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Dear Sir or Madam:

The Jamestown Board of Public Utilities (BPU or Jamestown BPU) appreciates this opportunity to provide comments on the New York State Energy Research and Development Authority's (NYSERDA) *Revised RGGI Operating Plan – Summary of Recommendations* (December 29, 2009 Draft, hereinafter "Plan"). The BPU commends NYSERDA's efforts to provide a structured and broad-based approach to achieve greenhouse gas (GHG) reductions, and further supports NYSERDA in the difficult task of equitably reducing RGGI funding. NYSERDA is to be commended for its thoughtful and thorough approach to reducing the funding allocations. Jamestown encourages NYSERDA to remain committed to carbon capture and sequestration (CCS) as one of the core purposes of RGGI funding. A CCS demonstration project in particular provides an important opportunity to leverage federal funding for economic development and environmental benefits in New York.

The BPU is a community-owned utility that has been providing electric service to the City of Jamestown and the surrounding area for more than a hundred years. The power the BPU provides its customers has one of the lowest carbon emission rates in New York; over 80% of the BPU's power comes from carbon-free hydroelectric energy. The BPU also self-generates part of its power. Jamestown is proposing to replace its existing coal facilities with an advanced

CCS plant. The oxy-coal technology proposed for use in the Jamestown Project has the potential for carbon capture rates greater than 90% and near zero emissions of criteria pollutants and mercury that would be lower than those expected from either Integrated Gasification (IGCC) or Natural Gas Combined Cycle projects. A CCS demonstration plant in New York has the potential to not only reduce New York carbon emissions, but also to significantly reduce domestic and international carbon emissions by providing a model for future energy development. A demonstration CCS project offers unique opportunities for a state-federal partnership on CCS that could be used to leverage federal funding to provide economic development in Upstate New York.

The Plan states that the carbon capture, recycling and sequestration budget will be reduced from \$15 million to \$9 million, a reduction of 40%. The budget will continue to be allocated to “assessing and demonstrating carbon capture, reuse, compression and transport technologies and characterizing and testing the state’s geological sequestration potential.” The Plan states that “[a]ctivities originally proposed but no longer viable with the reduced CCS budget include all activities involved with developing a large-scale demonstration project.”

Jamestown encourages NYSERDA to adequately fund CCS, at minimum at the CCS funding levels in the original Operating Plan. CCS falls within the core purposes of the RGGI auction proceeds, as set out in the RGGI regulations. Section 242-5.3(a) of the RGGI regulations states that auction proceeds will be allocated to “best achieve the emissions reduction goals of the CO<sub>2</sub> Budget Trading Program by promoting or rewarding investments in energy efficiency, renewable or non-carbon-emitting technologies, and/or innovative carbon emissions abatement technologies with significant carbon reduction potential.” CCS falls within the “innovative carbon abatement technologies” in Part 242 and, depending on carbon removal rates, can qualify as a “non-carbon-emitting technology.” In reducing RGGI funding, NYSERDA should remain committed to the core purposes of the RGGI revenues and make any funding reductions in non-core purposes.

NYSERDA should also maintain adequate CCS funding because CCS is widely recognized as the critical technology to achieve significant and cost-effective GHG reductions. *Future of Coal*, MIT, Executive Summary at x (“We conclude that CO<sub>2</sub> capture and sequestration is the critical enabling technology that would reduce CO<sub>2</sub> emissions significantly . . .”) Dr. Steven Specker, EPRI CEO, July 10, 2008, Written Testimony before Subcommittee on Energy and Air Quality, U.S. House of Representatives at p. 3 (“our work showed that the greatest reductions in future U.S. electric sector CO<sub>2</sub> emissions are likely to come from applying CCS technologies to nearly all new coal-based power plants”).

Despite the important policy role of CCS, the original Operating Plan allocated less than 3% of funding to CCS. The revised Operating Plan proposes to reduce that funding almost in half. Jamestown encourages NYSERDA, because of the central role of CCS in the stated purpose of the RGGI auction revenues, and the important policy factors that support development of CCS to, at minimum, maintain the CCS funding in the original plan.

Jamestown strongly encourages NYSERDA to remain committed to a CCS demonstration project in New York. There is significant federal funding available for CCS demonstration projects. President Obama has made greenhouse gas and energy issues a priority and has proposed significant funding to advance low carbon technologies and carbon capture and storage technology. NYSERDA should position the state to take advantage of these economic opportunities and to ensure that CCS is developed successfully. A CCS demonstration project offers the opportunity to leverage this federal funding to provide significant economic and job opportunities to New Yorkers while also providing important benefits for the environment. Immediate NYSERDA funding is not required for a CCS demonstration project at this time; NYSERDA needs only to signal that it is supportive of CCS to leverage significant federal funding if it becomes available in the future.<sup>1</sup>

The Jamestown Board of Public Utilities appreciates this opportunity to participate in NYSERDA's development of the RGGI Operating Plan. The BPU encourages NYSERDA to allocate RGGI funds for CCS commensurate with the important role CCS plays in significant and cost-effective GHG reductions, and at minimum to not reduce CCS funding below the amounts in the original plan. Jamestown strongly encourages NYSERDA to remain committed, contingent on significant federal funding, to support and participate in a CCS demonstration project in New York. The BPU looks forward to continuing to work with NYSERDA on a CCS demonstration project and on the allocation of RGGI revenues.

/s/ Tanja Shonkwiler  
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<sup>1</sup> Jamestown notes that NYSERDA did not commit any specific funding to CCS demonstration projects in the original Plan; NYSERDA only discussed its general support for such a project. A decision regarding funding was left for the future and was contingent on federal funding. Consequently, the revised Plan did not need to take a position on CCS funding. Any alternative, Jamestown requests that NYSERDA delete the sentence discussing the long-term demonstration project from the revised Plan.