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## RGGI Program Review Comments

Thank you for the opportunity to comment on elements of the Regional Greenhouse Gas Initiative's (RGGI) Model Rule as part of the Third Program Review.

I am a concerned Vermont resident and a former project analyst for an independent energy developer. I participated in the Vermont Public Service Board's (now Public Utility Commission) Docket 5611, an investigation into environmental externalities. In 1992, I developed a proposal for a low-temperature district heating system for Burlington, VT, based on heat taken at the cooling tower of McNeil Generating Station.

I support Partnership for Policy Integrity's (PFPI) January 2022 comments.<sup>1</sup> The distortions in the carbon trading program have worse effects than "falling short" of the carbon emission targets. They contribute to imprudent utility decision-making. Let me explain using McNeil as an example.

McNeil may be the most carbon-intensive generator in New England. Burning approximately 400,000 short-tons of sopping wet 45% moisture content green whole-tree wood chips and emitting about the same mass of CO<sub>2</sub>, it takes a lot of lighter fluid to get the McNeil boiler started. No self-respecting Vermonter would burn such wet material, something McNeil has been doing for four decades.

Yet Vermont and Connecticut ratepayers ignore the emissions and gobble up renewable energy certificates (RECs) at about \$ 7 million annually. And still, the plant doesn't make money. McNeil Joint Owners must contribute about \$ 4 million annually to keep the plant going. That \$11 million is close to half of McNeil's total cost to operate. I take these figures from the May 7, 2020, INRS report, *Economic Impact of McNeil Station*, an appendix of Burlington Electric Department's 2020 Integrated Resource Plan.<sup>2</sup> The report was repeated in 2023.<sup>3</sup> Of course, the war in Ukraine has been profitable for McNeil, and the Joint Owners didn't need to contribute in 2022. But ratepayers get soaked while being hornswoggled on emissions in any year. If I have made an error, I look forward to being corrected because I would love to be proven wrong. Throwing money away to pollute more is no way to run a power plant, year after year after year.

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[https://www.rggi.org/sites/default/files/Uploads/Program-Review/2021\\_Comments/Session3/PFPI\\_Public\\_Comment\\_2022-01-31.pdf](https://www.rggi.org/sites/default/files/Uploads/Program-Review/2021_Comments/Session3/PFPI_Public_Comment_2022-01-31.pdf)

<sup>2</sup> [https://www.burlingtonelectric.com/sites/default/files/IRP2020/2020\\_IRP\\_Appendices.pdf](https://www.burlingtonelectric.com/sites/default/files/IRP2020/2020_IRP_Appendices.pdf)

<sup>3</sup> <https://www.burlingtonelectric.com/wp-content/uploads/McNeil-Economic-Impact-26-June-2023.pdf>

Worse, Burlington Electric Department assumes that McNeil will be allowed to lose money for decades and that New York will continue to ignore the significant land-use greenhouse gas (GHG) emissions associated with McNeil's whole-tree harvests that occur in the Adirondacks, the source for most of the plant's fuel. These assumptions beget a rationalization for establishing a mile-and-a-half-long steam transmission line from McNeil to the University of Vermont Medical Center (UVMMC). There's no cogeneration in the proposed project, just stealing steam from the plant's turbine, reducing electrical output by an estimated 3-4MW. It is a plan driven by the pursuit of RECs – utterly imprudent and failing to prudently anticipate future environmental regulation.

RECs are not traded through RGGI, but the RGGI auction does model the illogic of making an exception for biomass combustion GHG emissions and treating them as somehow neutral or beneficial. The RGGI error is reflected in the state implementations of the Model Rule and repeated in Renewable Portfolio Standards (RPS) and Renewable Energy Standards (RES). The mistake of ignoring biogenic emissions, long recognized in the literature and by the International Panel on Climate Change (IPCC), must be corrected.

Other problematic gaps in the RGGI allowance market include the arbitrary 25MW minimum size for a budget source and the grandfathering exemption for pre-2005 fossil fuel-fired units that burn up to 50% fossil fuels. Eliminate these discontinuities in the market.

Allowance prices are low. Auction mechanisms and allowance quantities should be adjusted so that – with deliberate speed – the cost of allowances rises toward the social cost of carbon.

To summarize:

1. Require RGGI participation for all carbon sources, including biomass and renewables.
2. Eliminate market discontinuities and gaps – level the playing field.
3. Increase allowance price.

Bard has provided a fitting closing remark, “By taking these steps, the RGGI states can send a clear signal to the market that biomass is not a clean or sustainable fuel source and that the power sector should transition to renewable energy sources such as solar and wind power.”<sup>4</sup>

Thank you for considering my comments.

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<sup>4</sup> <https://g.co/bard/share/f4c76d4219d1>