



*The mission of the ADIRONDACK COUNCIL is to ensure the ecological integrity and wild character of the ADIRONDACK PARK.*

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October 5, 2011

Nicole Singh  
Acting Executive Director  
Regional Greenhouse Gas Initiative, Inc.  
90 Church Street, 4th Floor  
New York, NY 10007

#### **RE: Regional Greenhouse Gas Initiative Program Review**

Dear Ms. Singh,

The Adirondack Council, New York's largest member-based, not-for-profit organization dedicated to preserving the ecological integrity and wild character of the Adirondack Park, thanks for the opportunity to comment on the Regional Greenhouse Gas Initiative (RGGI) and touch upon some ways to improve the program.

The Adirondack Council is pleased that New York is a leader in the fight to limit the impacts of global climate change. Global climate change has drastically affected communities within the Adirondack Park and the state of New York both environmentally and economically. The Council is grateful to Governors Pataki, Spitzer, Paterson and Cuomo for recognizing the benefits of cap and trade and their leadership and dedication to preserving the health of New York's environment and its citizens.

New York and other supportive RGGI participants have led the way for significant emissions reductions as well as renewable and efficient technologies. Still, more must be done to limit the amount of carbon dioxide (CO<sub>2</sub>) emitted by power plants.

The Adirondack Council has been an active participant in the stakeholder process and the RGGI auctions. To date, we have placed winning bids in eight of the 13 auctions held. We have a unique role as both a proponent for RGGI, as well as an active participant in the auctions.

Recently, the Council filed an affidavit in support of Attorney General Eric Schneiderman's motion to dismiss a lawsuit that seeks to remove New York from RGGI. The lawsuit was filed at the urging of Americans for Prosperity in a misguided attempt to undermine RGGI and New York's goal of clean and sustainable energy sources.

#### **DEFENDING THE EAST'S GREATEST WILDERNESS**

342 Hamilton Street Albany, New York 12210 tel 518.432.1770 fax 518.449.4839 info@adirondackcouncil.org  
103 Hand Avenue, Suite 3 P.O. Box D-2 Elizabethtown, New York 12932-0640 tel 518.873.2240 fax 518.873.6675



In the past, the Adirondack Council has expressed concerns regarding the emissions cap and its impact on the integrity and effectiveness of the RGGI program. The Council would like to reiterate our concerns regarding the over-allocation of the region-wide CO2 allowances. Currently, New York's portion of the cap is over 30% higher than recorded emissions. An accurate, binding CO2 cap is crucial to the program's success. Having a realistic cap gives the program credibility and makes certain that the desired reductions are in fact achieved. The New York Department of Environmental Conservation (DEC) should take this time to revisit the current cap and make significant reductions of 33-50% to ensure the efficacy and success of the program.

A recent report indicated that even if reductions are enacted next year, the current overabundance of allowances would take several years to be used up before it would have any effect on the program. It has been estimated that even if changes are made by 2012, the accumulated total of unused allowances will not be used up until 2018. Analysts have estimated that RGGI states are holding 117 million short tons' worth of unsold greenhouse gas emissions allowances. These unsold allowances are sufficient enough to meet compliance for the entire system for one year. Lackluster auction participation in 2012 and beyond will only exacerbate the problem.

The Council has previously commented on the current set-aside program, stating that the proposed economic harm to power companies and utilities would be minimal at best. The Council remains unimpressed with the set-aside program and requests that it either be discontinued, or, at the very least, suspended pending further review. With the market price for allowances at an all-time low and fewer auction participants, it appears less likely that significant economic harm will befall power companies. Additionally, the offsets program, which suffers from a lack of participation, should be discontinued.

Also, given the current price of allowances, the Council requests that DEC consider raising the floor price for the RGGI auctions from \$1.89 to \$3.00. As an auction participant, the Council believes this increase will not result in undue economic harm and will assist in generating more revenue for clean and efficient energy sources. Additionally, raising the price, coupled with reducing the number of allowances auctioned would help to make the program revenue neutral for states inasmuch as it will ensure a higher price for the fewer allowances being auctioned.

Lastly, recent backlash against cap and trade has pushed the fight for federal legislation further into the future. Hyperbolic assertions and grandstanding on the part of politicians and corporations have stymied the process of reducing emissions. Sadly climate change will not wait for favorable bureaucratic conditions; it is critical that we act now to ensure our future generations will have clean air, water, and a safe environment in which to thrive. Rather than wait for the political tides to turn, it would behoove DEC and RGGI to take the first steps in creating a national climate change initiative.

The success of RGGI has inspired the Western Climate Initiative (WCI) and the Midwestern Greenhouse Gas Reduction Accord (MGGRA). Given the current status of both WCI and MGGRA, DEC and RGGI stakeholders should look into joining forces with WCI and MGGRA to form a national cap and trade initiative rather than wait for federal legislation.

Thank you again for this opportunity to comment on the Regional Greenhouse Gas Initiative Program Review. The Council looks forward to continued participation in future auctions and to the continued success of a model program which will improve the health and welfare of all citizens.

Sincerely,



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Alanah Keddell  
Legislative Associate