

May 22, 2006

To: Members of the Regional Greenhouse Gas Initiative's NY State Working Group
From: Robert Moore, Environmental Advocates of New York
Alice Slater, GRACE Public Fund
Gordian Raacke, Renewable Energy Long Island
Deb Katz, Citizens Awareness Network
Kyle Rabin, Friends of the Bay
Vicki Baker, People's Environmental Network of New York
Gregg Swanzey, Clearwater
Thomas V. Connor, Saint Peter Damien Fraternity
Christopher Olney, The Catskill Center for Conservation and Development
Walter Simpson, Western New York Sustainable Energy Association
Jason K. Babbie, New York Public Interest Research Group
Peter M. Iwanowicz, American Lung Association of New York State, Inc.
Edna Sussman, Action for Tomorrow's Environment

RE: Comments on the Regional Greenhouse Gas Initiative's Model Rule

States participating in the Regional Greenhouse Gas Initiative (RGGI) have shown leadership in putting forward a program that, in concept, will reduce emissions of climate-altering pollution. We the undersigned urge you to ensure that this effort will result in real reductions in emissions of carbon dioxide from power plants.

The reductions agreed to in the Memorandum of Understanding (MOU) signed by the governors of New York, New Jersey, Delaware, Connecticut, Maine, New Hampshire, and Vermont are modest and therefore eminently achievable from both a practical and political perspective.

It is therefore essential that the Model Rule not undermine the concepts agreed to in the earlier MOU. As concerned residents of New York State and members of the Cap Carbon Campaign we urge you to address the following issues in order to ensure real reductions of climate altering pollution.

Protect the Integrity of the Proposed Emissions Cap

The proposed Model Rule could result in emissions that are higher than the anticipated "business as usual" levels and would not require a reduction in emissions until later years. This is not acceptable.

The potential increase in emissions is the result of exemptions for large industrial power generators, the 50% biomass exemption, Early Reduction Credits, and others. These exemptions effectively raise the modest pollution cap in the early years. We urge you to avoid this softening of the cap by either excluding these exemptions from the Final Model Rule, or, in the case of Early Reduction Credits, drawing them from the existing cap.

Carbon Dioxide Offsets

The public has been repeatedly assured that any offset of carbon dioxide emissions, such as reforestation or purchase of carbon reductions elsewhere, would be "real, surplus, verifiable, permanent, and enforceable."

While the MOU signed by the governors specifically included these criteria, the Model Rule released in March did not. These criteria must be clearly spelled out in the Model Rule for the public to have confidence that any offsets used in the RGGI program will result in carbon dioxide emissions reductions.

Additionally, we urge you to limit offset projects to RGGI signatory states. While offsets can represent an important flexibility mechanism, those states that are paying for the program should also benefit from its benefits. Offset projects generate financial investments, jobs and associated environmental benefits and they should be enjoyed by the signatory states.

Carbon Dioxide Allowances

The MOU required that at least 25% of these allowances be allocated for consumers, and that the sale of these allowances be used to support projects that would benefit the public and reduce emissions.

We urge New York and the other participating states to allocate 100% of the allowances in this way. Since consumers will be paying for the allowances even if they are given to the generators for free, it makes no sense to give such allowances to the generators. This is a direction favored by Attorney General Elliot Spitzer in his office's testimony to the Regional Stakeholder's group on May 2nd, and a direction that ensures the maximum consumer and public benefit at the minimum consumer cost. We especially support using the proceeds of selling allowances to fund energy efficiency programs that will minimize the future cost of reducing CO2 emissions.

We again thank the Staff Working Group for taking the time to solicit comments on the proposed Model Rule.

Sincerely,

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GRACE Public Fund

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