

SAVE OUR SOUND

alliance to protect nantucket sound

May 22, 2006

Regional Greenhouse Gas Initiative

Submitted electronically to:

http://www.rggi.org/stakeholder_schedule.htm

RE: Comments regarding Regional Greenhouse Gas Initiative (RGGI) Model Rules

RGGI Staff Working Group (SWG):

On behalf of the Alliance to Protect Nantucket Sound (APNS), I am writing in response to the Regional Greenhouse Gas Initiative's (RGGI) request for comments regarding draft model rules. APNS strongly supports the development of the RGGI initiative to reduce greenhouse gas emissions.

APNS is a nonprofit environmental organization dedicated to protecting Nantucket Sound in perpetuity through conservation, environmental action, and opposition to inappropriate development that would threaten or harm the coastal ecosystem. The Alliance serves as Nantucket Soundkeeper, through designation by the national Waterkeeper Alliance, and has responsibility to serve as an advocate of the Sound in terms of maintaining its environmental integrity. We are probably best known for our opposition to the CapeWind project, which would install 130 wind turbines in a tract of 24 square miles in the middle of Nantucket Sound.

APNS believes that the threat of global warming is real and supports immediate corrective action. We believe that the threat should be addressed by comprehensive programs such as RGGI. Past experience with similar cap and trade programs has demonstrated that they reduce emissions effectively, without requiring a large bureaucracy. They achieve these reductions at a fraction of the control costs predicted before they began operation.

It is against this background that APNS offers these comments on the RGGI model rules. Because APNS has developed specific expertise in wind energy, these comments include an assessment of how wind energy should, and how it should not be incorporated into the RGGI system, in addition to our comments and suggestions about the program in general.

Our comments will address the offset provisions in the draft rule both generally and specifically as requested by the Staff Working Group.

Offset Issues Generally:

We support RGGI's proposal to allow extra emissions allowances (beyond those authorized in the cap) for projects which successfully reduce greenhouse gas emissions from sources not subject to the cap. However, we also agree with RGGI that too much

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reliance on the offset approach could undermine the effectiveness of the cap. While flexibility and efficiency in emissions reduction should be encouraged, because of the amount of time that CO2 stays in the atmosphere, the focus should be on reducing emissions within the jurisdiction, not just compensating for them. Established alternative methods of generating electricity, such as wind, should not be eligible for offset credit since this would undermine the cap incentives. We agree that offset provisions should be granted only for those types of projects explicitly listed in model rule 10.3 namely, 1) landfill methane capture and destruction; 2) reduction in emissions of sulfur hexafluoride (SF6); 3) Sequestration of carbon due to afforestation; 4) reduction or avoidance of CO2 emissions from natural gas, oil, or propane end-use combustion due to end-use energy efficiency; 5) Avoided methane emissions from agricultural manure management operations; and 6) Reduction in emissions of methane from natural gas transmission and distribution equipment.

Specific offset questions posed by RGGI staff:

1. Offsets Additionality Issues.

- A. System Benefit Charge Funds. Should projects that receive system benefits charge funding or incentives also be eligible for RGGI offset allowances?

ANPS supports the current draft provision which does not allow eligible offset projects to receive funding or other incentives from any system benefit fund collected from retail electricity and natural gas ratepayers. Any other approach would give such projects double payment for the same reduction

- B. Renewable Portfolio Standard Credit. Should projects that receive RPS credit also be eligible for RGGI offset allowances?

For the same reason as listed in A, projects should have to transfer legal rights to any attribute credits generated from the project (except RGGI offset allowances). Without this provision RGGI will not be producing incentives for additional emissions reductions; instead, it will be compensating sources for emissions reductions made in response to another program.

RGGI is an important program and APNS is wholeheartedly believes that constructive and cooperative arrangements are the key to addressing the Global Warming threat. We hope our input has furthered the implementation of the model rules. If we can be of any further help, please feel free to contact me.

Sincerely,



Charles Vinick,
President & CEO

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