

July 22, 2016

By Electronic Delivery

Hon. Audrey Zibelman  
Chair  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

**Re: Case 15-E-0302 – Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard**

Dear Chair Zibelman:

This letter is in response to the Commission’s request for comments on the Zero-Emissions Credit (ZEC) proposal issued by the Staff of the Department of Public Service (DPS Staff) on July 8, 2016. I respectfully request that this letter be incorporated into the record of this proceeding.

The NYISO supports the Governor’s “50 by 30” renewable goal. Moreover, the NYISO has on at least two prior occasions acknowledged the importance of nuclear generation to Governor Cuomo’s “50 by 30” objectives and New York’s proposed Clean Energy Standard (CES).<sup>1</sup>

Retaining the nuclear fleet is important not only to achieve the CES, but also to maintain electric system reliability. We note that the State’s nuclear power stations are non-emitting resources that already contribute significantly to the State’s production of clean energy and supply 30% of New York’s annual energy requirements. The NYISO shares the State’s concerns about the potential retirement of nuclear power stations whose economic and operational viability has been threatened because of historically low natural gas prices.

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<sup>1</sup> See NYISO’s Comments filed on April 22, 2016 in this proceeding at p. 6 and NYISO’s Supplemental Comments filed on July 8, 2016 in this proceeding at p. 12-13.

The NYISO's July 8<sup>th</sup> CES comments urged quick implementation of a short-term program to retain the State's nuclear generation resources as a bridge until a market-based solution can be implemented. On the same day, DPS Staff issued its ZEC proposal. Upon review of DPS Staff's proposal, the NYISO believes the proposal generally addresses our concerns that nuclear resources be retained until longer term market solutions can be developed.

The NYISO has an obligation under its federal tariffs to independently monitor and, where necessary, mitigate improper exercises of market power by sellers and buyers in the New York's wholesale electricity markets. Accordingly, the NYISO has reviewed and evaluated DPS Staff's proposal pursuant to its market monitoring and mitigation obligations. We have concluded, based upon current market conditions, that DPS Staff's proposal does not raise wholesale market power concerns.

In sum, DPS Staff's ZEC proposal appears to be a necessary solution to the State's nuclear retention concerns. The NYISO remains committed to working constructively with the Commission to achieve Governor Cuomo's clean energy objectives.

Very truly yours,



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Bradley C. Jones  
President & CEO

Filed with: Hon. Kathleen H. Burgess, Secretary  
New York State Public Service Commission