



**Preliminary Comments of NextEra Energy Resources, LLC
RGGI Program Operations Review
April 3, 2012**

NextEra Energy Resources, LLC (NextEra Energy) appreciates the opportunity to provide comments on the RGGI Program Operations Review. NextEra Energy commends RGGI, Inc. and the participating states for their continued leadership role in confronting the critical problem of reducing greenhouse gas emissions. By way of background, NextEra Energy is one of the largest and cleanest power generating companies in North America with operations in 23 states and Canada. We are the nation's largest generator of energy from the wind and sun, the largest producer of hydroelectric power in Maine and own and operate three nuclear generating facilities in the United States. We also have a number of fossil-fired generating assets within the RGGI region that are subject to RGGI compliance obligations.

NextEra Energy, Inc., our parent company, has been a corporate leader on the critical issue of reducing greenhouse gas emissions. We have participated in the U.S. Department of Energy's Voluntary Reporting of Greenhouse Gas emissions 1605(b) program beginning in 1995. NextEra Energy, Inc. is a charter member of the U.S. Environmental Protection Agency's Climate Leaders Program. Additionally, NextEra Energy, Inc. is one of the fourteen original signatories of the U.S. Climate Action Partnership (USCAP), an alliance of diverse organizations that has called on the federal government to enact strong national legislation to achieve significant reductions of greenhouse gas emissions.

Regionally, NextEra Energy participated in the development of the Regional Greenhouse Gas Initiative since its inception, including both program structure and auction design. While we believe there should be a uniform, national standard for reducing CO₂, in the absence of such a standard, NextEra Energy will continue to support RGGI and other regional greenhouse gas reduction efforts.

NextEra Energy's comments are as follows:

Program Operations: CO2 Allowance Auction Operations

In general, the design and operation of the RGGI CO2 allowance auctions has worked very well. The process of participating in auctions has been transparent and user-friendly. The bid limitation (25 percent), designed to inhibit the exercise of market power, was a feature that we advocated ahead of RGGI's implementation – it continues to be an important attribute. The integration of an Independent Market Monitor continues to be a positive feature as well, ensuring that all aspects of the auction process and its outcomes remain competitive. Periodic reports from the Independent Market Monitor have been well-crafted and contain valuable information for all market participants.

On the Auction Administration Process, we would note the following:

- **Unsold Allowances** – The disposition of allowances that go unsold in the auctions should not be an arbitrary decision made at some future date. This is an issue that can, in fact, have an important influence on participant behavior. To maximize transparency and fairness to all market participants and market observers, and for the market to function properly, any policy on the disposition of unsold allowances should be established and announced in advance – preferably in advance of a control period, but certainly in advance of specific auctions.
- **Invoicing** – NextEra Energy strongly encourages RGGI to issue formal invoices for allowances purchased in auctions, whether electronically and/or in hard copy. Currently, participants' only notification of auction results is via the website upon logging in. The lack of invoicing is problematic from an internal accounting processing standpoint; correcting this problem and establishing electronic invoicing would seem to be a relatively simple matter.

Program Operations: RGGI COATS Operations

In general, the design and operation of RGGI COATS represent positive aspects of the program. The platform, administered by SRA International, Inc., works well and is relatively user-friendly and flexible. With limited exception, the reports posted are very useful. Specifically, our comments are as follows:

- Public Reports/Offsets – Reports on offset credits are generally lacking and not as useful as they could be. Specifically, it would enhance transparency to have reports on:
 - Offset Projects: Applications filed, in process and approved
 - Offset Credits: Credits issued; credits available
- Voluntary Renewable Energy (VRE) – Any reporting around the VRE program is entirely lacking. There are no centralized reports available.

Potential Modeling Revision Scenarios and Preferences

NextEra Energy appreciates the effort to date on modeling specific scenarios, understanding that others may be modeled in the future. We strongly suggest that any current and future model/scenarios incorporate the federal GHG New Source Performance Standards (NSPS) rule and the Mercury Air Toxics Rule (MATS). We also request that for accuracy, any future modeling scenarios incorporate any proposed major transmission projects, including the Northern Pass Transmission Project and the Champlain-Hudson Power Express.

Conclusion

NextEra Energy Resources LLC thanks RGGI, Inc. for this opportunity to comment. We look forward to continued productive discussion and participation in future stakeholder sessions.