

ENVIRONMENTAL ENERGY ALLIANCE OF NEW YORK

7679 Bay Circle
Liverpool, NY 13090



November 30, 2016

Submitted via E-Mail to info@rggi.org

Re: Regional Greenhouse Gas Initiative 2016 Program Review – November 21, 2016 Stakeholder Meeting

Dear Mr. McKeon,

I am pleased to write on behalf of the Environmental Energy Alliance of New York, LLC (“the Alliance”; see list of company members on this page) to provide our comments on the 2016 program review, especially as it pertains to the stakeholder webinar on November 21. Alliance members own and operate electric generating and transmission and distribution facilities located throughout New York State and, in some instances, across the nation and the globe. The operations of Alliance members contribute to the reliability of the State’s electric grid and to the economic well-being of New York State.

The Alliance was unable to prepare extensive comments to meet the requested submittal date of November 30 and so can only provide these abbreviated remarks at this time. Our organization, by its nature, has a two-step process to provide comments; first, it is necessary to review the provided documentation and proposals so we can draft the requested comments; and, second, we must also get approval from our members before any submittal is filed. We believe that more time should be made available to stakeholders so that a meaningful review of the materials can be provided. In addition, the data associated with the tables presented at the webinar on November 21 were only made available the day after the meeting, exacerbating the time conundrum. In addition the proposed Emissions Containment Reserve is an entirely new concept that we need to analyze and discuss before we can prepare comments. Finally, the Thanksgiving holiday occurred between the date of the webinar and the date of the requested comments, making timely comments even more problematic.

The Alliance believes such an accelerated schedule is inappropriate. One of the most significant issues to be resolved is the status of the Clean Power Plan (CPP). At this point, the critical details for implementing the CPP are unknown and with the change in the Administration in Washington, the future viability of the entire program is in doubt. The Alliance maintains that RGGI should not implement any changes at this time and should rather plan on another program review process before the end of the current RGGI requirements in 2020. In addition, as the white paper we submitted to RGGI on May 27, 2016, explains, the major drivers for emission reductions and allowance costs to date (e.g., CO2 reductions from the declining use of coal and residual oil) will likely change in the future suggesting that significant changes to the RGGI program are premature. It is prudent to see what happens as these drivers change and wait until the next

*Central Hudson Gas & Electric Corporation
Consolidated Edison Company of New York, Inc.
Dynergy Power LLC.
Eastern Generation
National Grid
New York Power Authority
New York State Electric & Gas Corporation*

*NRG Energy, Inc.
Orange & Rockland Utilities, Inc.
PSEG Long Island
Rochester Gas & Electric Corporation
Roseton Generating, LLC
Selkirk Cogen
TransCanada*

program review before making any major changes to the RGGI framework given the uncertainties more definitively outlined in our May 27th white paper.

Stated another way, it is important to note that the RGGI allowance market has never operated in a condition of allowance scarcity. The last program review established interim emission caps with the express intent of drawing banked allowances into the marketplace so as to draw down the demonstrated surplus allowances available to compliance entities. Presuming that the analysis in the last program review was correct, the number of surplus allowances available should approach zero by 2020. How the auctions and the secondary market will respond to the first-ever scarcity situation is an unknown, so the RGGI States would be wise not to significantly alter the parameters of the RGGI market until this condition is fully explored in real-time. The proposal for an emissions containment reserve should also be evaluated in this context.

In closing, the Alliance also notes that IPM analyses that address the potential effect of the elimination of the CPP and how the emissions containment reserve would affect the results have not been prepared. The clear need for these model analyses further strengthens the need to expand the schedule until all stakeholders can analyze and understand the ramifications of these effects and changes and provide you with informed comments.

The Alliance will further review the material provided on November 21st and will offer additional comments at our first opportunity.

If you have any questions about the concerns expressed in this letter, please contact me at (315) 529-6711 or roger.caiazza@eeanyweb.org.

Sincerely,

A handwritten signature in cursive script that reads "Roger Caiazza".

Roger Caiazza
Director

xc: climatechange@dec.ny.gov