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FERC POLICY STATEMENT SIGNALS PROMISE OF CARBON PRICING IN WHOLESALE ELECTRICITY MARKETS

Today, the Federal Energy Regulatory Commission (FERC) finalized a policy statement affirming its intention to accommodate a state-determined carbon price in wholesale electricity markets.

Burçin Ünel, Energy Policy Director at the Institute for Policy Integrity at NYU School of Law, has released the following statement:

“FERC is clarifying that carbon pricing can play a meaningful role in wholesale electricity markets. This promising approach can leverage wholesale market mechanisms to address greenhouse gas emissions in a technology-neutral and economically efficient manner. While, as Chairman Glick said, the details of specific proposals will be important, this step signals the Commission’s openness to proposals for state-determined carbon pricing in wholesale markets and its recognition that carbon pricing is consistent with the Commission’s authority under the Federal Power Act.”

The Institute for Policy Integrity has done extensive research on carbon pricing in wholesale electricity markets. Our report on carbon pricing in wholesale markets provides in-depth analysis of the key legal and economic principles that stakeholders must consider, and identifies several effective policy-design approaches.

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*The Institute for Policy Integrity* at New York University School of Law is a non-partisan think tank dedicated to improving the quality of government decisionmaking. The institute produces original scholarly research in the fields of economics, law, and regulatory policy; and advocates for reform before courts, legislatures, and executive agencies.