

May 20, 2006

TO: RGGI Environmental & Energy Commissioners and Staff Working Group

FROM: Alan Muller, Green Delaware

RE: Comments regarding Draft RGGI Model Rule

Green Delaware applauds the intent of the RGGI. And we are pleased that the State of Delaware has chosen to participate. It is apparent that a great deal of effort and expertise has gone into developing this program.

However, the goals of the program are modest and "the devil is in the details."

In general, we agree with the comments of the "Environmental NGOs" memo dated April 20, 2006.

Process

We are concerned that the "stakeholder process," whatever it may be elsewhere, has not in Delaware included either the public or NGOs. (We would assume that representatives of the electric power industry have had extensive input into Delaware's decision-making.)

Therefore, we recommend that requirements for outreach to the public and NGOs at the state level, as well as by the "regional organization" be built into the program.

Requirements for public notice, and opportunity for (at least) comment/objection, should apply to specific transactions.

It is stated on the RGGI website that all comments received on the Draft Model Rule were to be posted, but we find this entry:

"Multiple Individuals via Form e-Mail (examples)" . Only one (redacted) email is posted under this header. Thus, it is difficult to know what public comment has or has not been received. All comments should be posted.

The Memorandum of Understanding signed by the governors states:

"At a minimum, eligible offsets shall consist of actions that are real, surplus, verifiable, permanent and enforceable."

But it does not appear to us that the Draft Model Rule implements this language.

Biomass definition

The following definition of "biomass" appears in the Draft Model Rule:

"(f) *Biomass*. Eligible biomass includes technologies that use unadulterated and non-construction and demolition debris fuel stocks, which includes: brush, stumps, lumber ends and trimmings, wood pallets, bark wood chips, shavings, sawdust and slash; energy crops; biogas and liquid biofuels."

It is not clear that ONLY the items enumerated in this definition are eligible. This should be clarified. Nor is it clear what "unadulterated" means.

"Energy crops" is vague. Without further clarification, it appears that a forest could be harvested (in a non-sustainable manner) as an "energy crop," securing an exemption from the "cap," and then offsets could be claimed for "afforestation" of the same parcel.

"(c) *Sequestration of carbon due to afforestation*. Projects that sequester carbon through the conversion of land from a non-forested to forested condition may qualify for the award of CO₂ emissions offset allowances under this Subpart, provided they meet the requirements of this subdivision."

Thus, "double dipping" without any public benefit could occur.

Garbage incineration should be explicitly excluded from the definition of "biomass" and from receiving any credits or exemptions under RGGI.

It has been shown that burning of discards yields far less "energy" and contributes much more to climate impacts than the recycling of the same materials. See, for example, http://www.mrw.co.uk/homepagePBP_NADetail_UP.aspx?ID_Site=534&ID_Article=9250&mode=1&curpage=0&id=0

In general, serious questions exist regarding the net energy impacts (and the overall environmental impacts) of many "biofuels" and "energy crops." This being so, RGGI should focus on rewarding "demand side" and conservation and efficiency investments, whose benefits are undisputed.

landfill gas (LFG)

The treatment of landfill gas (LFG) has been a confusing issue for environmental and other interests. However, it has become clear in Delaware that crediting or LFG as a "renewable" fuel tends to give utilities an incentive to support continued landfilling (dumping) of organics.

Landfilling of discards has the same or greater negative energy impacts as incineration.

Recently, this writer heard a presentation by Conectiv Energy in which it was claimed that the burning of LFG at the Edge Moor Power Plant precluded the installation of additional NOx controls because products of LFG combustion would foul catalysts. This claim may well be entirely bogus, but it illustrates the questionable nature of LFG.

Therefore, the potential benefits of encouraging the offset of fossil fuel use by LFG needs to be balanced against the potential subsidization of continued landfilling in competition with "zero waste" approaches.

sulfur hexafluoride

"(b) *Reduction in emissions of sulfur hexafluoride (SF₆)*. Projects that prevent fugitive emissions of sulfur hexafluoride to the atmosphere, through capture and storage, recycling, or destruction may qualify for the award of CO₂ emissions offset allowances under this Subpart, provided they meet the requirements of this subdivision."

Certainly better containment of SF₆ is desirable in view of its high GWP, but does it make sense to recognize as an "offset" something that should be expected simply as a sound operating practice?

In general, we don't think offsets (and/or "allowances") should be available to utility generators. (The "regulated sector?")

Large industrial generators, steam-raising boilers, and process heaters, etc. of 25 MW or equivalent should be included.

The RGGI program needs to address "leakage" of dirty power into the region. With the growth Westward of the PJM interconnection this seems increasingly difficult.

Many more comments could be offered on the Draft. We think it is a good start but much work is needed.

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