



STONE
MATTHEIS
XENOPOULOS
& BREW, PC

July 20, 2018

Mr. Richard J. Dewey
Executive Vice President
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144

Re: Integrating Public Policy Task Force Charter

Dear Mr. Dewey:

At the July 9, 2018, meeting of the Integrating Public Policy Task Force (“IPPTF”), NYISO staff circulated a revised version of the proposed IPPTF Charter for stakeholder consideration and comment. On July 18, 2018, the City of New York (“the City”) submitted a letter noting that the revised IPPTF Charter still fails to articulate concrete goals or objectives and urges that the Charter be clarified to state that reducing carbon emissions and improving air quality in New York are the primary goals. Nucor Steel Auburn, Inc. (“Nucor”), an active participant in the IPPTF deliberations, strongly supports the City’s recommendations. Absent clearly stated goals, the City correctly observes that it is very difficult for stakeholders to assess whether the pending Carbon Pricing Straw Proposal, or other actions that the IPPTF might recommend be considered through the NYISO stakeholder process, are following the appropriate path forward.

For nearly a year, the IPPTF has been focused on the Brattle Group report entitled *Pricing Carbon into NYISO’s Wholesale Energy Market to Support New York’s Decarbonization Goals*. The current Carbon Pricing Straw Proposal is predicated upon the pricing scheme developed in that report. The City notes in its comments that it and other parties, including Nucor, have regularly expressed concerns that carbon pricing, at least as currently framed, would be expensive and ineffectual (*i.e.*, substantially raise electricity prices without producing material emissions reductions benefits).¹ If, as the City surmises, and as the title of the Battle Report also indicates, the principal goal is to reduce carbon emissions in the electric generation sector to further New York’s decarbonization goals, the Task Force charter should expressly state that goal, and the comparative cost-effectiveness of the Straw Proposal or alternatives to achieving that goal should be a crucial consideration affecting Task Force recommendations.

¹ See Matter 17-01821, *In the Matter of Carbon Pricing in New York Wholesale Markets*, Nucor Steel Auburn, Inc. Comments on the Brattle Group Report and Suggested Analyses to be Incorporated in the Integrating Public Policy Task Force Workplan, dated November 30, 2017.

Mr. Richard J. Dewey
July 20, 2018
Page Two



STONE
MATTHEIS
XENOPOULOS
& BREW, PC

Because the draft Charter is not clear as to its objectives, however, other parties may consider carbon pricing primarily as a NYISO market price formation response to the large volumes of generation production in New York that are, or will be, supported by State-mandated out of market payments, and view achieving cost-effective emissions reductions as a far more subordinate concern. This is a demonstrably different policy objective that is more enmeshed with other market issues than with New York's emission reduction targets.

The purpose of the IPPTF Charter is to make clear what it is the task force is attempting to achieve and what considerations carry the highest priority. New York City quite correctly points out that the ambiguity in the draft revised Charter undermines rather than focusses stakeholder efforts to achieve consensus proposals. Nucor supports the City's recommendation that primacy of the carbon emission reduction goal be made explicit in the task force Charter.

Sincerely,

A handwritten signature in black ink, appearing to read 'James W. Brew', with a long horizontal flourish extending to the right.

James W. Brew

Counsel for Nucor Steel Auburn, Inc.