

Carbon Pricing Benefits NY's Economy & Public Health



The impact of the COVID-19 pandemic has created great uncertainty for the New York economy. Studies show adding a social cost of carbon can help by reducing the cost of electricity while also helping communities with poor air quality by providing a strong economic incentive for repowering older power plants in New York City with cleaner, more efficient technology.

Economic, health + other benefits include:

1. Accelerated entry of renewable projects, and retirement of fossil fuel units: A price on carbon will increase financing options for clean energy by providing improved revenue certainty. It will also encourage owners of older fossil fuel units to deactivate or improve efficiency, especially downstate.



2. Revenue streams and economic benefits: Carbon pricing can reduce state-funded clean energy costs, leaving funds available for other uses during times of COVID-related constraints. It will also send clear signals to encourage investments in clean energy.



3. Public health impacts & Environmental Justice: A carbon price will help reduce air pollution in urban communities most impacted by poor air quality as well as by COVID-19.



How does carbon pricing work?



New York State sets a social cost of carbon as a price per ton of emitted CO₂ based on the impact to the environment



Power plants pay for the carbon they release into the atmosphere



Generation owners receive economic incentive to invest in low-carbon or carbon-free resources like wind, solar and hydro



New Yorkers benefit from reduced costs and lower emissions



Wholesale energy markets have tremendous, proven power to lower emissions. Adding a carbon price would reduce the state's clean energy costs and provide clear investment signals that promote new development.

— Emilie Nelson
EVP, New York ISO



New York: the 11th largest global economy

Our carbon pricing proposal could serve as a model to the rest of the nation and beyond, demonstrating New York's strong leadership and creative solutions.

Carbon Pricing Benefits NY's Economy & Public Health

The history of carbon pricing in New York



The NYISO forms a working group with the Department of Public Service, to explore ways to help the state meet its clean energy goals.

2017



After meeting over 30 times the working group drafts a proposal to integrate carbon pricing into the wholesale energy markets.

2018

The Brattle Group is commissioned to analyze the proposal, and finds that long-term consumer cost-reductions would result.

CLCPA requirements

70% renewable goal by 2030



100% zero-emission goal by 2040



The Climate Leadership & Community Protection Act leads the nation in climate legislation

- Sets new requirements for transitioning to clean energy
- Targets clean energy investment to benefit disadvantaged communities

2019

The Analysis Group, commissioned by the NYISO, determines that carbon pricing can help the state reach CLCPA mandates faster and more cost-effectively while reducing emissions and maintaining grid reliability.



Carbon pricing is now an ever more compelling tool for meeting our clean energy, economic and public health needs.

— Rich Dewey
President & CEO,
New York ISO



2020



Support for carbon pricing builds from labor, environmental and community groups in public comments and studies include: NY League of Conservation Voters, IBEW Local #97, American Wind Energy Assoc., Alliance for Clean Energy New York and others



COVID-19's devastating impact on New York's clean energy economy and the health of Environmental Justice communities make carbon pricing benefits more compelling than ever

Next steps

1. If the state and NYISO stakeholders support moving forward with carbon pricing, stakeholders vote whether to approve carbon pricing wholesale market rules.
2. NYISO Board of Directors votes whether to integrate carbon pricing into New York's wholesale energy markets.
3. The Federal Energy Regulatory Commission considers acceptance of the NYISO's carbon pricing proposal.
4. The state sets the social cost of carbon as a price per ton of CO₂ emissions.
5. NYISO incorporates the state's carbon price into the wholesale energy markets.

Follow us

NewYorkISO nyiso www.nyiso.com/blogs