

**New York State Department of Environmental Conservation
Comments on the Proposed Cap & Invest Program**

**Submitted on Behalf of the New York State Reliability Council
(NYSRC)**

- The New York Cap and Invest Program being considered by the New York State Department of Environmental Conservation (NYSDEC) and the New York State Energy Research and Development Authority (NYSERDA) should be designed to ensure that electric system reliability is a top priority. There should be no limitations placed on the ability of generation sources to buy the number of allowances they need to cover their emissions.
- Given the language related to the importance of maintaining the reliability of the New York State electric power system in the established “peaker rule”, and language related to the reliability of the electric generation sector in the Climate Leadership and Community Protection Act (CLCPA) and Final Scoping Plan, this policy should consider the need to address emergency reliability needs, i.e., retaining power supply units that are required for resource adequacy. The Department of Public Service and the Public Service Commission, New York State Independent System Operator (NYISO), and NYSRC should be involved in the rules development process and should have ongoing roles in the program to provide subject matter expertise on these types of issues and the potential impact on electric system reliability.
- To ensure system reliability, New York State should endeavor to have a consistent statewide methodology for compliance obligations. Having different allowance and trading requirements within specific areas of New York State will create reliability concerns. Co-pollutants (NO_x, SO_x, PM_{2.5}, etc.) should not be

considered for the purposes of determining compliance obligations under the Cap and Invest Program, as this will result in double counting since federal and state programs already exist to regulate these pollutants. Compliance should be based on Greenhouse Gas emissions only and use a consistent, transparent methodology across sectors.

- Broader regional participation with neighboring markets will create the greatest level of system reliability benefits for New York State and neighboring electric grids. Our current electric grid neighbors are New England, PJM, Ontario, and Hydro Quebec. Daily, these electric grids complement each other in ensuring a reliable electric grid for the Northeast Region.
- NYSERDA and the NYSDEC propose to use the Integrated Planning Model (IPM). The IPM is not an hourly dispatch model and does not fully represent system transmission constraints. It does not optimize generation dispatch. Since this is a critical area of the regulatory rule development; we recommend a technical conference be held on this specific topic and the NYISO, NYSRC and other interested parties should be invited to participate and share their technical expertise.
- Any regulatory rule development must carefully incorporate the realistic timing of both generation and transmission and distribution upgrades, forecasted load growth due to electrification of other sectors, and any planned retirement of existing resources. Numerous markets such as California, Texas, and Germany have been required to maintain existing current operating resources due to other extenuating circumstances not under their complete control. New York State should do so as well.

- Many of the components currently part of the Regional Greenhouse Gas Initiative (RGGI) should be considered as that program was successfully implemented and has performed well since its inception date. Cost Containment Reserves and Offsets have been a means ensuring reliability in RGGI and other markets, including California. In this early stage of program development, the NYSRC recommends that the NYSDEC and NYSERDA consider the role offsets might play as an alternative compliance option.

Conclusion

The NYSRC appreciates the opportunity to submit these comments and respectfully requests their consideration by the NYSDEC and NYSERDA.