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October 4, 2017

New York Independent System Operator (NYISO)
10 Krey Boulevard
Rensselaer, NY
Via email: memberrelations@NYISO.com

Re: Brief Comments on Brattle Carbon Pricing Report

To Whom It May Concern:

The Alliance for Clean Energy New York (ACE NY) respectfully submits the following brief comments to the New York Independent System Operator (NYISO) regarding the NYISO's efforts to study the implications of carbon pricing in the NYISO wholesale market and, specifically, the Brattle report, *Pricing Carbon Into NYISO's Wholesale Energy Market to Support New York's Decarbonization Goals*, dated August 10, 2017. These comments are short, and ACE NY recommends and requests that the NYISO accept additional comments at a later date after more discussion of the topic takes place.

ACE NY is a nonprofit membership organization whose mission is to promote clean energy, energy efficiency, a healthy environment and a strong economy for New York State. This diverse coalition includes private renewable energy and energy efficiency companies, environmental and economic development organizations, academic institutions, and consultants to the energy sector. The clean energy technologies represented by ACE NY members include land-based wind, offshore wind, hydropower, biomass, biogas, fuel cells, energy efficiency, distributed wind, and solar.

ACE NY thanks the NYISO and the parties for recognizing the importance of examining the future of a New York electric system that contains renewable generation at a level of 50% of total New York generation. Implementing policies and procedures that best accommodate this increase in renewable generation can greatly improve the efficiency and cost to New York of achieving its important clean energy goals. Further, we want to reiterate our support for NY's Renewable Energy Standard, and underscore its importance in getting new renewable capacity financed and developed. In that context, we want to state that any initiative to integrate a carbon

price into NY's wholesale electric markets should complement and supplement the Renewable Energy Standard (RES), not replace it.

ACE NY supports the current effort to study the implications of pricing carbon into the NYISO's wholesale market as a supplement to the RES. There are likely to be both benefits and drawbacks of such a policy, as seen from the perspectives of the various stakeholders, and it is important to perform robust studies of the future to illuminate the many significant effects of a carbon pricing policy. The Brattle report represents a strong first step in this assessment.

In terms of further study, ACE NY believes it is very important for the NYISO to model additional, more realistic scenarios of the future than the ones that have been analyzed to date for this purpose. During 2016 and 2017, the NYISO and/or its consultants have performed several studies of the impact on the market of 50% renewable generation. All of them have been grounded in actual 2015 or 2016 system dispatch conditions, with minimally changed assumptions other than increases in renewable generation. An increase in renewable generation of the size being studied may likely cause other changes in the system, and some changes may have occurred in any case. For example, generation retirement decisions will likely be accelerated and new transmission capability will likely be added. Also, alternative locations for new renewable generation need to be studied including offshore wind located downstate. ACE NY recommends that the NYISO elicit proposals for future scenarios from stakeholders and produce results for as many of them as possible using system simulation models.

ACE NY is pleased that the report acknowledged the regulatory risk that clean energy investors face in a carbon pricing regime and that the report starts the discussion of how best to address that risk, by suggesting a contract-for-differences approach. Along these same lines, the level of the carbon price itself is of great importance and will be closely followed by stakeholders.

In summary, ACE NY believes the report is a good start, and supports further examination of this proposed policy. ACE NY will participate closely in this important analytical effort as it proceeds forward. ACE NY would be pleased to discuss any of the above issues, or any other issues, with the NYISO staff at any time.

Sincerely,

Anne Reynolds

Anne Reynolds, Executive Director, ACE NY