

October 6, 2017

Andrew McKeon, Executive Director  
Regional Greenhouse Gas Initiative, Inc.  
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New York, NY 10007  
E-mail: [info@rggi.org](mailto:info@rggi.org)

RE: Joint Industry Comments on second RGGI Program Review proposal (Calpine Corporation, Consolidated Edison Company of New York, Inc., National Grid, NextEra Energy)

Dear Mr. McKeon and State Agency Leads:

On behalf of the companies listed above, I am writing to share our comments on the draft RGGI program recommendations released on August 23, 2017. We recognize that this program review cycle raised a wide range of issues and considerations, and we wanted to begin, first, by expressing our appreciation for the hard work by the participating states and RGGI staff in working through this program review. We appreciate the transparency of the stakeholder process, the opportunities for public comment and dialogue, the continued ability of the states to work cooperatively, and the sharing of materials on the RGGI website.

The undersigned companies continue to support the Northeast and Mid-Atlantic state's clean energy goals and view the RGGI program as central to the states' long-term efforts to reduce greenhouse gas emissions. RGGI is a flexible, market-based program that integrates with the region's power markets and encourages cost-effective reductions. As states focus on opportunities for beneficial electrification to reduce economy-wide greenhouse gas emissions, the RGGI program will ensure that overall emissions continue to decline even as demand for electricity may increase.

Overall, we support the proposed changes and the extension of the program through 2030. We believe that the base cap has been set at a reasonable level, and appreciate the balance that the states are trying to strike with the cost containment reserve and the emissions containment reserve steering future allowance prices.

Below we have included several recommendations with regard to the proposed program changes, some observations on the modeling, and thoughts for additions to the final rulemaking package:

- In terms of the proposed program changes, we recommend that RGGI retain the sulfur hexafluoride (SF6) offset category. SF6 is the most potent greenhouse gas with a global warming potential 23,900 times greater than carbon dioxide. Also, this will be the only offset category that is available for some utility companies to implement, and we do not believe that it creates a significant implementation burden for the states. We believe that RGGI should continue to encourage reductions from this source category given its long atmospheric life.

- In terms of the modeling, we would highlight that the analysis does not include the recent Massachusetts power plant regulations. The regulations, 310 CMR 7.74: *Reducing CO<sub>2</sub> Emissions from Electricity Generating Facilities*, sets annually-declining emission limits for 21 fossil fuel-fired power plants in the Commonwealth. In the absence of this assumption, the modeling has Massachusetts power plants running at levels that would not be allowable under state regulation. Before issuing the final modeling results, we recommend that the modeling reflect the Massachusetts regulations by incorporating the state-specific limits.
- The IPM modeling projects significant wind and solar capacity additions. For example, the model projects 2,829 MW of wind capacity additions by 2020. At the end of 2016, there was about 3,400 MW of wind capacity within the RGGI region, according to AWEA's U.S. Wind Industry Fourth Quarter 2016 Market Report. Therefore, wind capacity is projected to almost double within the next several years. Wind capacity additions increase to 7,650 MW by 2031. Solar capacity is also projected to increase substantially, with more than 9,400 MW of additions by 2031. These substantial changes in the resource mix highlight the importance of the cost containment reserve to serve as a backstop if the region falls short of these targets.
- The IPM modeling results report cumulative and incremental capacity additions. It would be helpful if the spreadsheets also included the total capacity by resource type—rather than just the incremental additions.
- In light of the economy-wide greenhouse gas reduction goals within the region, we recommend that the final rulemaking package include information on the region's total greenhouse gas inventory and projections, including the expected emissions from all sectors as well as any projected fuel-switching that may impact the electricity sector (e.g., electric vehicles). This information will be helpful context for the states and other stakeholders.
- The original RGGI MOU calls on the states to monitor whether and to what extent the program may be causing emissions increases from electric generating units outside of the signatory states and “implement appropriate measures to mitigate such emissions” if they are significant. We appreciate RGGI's monitoring of potential leakage to date and highlight that states will need to pay closer attention to this issue in the years ahead as allowance prices increase and there is greater potential for leakage, as a result.
- We encourage the RGGI states to continue looking for opportunities to expand the program to include additional states. The program will be more effective as it broadens its scope of coverage with access to more cost-effective reduction opportunities.

Sincerely,



Christopher Van Atten  
Senior Vice President  
M.J. Bradley & Associates