



# 2017 Integrating Public Policy *Scope Update*

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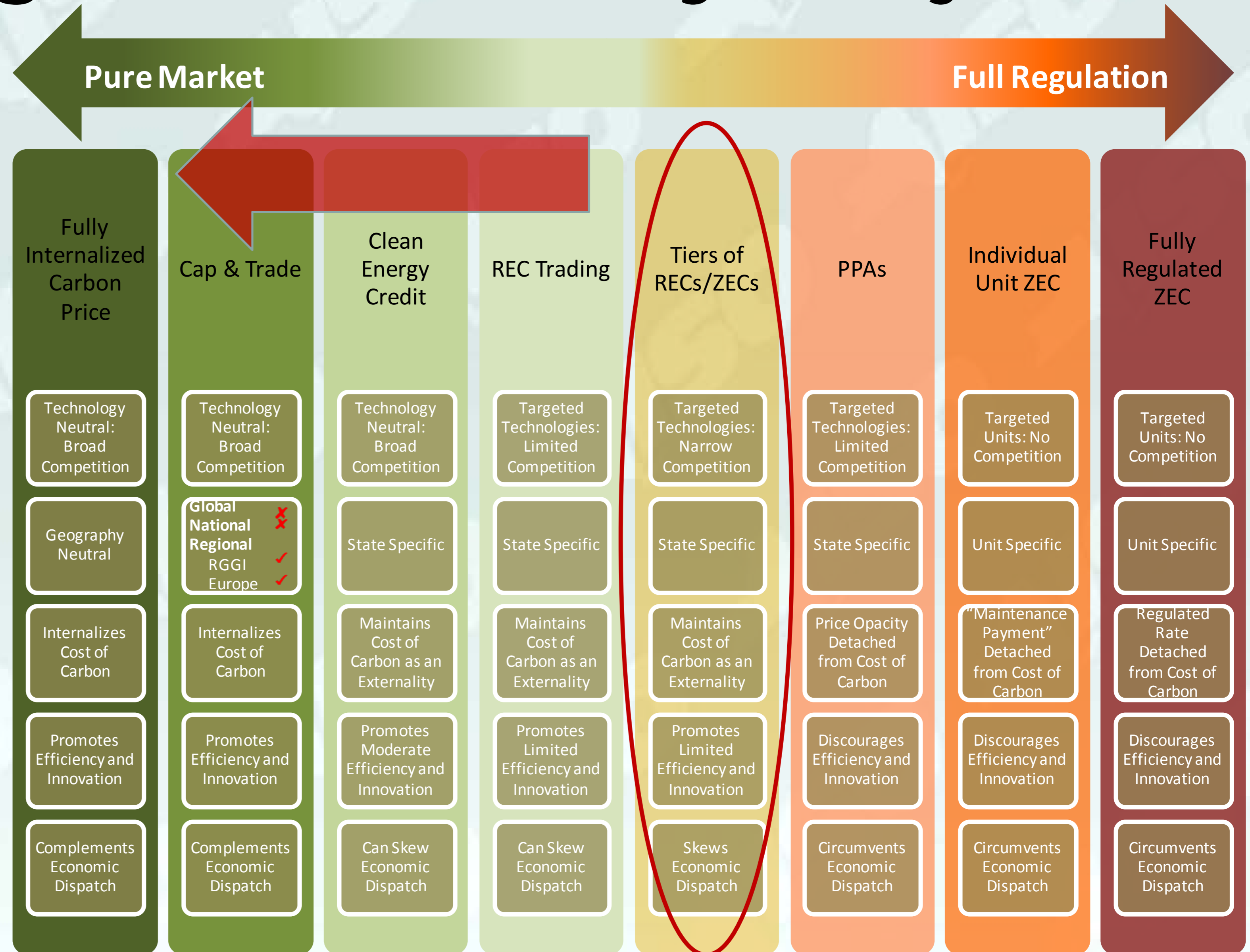
**Budget & Priorities Working Group**

*September 12, 2016*

*NYISO Krey Corporate Center*

# Integrating Public Policy Project

**The NYISO believes it is prudent to include exploring concepts towards internalizing the value of zero-emissions within this project**



# 2017 Project on Integrating Public Policy Stakeholder Feedback

## Summary of written feedback from the August 17, 2016 BIC:

- *“... supports the Proposed Project, which could result in changes to the market that could help achieve New York’s environmental goals at a lower overall cost.”*
- *“...supports the NYISO’s proposed project to examine the best option for internalizing the value of renewable and zero-emitting resources through a wholesale market-based mechanism.”*
- *“...the proposed project is, in concept, an appropriate and important effort for the NYISO to undertake.”*
- *“...strongly supports the NYISO undertaking this project. We urge the NYISO to consider capacity market impacts of the Clean Energy Standard equally to energy market impacts...”*
- *“...opposes advancing the project at this time...[as] we do not believe the substance of the project was properly vetted with stakeholders.”*
- *“...recommends that the NYISO clearly identify what goals NYISO believes can, or should be, addressed by putting an additional price on carbon.”*
- *“...supports the New York Independent System Operator’s (“NYISO”) intent to move forward with a project that would consider issues in the wholesale market, including the need for an accurate cost of carbon to be reflected in wholesale prices (the “Project”).”*
- *“...supports the NYISO on this project, and thinks the NYISO should pursue all approaches targeted at maintaining market efficiency and reliability.”*
- *“...continues to urge that the NYISO explore with stakeholders the various possibilities for internalizing the cost of carbon in market prices...”*
- *“...does not oppose expanding the scope of the project to include an evaluation of potential market changes intended to actively promote low emission resources...”*

# 2017 Project on Integrating Public Policy Proposed Scope

## Project Objectives include determining:

- ***The impact of New York's Clean Energy Standard goals on the current NYISO energy and capacity markets***
  - Study the impacts of the current NYISO energy and capacity markets with the high penetration of low carbon or carbon-free resources similar to what is contemplated in 2030 by the CES
  - Determine whether the existing wholesale market construct is sufficient to sustain reliable operations, maintain necessary generation, while incenting new generation
  
- ***Whether a redesign is needed in the wholesale market***
  - Study whether incorporating a state policy defined cost of carbon in the wholesale market would improve the overall efficiency of the NYISO energy and capacity markets while reducing overall costs to New York consumers
    - *Compare the costs of internalizing the cost of carbon or utilizing a cap and trade mechanism or other developed alternatives to a Renewable Energy Credit/Zero Emissions Credit mechanism*
  - Study whether other market products or changes to the existing market structure will be necessary to meet the anticipated reliability needs
  
- ***The impacts of other regional efforts for integrating public policy on the NYISO wholesale markets***

# 2017 Project on Integrating Public Policy

## Next Steps

**October 2016 – Draft Working Group Schedule**

**Fall 2016 – Discussion on the detailed action plan for studying the impacts of the current NYISO energy and capacity markets with the high penetration of low carbon or carbon-free resources will begin fall 2016 at a Market Issues Working Group.**

# Questions?



- **The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefit to consumers by:**
  - *Maintaining and enhancing regional reliability*
  - *Operating open, fair and competitive wholesale electricity markets*
  - *Planning the power system for the future*
  - *Providing factual information to policy makers, stakeholders and investors in the power system*
- **[www.nyiso.com](http://www.nyiso.com)**