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March 23, 2009

Via e-mail: rggiprograms@nyserda.org  
Mr. David Coup  
New York State Energy Research and Development Authority  
17 Columbus Circle  
Albany, New York 12203

**Re: Comments of International Brotherhood of Electrical Workers, Locals 83 & 97  
Regarding Operating Plan for Investments in New York under the CO2 Budget Trading  
Program and the CO2 Allowance Auction Program Draft dated February 25, 2009**

Dear Mr. Coup:

International Brotherhood of Electrical Workers, Local Unions 83 and 97 (“IBEW Local”) represents the interests of over 1,600 bargaining unit members who are employees of a variety of electric generating units in New York.<sup>1</sup> These employees are critical to providing adequate and reliable electric commodity to utility customers in the State of New York. The adequacy and reliability of the electric commodity produced in New York illustrates the quality of the work performed by these dedicated employees. In representing these employees, IBEW Local has a significant interest in the outcome of the Regional Greenhouse Gas Initiative (“RGGI”) and the components of which the RGGI is comprised. IBEW Local continues to support the RGGI program goal to “reduce CO2 emissions while maintaining energy affordability and [electric system] reliability”.

IBEW Local respectfully submits the following comments (“IBEW Local Comments”) on the Operating Plan for Investments in New York under the CO<sub>2</sub> Budget Trading Program and the CO<sub>2</sub> Allowance Auction Program Draft dated February 25, 2009 (“Auction Program Investments Draft”).

RGGI was established as a program to begin reducing CO<sub>2</sub> emissions in the ten Northeastern States by capping CO<sub>2</sub> emissions from the power sector. Electric power generators in this region are now required to hold allowances covering their emissions of CO<sub>2</sub>. The RGGI program provides a market-based emissions auction and trading system where electric power generators can buy, sell and trade CO<sub>2</sub> emissions allowances. As was stated in the Comments of IBEW Local of December 1, 2008: [W]hile the electric power generators will be forced to purchase allowances to cover their CO<sub>2</sub>

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<sup>1</sup> The generating units include those owned by AES Corporation, the James A. Fitzpatrick nuclear generating plant owned by Entergy Nuclear, the Nine Mile Point nuclear plants owned by Constellation Nuclear, the electric generating facilities owned by NRG, the electric generating facilities owned by Reliant, and the Bethlehem Energy generating facility owned by PSEG.

emissions, the members of Transportation Sector, which is a major emitter of CO<sub>2</sub>, are not,<sup>2</sup> even though this sector comprises 39% of the New York total CO<sub>2</sub> emissions from fuel consumption and accounted for 79% of the petroleum used in New York in 2006.<sup>3</sup>

In the February 25, 2009 Auction Program Investments Draft, the Transportation Sector, as well as the Agriculture Sector, are proposed to be recipients of the funds derived from the RGGI allowance auction.<sup>4</sup> While neither sector pays for RGGI allowances, the Auction Program Investments Draft proposes that the Transportation Sector receive almost 18% of RGGI funding.<sup>5</sup> These sectors, in fact, have the ability to institute their own funding mechanism for reducing CO<sub>2</sub> emissions, perhaps in a format similar to the mechanism established by RGGI for electric power generators, but specific to the source of transportation and agriculture emissions, i.e. fossil fuel use or other CO<sub>2</sub> emission surcharge. The dollars required to enable these sectors to achieve increased efficiency and reduced carbon emission should come from funding mechanisms derived directly from transportation and agriculture activities, not from electric power generators. To do otherwise would be a clear violation of generally accepted cost/benefit allocation principles.

The above concern regarding the allocation of program funding also applies to areas in the Residential, Commercial and Industrial Sector, including Commercial and Industrial efficiency. For instance, the Auction Program Investments Draft contains implementation support for efficient space and water heating measures and gas-fired commercial kitchen equipment and targeting customers using oil and propane for space and domestic water heating.<sup>6</sup> Other sectors, which have the ability to raise funds through a mechanism specifically related to those sectors, should not be siphoning-off funds which are generated through the sale of CO<sub>2</sub> emission allowances pertaining to the electric power generation sector. Non-dilution of the power generation sector fund would benefit all users and suppliers of electric power, the ultimate source of the RGGI auction funds.

Also, IBEW Local takes exception to the statement in Section 7. Multi-Section Programs: [T]he RGGI-funded Clean Technology Industrial Development Program can be used to enhance the existing program model by extending the reach of SBC-funded programs to areas outside the SBC mandate, (*e.g.*, transportation) and establishing Clean Technology Resource Programs to support existing business assistance networks.<sup>7</sup> Again, allocation of RGGI auction benefits to the Transportation Sector would be a violation of generally accepted cost/benefit allocation principles. And even if it weren't a violation, Corporate Average Fuel Economy ("CAFÉ") standards for transportation vehicles, in addition to appliance and residential and commercial building energy efficiency benchmark standards, need to be improved before any application of RGGI funds to sectors other than that of electric power generators.

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<sup>2</sup> Comments of International Brotherhood of Electrical Workers, Locals 83 & 97, dated December 1, 2008, Regarding Concept Paper Operating Plan for Investments of Allowance Auction Program at 2.

<sup>3</sup> Operating Plan for Investments in New York under the CO<sub>2</sub> Budget Trading Program and the CO<sub>2</sub> Allowance Auction Program Draft dated February 25, 2009 at 3 and 27.

<sup>4</sup> *ibid.* at 27-35 and 44-45.

<sup>5</sup> *ibid.* at 10.

<sup>6</sup> *ibid.* at 13, 16-17, 19.

<sup>7</sup> *ibid.* at 53.

Finally, In Section 1. The RGGI Program and Greenhouse Gas Policy Context in New York, Subsection 1.D. Program Goals, it is stated that the majority of funds will be directed at cost-effectively reducing CO<sub>2</sub> in the near term and that at least 25 percent will address areas that may require longer investment horizons.<sup>8</sup> IBEW Local continues to recommend that the proportional split between short-term and long-term investments, at a minimum, be brought closer to equilibrium to reflect a more appropriate allocation and investment in capital infrastructure. Both near-term and long-term programs are important in reducing CO<sub>2</sub> emissions in the power generation sector.

IBEW Local appreciates the opportunity to provide the NYSERDA with the above comments regarding the Auction Program Investments Draft.

Respectfully Submitted,

*/s/ Richard J. Koda*

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<sup>8</sup> *ibid.* at 5.