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June 1, 2009

VIA ELECTRONIC MAIL: climate.strategies@state.ma.us

Ms. Stacy H. DeGabriele
Climate Strategies Group
Department of Environmental Protection
Bureau of Waste Prevention
One Winter Street 8th Floor
Boston, MA 02108

RE: 1990 Baseline and 2020 Business As Usual Projection

Dear Ms. DeGabriele:

Pursuant to the request for comments from the Massachusetts Department of Environmental Protection (“Department”) regarding the 1990 economy-wide Baseline and 2020 Business as Usual (BAU) Projection for greenhouse gases, the New England Power Generators Association, Inc. (“NEPGA”) hereby respectfully files these comments.¹ NEPGA represents eighteen companies with over 26,000 megawatts of the generation in New England, and more than 12,000 megawatts in Massachusetts.

As a part of the Massachusetts Global Warming Solutions Act (“GWSA”), signed into law by Governor Patrick on August 7, 2008, the Department is required to establish an economy-wide baseline for greenhouse gases equivalent to 1990 emission levels, as well as a projection of 2020 Business as Usual (BAU) levels by July 1, 2009.

Methodology

The methodology used to establish emissions levels for 1990-2005 known as the State Greenhouse Gas Inventory Tool (“SGIT”) was developed by the U.S. Environmental Protection Agency as a resource for states to use when reporting greenhouse gas emissions. Using SGIT, the Department was able to determine emissions levels each year by multiplying annual sector fuel use data provided by the Energy Information Administration by a specific emissions factor for each fuel type. In order to provide a comprehensive baseline, the Department decided to include estimated emissions from electricity imported into the state within the annual emissions

¹ The views expressed in these comments do not necessarily represent the positions of each of NEPGA’s members. In addition, nothing in these comments should be deemed to waive any rights that NEPGA or any of its members may have to challenge the administrative, procedural or substantive validity of the 1990 baseline and 2020 projection.

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levels for Massachusetts. NEPGA views the steps taken by the Department as prudent and supports the methodology used to establish emissions levels for the years 1990-2005.

NEPGA is concerned, however, with the 2020 BAU projection beginning in 2008. Generator emissions in 2008 were abnormally low and do not reflect normal operating levels. In fact, according to the Department's own numbers, emissions levels from electric generators jumped from 21 million metric tons in 2006 to 23 million metric tons in 2007, and then sharply dropped to 20 million metric tons in 2008.

A decrease in electricity consumption from the previous years in the region was the major factor in the drop in emissions levels throughout 2008. According to ISO New England's "2008 Net Energy & Peak Report," energy consumption declined 2% in 2008 compared to 2007 throughout the region. Consumption decline resulted from a number of factors, not the least of which included heightened marginal costs for generating facilities due to increased costs in commodity prices. Sharp increases in operating costs were necessarily passed onto ratepayers, forcing some consumers to alter their electricity use. The lessening consumption, coupled with a slowing economy make it difficult to suggest that 2008 was reflective of business as usual. Thus, extrapolating data from 2008 going forward would undoubtedly result in a much lower BAU projection in 2020 than it should otherwise be.

NEPGA suggests that the Department use the average of the emissions levels from 2005, 2006 and 2007 as the beginning for the BAU forecast rather than using 2008 as the point of extrapolation. Using the average of 2005-2007 emissions levels as the starting point should ensure that the 2020 projection is more accurate.

Establishing a 1990 Baseline and 2020 BAU Projection by July 1, 2009

As required in Section 14 of the GWSA, the Department must establish the baseline and projection by July 1, 2009. NEPGA is in agreement with the Department to not alter either the baseline or projection after July 1, 2009, because compliance entities should have a right to some regulatory certainty. Allowing changes to be made following the date required by Section 14 of the GWSA sets a bad precedence that may be emulated by future administrations. Not only is this bad policy, but it is bad for business because it takes away the ability of those required to comply with the standards to plan for the future.

NEPGA is extremely supportive of the stakeholder process which has allotted plenty of opportunities and necessary time for interested parties to weigh in with substantive comments and suggestions regarding the 1990 baseline and 2020 BAU forecast. It is therefore the recommendation of NEPGA that the Department not waiver on the July 1, 2009 deadline.

Emissions Reductions from the Electricity Sector

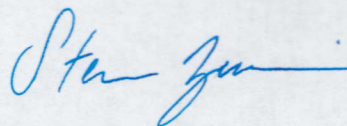
Generators throughout Massachusetts have already taken many steps toward emissions reductions without mandatory regulatory standards. Billions of dollars have been privately invested to providing environmental upgrades to facilities and for the construction of new, cleaner and more efficient facilities. NEPGA suggests that the Department consider these investments when setting a target for electric sector emissions reductions going forward.

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Sincerely,

A handwritten signature in blue ink, appearing to read "Steven Zuretti", with a long horizontal flourish extending to the right.

Steven Zuretti
Associate