



## NYSRC RGGI COMMENTS

Via email

November 1, 2023

Andrew J. McKeon  
Executive Director  
Regional Greenhouse Gas Initiative, Inc.  
90 Church Street, 4th Floor  
New York, NY 10007  
Submitted electronically to [info@rggi.org](mailto:info@rggi.org)

Re: Response to RGGI Third Program Review September 26, 2023 Public Meeting

Dear Mr. McKeon:

I am writing on behalf of the New York State Reliability Council (NYSRC). NYSRC is a not-for-profit entity, organized in 1999 as a Delaware limited liability company and authorized by the Federal Energy Regulatory Commission. The NYSRC's mission is to promote and preserve the reliability of the New York State Power System by developing, maintaining, and, from time-to-time, updating the Reliability Rules which shall be complied with by the New York Independent System Operator ("NYISO") and all entities engaging in electric transmission, ancillary services, energy, and power transactions on the New York State Power System. The NYSRC regularly participates in various proceedings which could have reliability related considerations. We appreciate the opportunity to provide these comments.

The NYSRC comments focus on the proposed change to the compliance period, a recommended sensitivity analysis that reflects delays in the buildout of renewables, and the treatment of dispatchable emissions-free resources (DEFER) by the IPM modeling software.

## **Proposal to Change the Compliance Period from Three Years to One Year**

RGGI initially created a three-year compliance program to provide flexibility for participating compliance entities to account for weather variations, fuel price fluctuations, unit dispatch, unit forced outages, seasonable fuel availability, transmission related outages and other variables. The proposed one-year compliance period creates new operational uncertainties into the day-to-day energy markets (New England, NYISO, PJM, and others), and potentially creates new public safety considerations if a participating compliance entity is unable to secure the necessary allowances in the market to operate. High electricity load demand coupled with extended generating resource outages (zero emissions generating unit or transmission outages), fuel constraints or weather-related conditions impacting generation could result in an allowance supply/demand imbalance especially during the Fourth Quarter (4Q) of any calendar year if a one-year compliance period is adopted. This probability is heightened if the proposed program design includes a further declining allowance cap. The recent FERC-NERC Winter Storm Elliott Report provides an overview of system operations during a two-day December 2022 Extreme Cold Event. Fuel diversity was critical in managing electricity reliability for this event. All RGGI states were impacted by the event. The report is attached, and we believe it is informative for your decision making as you propose final program modifications.<sup>1</sup>

The three-year compliance period currently in place has worked well in smoothing the impacts of these daily, monthly, seasonal, and annual variations which naturally occur in every energy marketplace. We believe the current three- year compliance period provides the necessary balance to encourage environmental performance, preserve system reliability and prudently assure public safety.

## **Modeling to Account for Delays in Renewable Builds in 2025 – 2030**

The model outcome suggests that allowances will be readily available to cover the volume of emissions predicted. Specifically, the modeling documentation describes a significant drop in emissions from 2025 to 2030 owing to new renewable resources coming online and to significant fuel switching of existing fossil-fueled sources. A combination of factors is impacting new generating resources to market. Many of the

RGGI states have experienced delays or project cancellations for new emissions free resource development. The NYSRC recommends that RGGI states conduct a sensitivity analysis that accounts for higher emissions in 2025 – 2030 due to delays in bringing renewable resources online. The sensitivity analysis will inform important reliability related considerations.

### **Treatment of Dispatchable Emission-Free Resources in the Model**

The fact that DEFR presents a major technological feasibility challenge does not appear to be addressed by Integrated Planning Model (IPM) modeling completed to date. In a recent important publication ([2021-2040 System & Resource Outlook](#)) the NYISO modeled two scenarios assuming significant DEFR capacity by 2035, and a third scenario without DEFR in 2040. In the IPM modeling for the RGGI program review, ICF excluded DEFR in modeling until after 2040. The RGGI states should consider in its decision making a scenario in the IPM modelling for this program review to incorporate a more likely inclusion of dispatchable resources, consistent with the scenarios postulated by the NYISO which considered the potential delay of the arrival of DEFRs.

We appreciate the openness of the RGGI process, and hope these comments support an outcome that effectively advances environmental improvement while also prudently ensuring that system reliability and public safety are maintained.

Sincerely,

Christopher Wentlent  
Chair, New York State Reliability  
Council

---

<sup>i</sup> <https://www.ferc.gov/news-events/news/presentation-ferc-nerc-regional-entity-joint-inquiry-winter-storm-elliott>