



IPPNY's

Clean Energy Standard Principles

The Independent Power Producers of New York, Inc. (IPPNY) hold the following key principles in relation to the development of a Clean Energy Standard (CES) in New York:

- ❖ Electric system reliability is paramount, and fuel diversity is important.
- ❖ The Public Service Commission already has decided repeatedly, when the competitive wholesale electricity market structure was created, within the Renewable Portfolio Standard case, and as recently as in the Reforming the Energy Vision proceeding, that independent power producers are best suited to own generation resources because of the benefits competition provides to energy consumers. Competitive wholesale electricity markets have worked, and the CES should be achieved by independent power producers through the mechanisms of the competitive market.
- ❖ The goal of the CES should be carbon dioxide emission reduction. The CES should be applied to all sectors of the economy as a whole and not solely to the electricity industry. The CES should not pick winners and losers.
- ❖ A market approach is essential; the CES approach must be consistent with the competitive wholesale electricity market in which private developers bear investment risk. The CES should be transparent to the market, so that it is easy to understand and administer in a low cost way.
- ❖ The CES program should not discriminate between technologies or between existing and new resources. New resources should not be eligible for higher payments for their low or zero emissions attributes than existing resources.
- ❖ Uneconomic generating facilities that are retained in the market, through ascribing a value to their attributes in a manner that is not otherwise available to other resources with the same attributes and that is not provided through a market mechanism, must be subject to buyer-side market power mitigation measures that prohibit them from artificially suppressing installed capacity prices. Uneconomic generating facilities that are retained in the market through targeted and discriminatory incentives should be prohibited from selling installed capacity in the New York Independent System Operator's administered market at less than the resources' going forward costs. This approach will ensure that installed capacity prices are not artificially suppressed by requiring the actual costs of subsidized resources to be reflected in market clearing prices.
- ❖ Current market prices are too low to support the existing fleet of resources, and generators are responding to price signals accordingly. Providing support that is not consistent with market principles for renewables, nuclear energy and other resources that could not survive on existing low wholesale electricity prices will result in a cascading problem that threatens the viability of the remaining competitive wholesale electricity market.