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Carbon Price, Transparent Open Markets Should Drive Clean Energy Efforts
States: Look to Regional Markets to Achieve Energy Goals, Says EPSA’s Todd Snitchler

Washington, D.C. – In light of ongoing conversations surrounding how competitive electricity markets can facilitate environmental goals, the Electric Power Supply Association (EPSA) today formally announced its support for a price on carbon or other economy-wide, market-based mechanisms to reduce carbon dioxide emissions.

“EPSA and its members—America’s competitive power suppliers—support efforts to combat climate change through transparent, open, and nondiscriminatory competitive markets, such as an economy-wide price on carbon,” said EPSA President and CEO Todd Snitchler. “Markets do not stand in the way of state energy goals; states and taxpayers benefit when markets encourage generators to make smart investments and retire older plants as cleaner fuels and technology become cost competitive. A competitive market approach will deliver results faster and at lower cost than a rigid patchwork of state mandates.”

Snitchler expanded on EPSA’s position, saying “We must allow all resources to compete to reduce carbon and other emissions. Competitive markets that incorporate both environmental and reliability requirements will yield the lowest cost set of resources and technologies that jointly produce the greatest emission abatement while maintaining reliability.”

EPSA Chairman and LS Power CEO Paul Segal echoed support for transparent, open, and nondiscriminatory competitive markets. “By moving toward market-based solutions to address carbon emissions, we would eliminate the inflated costs to customers of resource-specific subsidies while incentivizing companies to find the most efficient solutions,” he stated. “Electric sector CO2 cap-and-trade programs, like RGGI or California’s program, are steps in the right direction. We support bold action to address this important issue comprehensively through an economy-wide program.”

Markets Work

Regional wholesale markets such as those overseen by PJM Interconnection, the New York Independent System Operator (NYISO), and ISO-New England provide significant benefits for customers and reliability. The markets have also resulted in emissions reductions as signals incentivized greater efficiency and coal plant retirements. In the PJM region alone, emissions have declined 30% since 2005, with annual cost savings of $3.2-4 billion. In New York, emissions have dropped 51% with a 23% decrease in costs since NYISO’s inception.
“When public policies price carbon, the markets become powerful tools to more aggressively decarbonize. EPSA and our members welcome a conversation surrounding how the market can advance sustainable environmental progress while ensuring reliable service at the lowest possible cost,” Snitchler continued.

“For more than 20 years, competitive power suppliers have been leaders in adopting new, cleaner technology while providing reliable electricity at the lowest possible cost. They have made these investments at their own risk, without support from out-of-market subsidies or guaranteed returns from ratepayers,” said Snitchler.

“We cannot forget that competition among power generators released consumers from the high costs, inefficiencies, and inflexibility of a monopoly utility regime—and we have seen tremendous benefits since its inception. As states and others seek to address climate change, we must not abandon competition. Rather, we must aim the transformative power of competition to address environmental objectives,” Snitchler concluded.

A Growing Call

EPSA’s announcement comes amid growing consensus from a variety of stakeholders including industry participants, economists, and policymakers that market-based solutions such as carbon pricing are the most effective way to achieve deep decarbonization without sacrificing economic growth.

As they continue to invest in more efficient and cleaner power generation technology, including renewables, many EPSA members have long-supported market-based mechanisms such as carbon pricing, and have adopted emissions reductions and clean energy targets, as well as joined coalitions with similar goals.

Sustainable environmental progress has long been a priority for EPSA, which called for “comprehensive, mandatory federal legislation to minimize the impact of greenhouse gases on the environment” in a February 2007 press release—making it the first national trade association representing the electric industry to do so.

In the 2007 release, the EPSA Board noted “A consistent, uniform national policy that maintains American economic competitiveness and fosters the development and deployment of low-carbon technologies would be far more effective than a state-by-state approach, each with their own requirements. To help ensure that there is a level playing field to minimize the cost of investing in these technologies, we also recommend that all investment in new power generation face a competitive test to get the best deal for customers.”

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The Electric Power Supply Association (EPSA) is the national trade association representing America’s competitive power suppliers. EPSA members provide nearly 150,000 MW of reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies including natural gas, wind, solar, hydropower, geothermal, storage, biomass, and coal. EPSA seeks to bring the benefits of competition to all power customers. Learn more at [www.epsa.org](http://www.epsa.org) and connect with us on [LinkedIn](http://www.linkedin.com) and Twitter [@EPSAnews](http://www.twitter.com).