

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Carbon Pricing in FERC-Jurisdictional)	Docket No. AD20-14-000
Organized Regional Wholesale Electric)	
Energy Markets)	

**COMMENTS OF THE
NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

The New England States Committee on Electricity (“NESCOE”) files these comments pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) April 21, 2020 Notice of Request for Technical Conference or Workshop in the above-referenced docket (“Request”).¹ On April 13, 2020, a group including market participants and trade associations (“Filing Parties”) filed the Request with the Commission to “convene a technical conference or workshop to discuss integrating state, regional, and national carbon pricing in FERC-jurisdictional organized regional wholesale electric energy markets.”²

I. DESCRIPTION OF COMMENTER

NESCOE is the Regional State Committee for New England. It is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff that ISO New England Inc. (“ISO-NE”) administers.³ NESCOE’s mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the

¹ To the extent necessary, NESCOE also files these comments pursuant to Rule 211 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.211 (2020), as indicated in the Commission’s April 21, 2020 notice.

² Request for Technical Conference or Workshop of Advanced Energy Economy, et al., Docket No. AD20-14-000 (filed April 13, 2020).

³ *ISO New England Inc.*, 121 FERC ¶ 61,105 (2007). ISO-NE is New England’s Independent System Operator (“ISO”) and Regional Transmission Organization (“RTO”).

lowest possible price over the long-term, consistent with maintaining reliable service and environmental quality. These comments represent the collective view of the six New England states.

II. COMMENTS

NESCOE appreciates the opportunity to comment on the Request. NESCOE does not agree that there is a need for a FERC technical conference on carbon pricing in New England.

In New England, NESCOE, ISO-NE, and the New England Power Pool (“NEPOOL”) have a process underway to assess current analysis and to conduct any incremental gap analysis to inform discussion of potential future market frameworks that contemplate and are compatible with the implementation of state energy and environmental laws. In light of NESCOE’s observations that for ISO-NE’s wholesale competitive markets to be sustainable, they must reasonably account for state energy and environmental legal requirements and do so without shifting the costs of one state’s policy preferences onto another, as well as various market participants’ associated expressions of interest, there will be a continued focus on this issue in New England throughout 2020. That process is NESCOE’s preferred pathway to inform discussion of the carbon-related requirements of New England state laws and markets and the range of potential solutions.

Additionally, alongside other important state energy programs and mechanisms, the New England states have for more than a decade collectively implemented carbon pricing in the form of the Regional Greenhouse Gas Initiative (“RGGI”). RGGI is a cooperative multi-state effort across New England and the mid-Atlantic to reduce greenhouse gas emissions. Each participating state has established its own distinct state-centric CO₂ Budget Trading Programs connected to specific state statutory or regulatory authority. By state agreement, the carbon

budgets across all the participating states' CO₂ Budget Trading Programs are summed to form the RGGI regional CO₂ cap on emissions from electricity generating units. Each individual state's CO₂ Budget Trading Program issues CO₂ allowances, and establishes participation in regional CO₂ allowance auctions. When participating states assess that programmatic changes may be in order, they commence a program review through a process that maximizes opportunity for broad stakeholder engagement. In NESCOE's view, RGGI continues to be the most appropriate venue for implementation of any carbon-pricing mechanism intended to meet the requirements of New England state laws.

In 2017, NESCOE communicated to New England market participants that it does not support an additional, separate carbon pricing-style mechanism to execute the requirements of various states' laws that ISO-NE would administer and that would be subject to FERC jurisdiction and oversight. That view has not changed. The reasons are fundamental and self-evident. As one example, state officials are, of course, legally obligated to execute state laws. Putting aside whether new legislative authority would be required for a state to implement additional carbon pricing through the ISO-NE markets—a material question—the current federal jurisdictional framework that accords certain legal authority to ISO-NE over the administration of its markets and oversight to FERC would leave no meaningful role to the New England states in monitoring, effectuating, modifying, or preventing modifications to the market rules governing the pricing of carbon pursuant to state mandates.

Ongoing New England state analysis⁴ and the established stakeholder process underway will inform discussion in New England about a range of options available to account for state

⁴ See, for example, the Massachusetts Decarbonization Roadmap, available at <https://www.mass.gov/info-details/ma-decarbonization-roadmap> and the Connecticut Clean Energy Pathways Analysis, available at <https://portal.ct.gov/DEEP/Energy/Integrated-Resource-Planning/Integrated-Resource-Planning>.

energy and environmental laws. NESCOE does not believe a broad FERC technical conference covering all ISOs/RTOs on one possible solution, *i.e.*, carbon pricing, is necessary, and may prematurely, and inappropriately, spotlight one option over others.

III. CONCLUSION

NESCOE appreciates the opportunity to provide its views on the Filing Parties' request. While NESCOE does not see a need for a FERC technical conference to discuss carbon pricing in New England, NESCOE requests the opportunity to speak about its views should the Commission schedule such a session.

Respectfully submitted,

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Date: May 21, 2020

CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Portsmouth, New Hampshire this 21st day of May, 2020.

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