



New York Independent System Operator
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Re: American Wind Energy Association Comments on Draft 5-Year Master Plan and Carbon Pricing Initiative

The American Wind Energy Association (AWEA)¹ respectfully submits the following limited comments to the New York Independent System Operator (NYISO) regarding its draft 5-Year Master Plan. In particular, our comments focus on NYISO's initiative to study the implications of carbon pricing in its wholesale market.

New York State's Renewable Energy Standard (RES) is key for getting new renewable capacity financed and developed. AWEA applauds the NYISO for recognizing the importance of examining a future for New York's electric system that contains renewable generation at a level of 50 percent of the total generation. Implementing policies and procedures in the wholesale market that can best serve to help achieve this level of increase in renewable generation, in an expeditious manner, will greatly improve the efficiency in the state achieving its important clean energy goals.

With the foregoing in mind, AWEA strongly supports the NYISO's current effort to study the implications of pricing carbon into the wholesale electric market. However, we note that any initiative to integrate a carbon price into NYISO's market should serve to complement the RES—not supplant it.

While the carbon pricing initiative should be given a high priority, we are concerned that the draft 5-Year Master Plan fails to do that.² Specifically, it proposes that carbon pricing not be implemented until 2022. This time frame for implementation is much later than AWEA and many

¹ AWEA is a national trade association representing a broad range of entities with a common interest in encouraging the expansion and facilitation of wind energy resources in the United States. AWEA members include wind turbine manufacturers, component suppliers, project developers, project owners and operators, financiers, researchers, renewable energy supporters, utilities, marketers, customers, and their advocates.

² AWEA generally supports the draft 5-Year Master Plan; it helps organize and prioritize various initiatives for the NYISO's consideration—many of which will help its market accommodate renewable generation.

stakeholders had hoped.

Further, this is much slower than NYISO's leadership thought was possible. For instance, NYISO's President, Bradley Jones, stated, on several occasions, including at the Federal Energy Regulatory Commission's (FERC) Technical Conference in May 2017, that a carbon price could be implemented in NYISO's market within three years. The Budget and Pricing Working Group's description of the 2019 carbon pricing project also shows that it could a complete market design for a carbon price—ready for a Business Issues Committee vote—by Q2/2019. This would suggest that implementation of a carbon price is feasible well before 2022.

There are many other reasons for moving the carbon pricing initiative on a faster timeline—beyond the integration of greater penetrations of renewable energy. For example, the issue of harmonizing state policies with wholesale markets is one of the most important issues currently being addressed by the FERC. New York's carbon pricing initiative could help achieve such harmony by internalizing the price of carbon in its market; therefore, its implementation should be pursued expeditiously.

In conclusion, AWEA believes the 5-Year Plan fails to give sufficient priority to the realization of the carbon pricing initiative and should instead seek to move this initiative forward as expeditiously as possible.

Sincerely,

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