly, or seasonal electric generation data.

²¹ The NYISO has considered this uncertainty in recent studies and will continue evaluating the changing circumstances going forward. *See e.g.*, 2023-2032 Comprehensive Reliability Plan (“CRP”), A Report of the New York Independent System Operator, November 28, 2023, at pp. 68-69 (“As the energy policies in neighboring regions evolve, New York’s imports and exports of energy could vary significantly due to the resulting changes in neighboring grids. New York is fortunate to have strong interconnections with neighboring regions and has enjoyed reliability and economic benefits from such connections. The availability of energy for interchange is predicted to shift fundamentally as policy achievement progresses. Balancing the need to serve demand reliably while achieving New York’s emission-free target will require continuous monitoring and collaboration with our neighboring states.”), and 2021-2040 System & Resource Outlook (“The Outlook”), A Report of the New York Independent System Operator, September 22, 2022, at pp. 11-13 and 56-57.

Imports can disappear whenever the other area needs the energy, even when the energy was scheduled to be delivered to New York State. This issue is most likely to materialize during times of peak demand throughout the Northeast, *i.e.*, when New York needs the energy the most. Peak demand can occur during a multi-day cold snap or during a multi-day heatwave when electricity is critical for New Yorker's health and safety. When an import disappears for any reason, internal generation will immediately fill in the gap to serve load.

VI. Conclusion

The NYISO appreciates the DEC's and NYSERDA's consideration of these comments and looks forward to working with the DEC and NYSERDA on the regulations needed to meet the CLCPA requirements while maintaining electric system reliability for all New Yorkers.

Sincerely,

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