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July 7, 2017

by email to info@rggi.org

Andrew McKeon, Executive Director
RGGI, Inc.
90 Church Street, 4th Floor
New York, NY 10007

RE: Comments derived from June 27, 2017 Stakeholder Meeting

Dear Mr. McKeon:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") has been an active participant in the development of the Regional Greenhouse Gas Initiative ("RGGI" or "Program") since its inception and was one of the earliest endorsers of the Program in the utility industry in the Northeast. Con Edison files these comments relative to the discussions held at the Columbia Law School on June 27, 2017 regarding potential changes to the Program, as it relates to the agenda item entitled "Considerations for ECR design and program elements," specifically referring to the issue of offsets.

The material distributed at the June 27 meeting indicates that the "RGGI states may eliminate the [offset] project category of reductions in SF6 emissions in the electric power sector." Con Edison disagrees with this potential change and strongly encourages the RGGI states to retain the SF6 emission reduction category offset program with certain valuable modifications.

At the June 27 meeting, the only rationale provided for eliminating the SF6 emission reduction offset was that there have been no approved SF6 reduction projects finalized in any of the RGGI states. While accurate, this rationale ignores the reasons that there have not yet been any approved SF6 reduction projects finalized in any of the RGGI states, including the following:

1) The price of allowances has been at, or near, the minimum price floor for most of the RGGI program. This low price, coupled with a readily-available supply of allowances on the open market, have made the administrative cost of seeking offsets undesirable.
2) The administrative process that leads to an SF6 emission reduction offset approval is overly complex and burdened with detailed recordkeeping requirements. As noted on the New York State Department of Environmental Conservation (DEC) website[1], there are ten forms to be completed to file a consistency application, and eight forms required for a monitoring and verification report filing, all of which must be reviewed and verified by an independent firm.

[1] www/dec/ny.gov/energy/53474.html

3) Under the current rules, offsets can only be used for 3.3% of a compliance entity's emission liability. In light of the low cost of allowances and the high administrative burden of offsets, there has been insufficient incentive to develop an offset project for such a small portion of a source's requirements.

Given these facts, Con Edison strongly encourages the RGGI states to leave the SF6 emission reductions offset in place. Con Edison, like many other utilities in the Northeast, continues to spend a significant amount of money on repair and replacement projects to reduce SF6 emissions. Many companies, including Con Edison, are participants in the U.S. Environmental Protection Agency's ("EPA's") voluntary memorandum of understanding on SF6 reductions[2], and have been reporting their emission reductions on an ongoing basis to that program. However, press reports suggest that voluntary programs, particularly voluntary programs associated with greenhouse gas emissions, may not be funded by the EPA going forward. If that happens, companies may look for other venues for public acknowledgement of their SF6 emission reductions and RGGI offsets could become more readily embraced.

Additionally, the modeling work distributed at the June 27 meeting predicts that RGGI allowances could be valued between $11.20 and $20.70 by 2030[3]; these projected higher prices, coupled with the RGGI States' efforts to reduce the allowance bank and to lower the emissions cap, could also make SF6 emission reductions offset projects more viable.

Finally, in light of the RGGI States' determination to reduce greenhouse gas emissions, it seems incongruous that an incentive that supports the reduction in SF6 emissions – SF6 being the most potent of all the greenhouse gases – would be eliminated.

Rather than eliminate the SF6 emission reduction offset, the Company recommends that the RGGI States work to simplify the process by which companies can receive emission reduction offsets. The RGGI States are undoubtedly aware that electric utilities are required by federal regulation[4] to report SF6 emissions from their transmission and distribution systems each year. The submittals must be certified as true and accurate by the organization's Designated Representative[5] and specific recordkeeping requirements apply. The RGGI States could use a utility company's annual reports as evidence of SF6 emission reductions to award offsets with the same level of assurance that the current overly complicated program affords.

In a similar vein, many companies report their emissions to "The Climate Registry" (TCR). TCR submittals follow very strict protocols and are subject to mandatory review by an independent verifier. The RGGI States could recognize submittals made to TCR in lieu of the complex process

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[2] This program is entitled "SF6 Emission Reduction Partnership for Electric Power Systems"; see: https://www.epa.gov/f-gas-partnership-programs/electric-power-systems-partnership
[3] See slide 13 ("RGGI Allowance Prices") in the document entitled "Draft 2017 Policy Scenario Overview" and dated June 27, 2017
[4] 40 CFR Part 98 Subpart DD
[5] 40 CFR 98.4(e)(1). Significant civil and criminal penalties can apply if the filings by the Designated Representative are not accurate and truthful.

currently established. The level of oversight would be equivalent without creating a duplicative program.

For all the reasons noted above, the Company reiterates its recommendation that the RGGI States reconsider their "leaning" to eliminate the reductions in SF6 emissions offset category.

Thank you for your consideration of these comments. The Company welcomes any further dialog on this subject and would be pleased to respond to any questions.

Sincerely,

William V. Slade
Project Specialist – Emerging Issues

Cc: L. New, NYS DEC