

From: **Roger Caiazza** <roger.caiazza@gmail.com>

Date: Thu, Mar 4, 2021 at 3:26 PM

Subject: Re: Value of Guidance Document Emission Reduction Benefit Calculation Example

To: Hagell, Suzanne E (DEC)

Cc: Pandich, Jason P (DEC)

Dr Hagell,

This is a follow up to your February 26, 2021 response to my concerns about that the value of carbon guidance currently incorrectly calculates benefits. Because E3 is currently incorporating the value of avoided GHG emissions based on this guidance I believe it is important to address this issue now rather than waiting for an update of the guidance as you recommended.

On February 26, 2021 the integration analysis technical resources were updated:

- [Draft Inputs and Assumptions Summary](#) [PDF]
- [Draft Inputs and Assumptions Workbook](#) [XLSX]

They describe the inputs and assumptions for the economy wide analysis of energy supply, energy demand and other aspects of the economy affected by the CLCPA. I have attached the Cost Accounting Philosophy from the Draft Inputs and Assumptions Summary. It notes that "Value of avoided GHG emissions will be calculated based on guidance developed by DEC.

Given that the difference between the methodologies is so large I believe it is appropriate to address this now. At the very minimum, it would be a good idea to contact E3 directly and let them know about this issue.

Thank you for your attention.

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Cost Accounting Philosophy

- + **The Pathways framework produces economy-wide resource costs for the various mitigation scenarios relative to a reference scenario**
 - The framework is focused on annual societal costs and benefits and does not track internal transfers (e.g., incentives)
- + **Outputs are produced on an annual time scale for the state of New York, with granularity by sector**
 - Annualized capital, operations, and maintenance cost for infrastructure (e.g., devices, equipment, generation assets, T&D)
 - Annual fuel expenses by sector and fuel (conventional or low-carbon fuels, depending on scenario definitions)
 - Does not natively produce detailed locational or customer class analysis
- + **Value of avoided GHG emissions will be calculated based on guidance developed by DEC**