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Power Generators, Industry Groups, and Think Tanks Ask FERC to Examine Carbon Pricing to Reduce Emissions

Broad Coalition Jointly Requests Technical Conference or Workshop to Discuss Carbon Pricing in Wholesale Electricity Markets

Washington, D.C. – As U.S. policy makers look for cost-effective ways to tackle climate change, a diverse coalition of power generators, trade associations, and think tank experts [this week asked](#) the Federal Energy Regulatory Commission (FERC) to examine the policy options and implications of carbon pricing policies in competitive wholesale electricity markets. The request, submitted before FERC by a broad cross section of the electric industry and think tank voices, comes at a time when many states, utilities and electric markets are already considering policies that reduce carbon emissions in the electric sector and grappling with whether to integrate carbon pricing directly into the markets.

The signatories note “The unique features of organized wholesale electricity markets create an opportunity for integrating policies that directly price carbon emissions into energy market operations. The coalition highlight that a number of organized markets such as the New York Independent System Operator have supported or are considering how to incorporate a price on carbon.

As some states consider aggressive policy levers to reduce carbon emissions and integrate cleaner power generation technology, with implications for consumers, efficiency, and innovation, the petitioners suggest that market-based mechanisms such as carbon pricing could be a powerful, efficient, and cost-effective tool to drive down emissions and achieve state goals while preserving the economic benefits of competitive wholesale electricity markets. Since introduced, market competition has saved U.S. electricity customers billions and spurred innovation and the integration of renewable resources, while also resulting in significant emissions reductions.

The request does not draw conclusions nor recommend that FERC institute a rulemaking proceeding or implement or encourage a specific policy. Rather it urges the commission to use its convening authority to gather a wide range of stakeholders to examine a variety of mechanisms and to discuss the implications of states or other entities adopting carbon pricing policies in regions with organized

wholesale electric energy markets. The stakeholders note the time is ripe for such a conversation, writing “This dialogue would complement state, regional, and national discussions currently taking place.”

The full list of signatories includes [Advanced Energy Economy](#), the [American Council on Renewable Energy](#), the [American Wind Energy Association](#), [Brookfield Renewable Partners](#), [Calpine Corporation](#), [Competitive Power Ventures](#), the [Electric Power Supply Association](#), [PJM Power Providers Group](#), the [Independent Power Producers of New York](#), the [Natural Gas Supply Association](#), [LS Power](#), [NextEra Energy](#), the [R Street Institute](#), and [Vistra Energy](#). Statements from the petitioners are provided below:

Jeff Dennis, general counsel and managing director, Advanced Energy Economy:

“Two overwhelming factors are impacting wholesale energy markets today. Low- and zero-carbon advanced energy technologies have become the most cost-effective options for meeting consumer needs. And state policymakers are enacting policies and large corporate customers are making commitments to 100 percent clean energy. Pricing carbon emissions is one of the tools, along with complementary policies, that states are considering to make this transition quickly and cost-effectively. FERC convening a dialogue on carbon pricing would be a good first step toward a much needed conversation about how the entire suite of state policies can be better integrated into the competitive wholesale electricity markets.”

Gregory Wetstone, president and CEO, American Council on Renewable Energy:

“As America’s wholesale power markets weather unprecedented turmoil, thoughtful carbon pricing can serve as an effective complement to state policies like renewable energy standards which are designed to accelerate the transition to pollution-free, renewable power. Carbon pricing can play an important role in a comprehensive climate solution, and we look forward to working with FERC and this diverse coalition to explore effective carbon pricing models and other timely measures that allow us to mitigate the harmful impacts of climate change.”

Amy Farrell, senior vice president, American Wind Energy Association:

“Increasingly, policymakers at the regional and state levels are enacting laws to reduce the carbon dioxide emissions that contribute to climate change. With that in mind, a number of competitive wholesale electricity markets are exploring or developing proposals to help achieve these policies by pricing carbon emissions directly in energy market operations. These proposals have the potential to reduce carbon emissions in a way that complements the competitive structure of electricity markets—improving market efficiency, lowering costs to consumers, and ensuring reliability—making this approach an important opportunity for wholesale market stakeholders to consider. The time is ripe for FERC to hold a conference to allow stakeholders to trade ideas and information on the merits of integrating carbon pricing into FERC-jurisdictional markets.”

Thad Hill, president and CEO, Calpine Corporation:

“Calpine’s core principles include support for competition and environmental stewardship. We believe that placing an economy-wide price on carbon will spur competitive markets to produce the most cost effective and environmentally responsible solutions. A Commission-sponsored technical conference or workshop will provide an important forum to allow the Commission and stakeholders to discuss these issues at the state, regional and national level.”

Tom Rumsey, senior vice president, External & Regulatory Affairs, Competitive Power Ventures:

“CPV continues to believe that a well-structured, competitive market with appropriate price signals provides the most economic, reliable and environmentally responsible path forward. Putting a price on carbon is a critical step in reaching our goal of reducing carbon emissions from the power sector while improving reliability, protecting consumers and incentivizing innovation. Competitive markets can and should be a powerful tool, not an inhibitor to reaching our decarbonization goals.”

Todd Snitchler, president and CEO, the Electric Power Supply Association:

“America’s competitive electricity markets are a success story—and market-based mechanisms such as carbon pricing could be a powerful tool as we write the next chapter. Consumers have benefited from low prices, while market signals have driven swift and substantial emissions reductions and investment in newer, cleaner technology. With appropriate market-based tools such as carbon pricing in place, the markets can harness the power of competition to integrate new resources and deliver meaningful environmental progress in the next decade—while ensuring reliable energy at prices American families and businesses can afford. We look forward to working with FERC and all stakeholders to build a durable regulatory framework for sustainable environmental progress.”

Gavin Donohue, president and CEO, Independent Power Producers of New York:

“Reliable, affordable, efficient—these are the hallmarks of the energy sector in New York as a result of competitive markets. Carbon pricing will build on that success, harnessing the power of competition to unlock technical innovation and more cost-effective means to reach our state’s critical climate and energy goals. We have to get this right for the benefit of consumers and our environment. Having an open dialogue at FERC on carbon pricing proposals around the country will allow us to share perspectives and develop stronger policies for our regions.”

Paul Segal, president and CEO, LS Power:

“LS Power is excited to join a FERC sponsored discussion of a market-based framework for energy supply that could more effectively advance the ability of RTOs to accommodate regional and state environmental policy goals.”

Dena Wiggins, president and CEO, Natural Gas Supply Association:

“Our hope is that FERC’s willingness to convene a broad stakeholder discussion on carbon pricing will prompt states to seriously consider it as a solution to meeting consumers’ needs and clean energy targets. State and regional efforts to price carbon in the power sector, especially when well-designed and implemented in conjunction with other states on a regional basis, represent an important step toward alignment with broader carbon reduction. Competitive markets have provided significant

savings for consumers and should continue to be supported as the most effective means to advance carbon reduction goals that are sustainable over the long-run.”

Glen Thomas, president, PJM Power Providers Group:

“The piecemeal carbon policies that are emerging in the PJM footprint are growing increasingly problematic and leading to less efficient markets for consumers. It is time for a regional and national conversation in order to evaluate whether there is a better regional solution out there. We hope that FERC accepts this opportunity to facilitate that conversation.”

Devin Hartman, director, Energy and Environmental Policy, the R Street Institute:

“Harmonizing state climate policies with competitive wholesale markets is critical. We need a national dialogue on what states and FERC can do to improve the performance of markets in a climate-constrained context. FERC is the natural lead institution to convene an overdue dialogue and examining carbon pricing in FERC jurisdictional markets is a great place to start. Pricing carbon is the most cost-effective and innovation-yielding approach to drive emissions cuts beyond business-as-usual, but it must be done through the proper channels.”

Curt Morgan, president and CEO, Vistra Energy

“As states, regions, and our country weigh options to combat climate change, FERC will continue to play both a unique and important role in the implementation of new policies within its regional markets. Carbon pricing is an equitable solution that will spur innovation in carbon-reducing and carbon-free technologies while leveling the playing field and preserving the unprecedented U.S. economy. It would unleash powerful competitive forces in the market, allowing companies to make informed, long-term, strategic choices about their businesses and operations. While Vistra strongly believes that a nationwide carbon-pricing policy, like the CLC’s Bipartisan Climate Roadmap sets forth, is the most effective, achievable, and fair solution, our company also holds that regional carbon pricing is a worthy intermediate step and a discussion at FERC could facilitate further discussions at the ISO and regional level.”

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