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To: [Information](#)
Cc: [margaret sheehan](#); [Mary Booth](#)
Subject: Comments on RGGI reference case parameters
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Green Delaware has followed the evolution of the RGGI and participated in some of the debates surrounding its implementation in Delaware.

RGGI, as the first functioning "cap and trade" system in North America, is of considerable interest. We would like to see a more straightforward and accessible 2012 program review than that implied by the present documents.

It does not seem to use that the implications of the substantial drop in electricity consumption in the last several years are adequately incorporated, other than historically.

But even with current assumptions, "RGGI affected" CO2 emissions do not approach the RGGI cap at this time and do not reach it by 2030 (RGGI Reference Case Results, slide 8). This means that the primary impact of RGGI is and will be to generate revenues for regulatory agencies and, to some extent, for investment in conservation and efficiency. (It was clear to us that Delaware's DNREC saw RGGI as a profit center for itself....). The RGGI cap should be lowered substantially such that RGGI's performance as a reducer of climate forcing emissions can be tested.

The energy and demand forecasts seem reasonable only assuming that effective efficiency investments will not be made by the RGGI states. The sources of these forecasts are unclear, at least on a quick reading. Slide 13, "Sources of Assumptions," refers to "Electric Demand," but what does this mean? Energy? Capacity? Both? In fact, most of the terms used on this slide seem "fuzzy."

"Firmly planned capacity additions and retirements are those that are far enough along in the process to be included in the Reference Case" (slide 19). Is this not a bit circular?

The "Mt. Hope Waterpower Project" is listed as a 30 MW biomass project but in fact is a 2000 MW pumped storage project.

Reference Case Assumption: "Nuclear can be built on an economic basis at existing plant sites that have space available for an additional unit or at plant sites with license applications in process" (slide 28). Assumed capital cost of "Advanced nuclear" is given as about \$4700 \$/MW (slide 26). But this is probably about one-half of the actual cost of new nuclear. Yes, some of these costs might be buried in the federal budget, but this would not seem to qualify as "on an economic basis."

"Energy Efficiency Assumptions" fail to distinguish between capacity savings (peak shaving) and energy savings, or assume that "Efficiency Improvements have the same effect on peak load as on energy usage" (ie, slide 45). But this is improbable as utilities resist efficiency programs--that cost them sales--much more than peak shaving programs--that maintain or

increase sales.

Pumped storage facilities--and other types of storage--should be recognized as having capacity value but generally negative energy value (less comes out than goes in). What is the relationship between this effect and facilitation of greater use of intermittent sources?

Lastly, from what we see, RGGI does not distinguish between low and high-carbon, or clean and dirty, "renewable" sources. It is easy to show that landfill gas projects are very dirty, emissions-wise, and to the extent that they encourage continued landfilling, tend to increase carbon emissions. Similarly, "biomass" burners (wood incinerators) aren't accounted for correctly. Many older programs make the simplistic assumption that wood burning is "carbon neutral," but more recent work has convincingly shown that such is not the case. A transition is in progress and RGGI should use more recent and more credible sources. Wood burning, properly quantified, has climate-forcing impacts, at least on the time scale of RGGI accounting, equal to or greater than coal. For more on this we endorse and incorporate by reference the comments of the Mass. Environmental Energy Alliance (Mary Booth).

RGGI clearly faces major challenges in adapting to circumstances substantially changed since the creation of the original MOU. It remains to be seen whether RGGI has the flexibility, resources, and political support to make the needed changes. It remains to be demonstrated that "cap and trade" is sound, but RGGI effectively has no cap. Planning and evaluation needs to be reality-based, not myth-based.

Thank you for considering these informal comments.

Yours very truly,

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