



**FPL Energy**

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By email: Michele.Totten@po.state.ct.us

Michele Totten  
Connecticut Department of Environmental Protection  
Bureau of Air Management  
79 Elm Street  
Hartford, Connecticut 06106-5127

RE: FPL Energy's Comments on The Regulations of Connecticut's State Agencies  
Section 22a-174-31 and 22a-174-31a

Dear Ms. Totten:

FPL Energy, LLC (FPL Energy) appreciates the opportunity to provide comments to the Connecticut Department of Environmental Protection (DEP) on its draft regulations to implement Connecticut's component of the Regional Greenhouse Gas Initiative. FPL Energy requests that these comments be included with the official state record for this rulemaking.

FPL Energy commends DEP and the Administration for their continued role in confronting the critical issue of reducing greenhouse gas emissions. By way of background, FPL Energy is one of the largest and cleanest power generating companies in the nation with operations in 25 states. We are the largest generator of wind power in the country and operate the largest solar facility in the world in California. We are the largest producer of hydroelectric power in Maine and own and operate three nuclear generating facilities in the United States. We also have a number of fossil-fired generating assets within the RGGI region that will be subject to the RGGI program.

FPL Group, our parent company, has been a corporate leader on the critical issue of reducing greenhouse gas emissions. We have participated in the U.S. Department of Energy's Voluntary Reporting of Greenhouse Gas Emissions 1605(b) program since 1995. Our most recent report documents a 28% reduction in our greenhouse gas intensity over 1990 levels through efficiency gains, repowering to lower carbon-emitting fuels and increasing our portfolio with the addition of non- and low-emitting generation. FPL Group is a charter member of the U.S. Environmental Protection Agency's Climate Leaders Program. Additionally, FPL Group is one of fourteen original signatories of the U.S. Climate Action Partnership (USCAP), an alliance of diverse organizations such as BP America, General Electric, Environmental Defense, the Pew Center on Global Climate Change and the World Resources Institute. This alliance has called on the federal government to quickly enact strong national legislation to achieve significant reductions of greenhouse gas emissions.

On a regional level, FPL Energy has participated in the development of the Regional Greenhouse Gas Initiative since its inception, including both program structure and auction design. Continuing in our efforts to provide meaningful dialogue, we offer comments on the following specific sections of Connecticut's proposed regulations:

**Section 22a-174-31 (b)(1):** We support DEP's proposal to include "*any unit that, at any time on or before January 1, 2000, serves an electricity generator with a nameplate capacity equal to or greater than 25MWe...*". We do not support the optional limited exemption for units with electrical output to

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the electric grid restricted by permit conditions which is contained in the Model Rule. Excluding a portion of generators lessens the effectiveness of a greenhouse gas reduction program. We commend DEP for not including such a provision.

**Section 22a-174-31 (f)(3)(A):** FPL Energy supports DEP's decision to distribute allowances primarily through an auction. We believe there should not be a direct allocation to emitters; generators should be required to purchase an amount of allowances equal to their emissions. This promotes increased efficiency, use of lower- and no-carbon fuels, and provides incentives to engage in carbon capture and sequestration development. The limited set asides proposed in DEP's regulation are ones which are consistent with the overall goals of a greenhouse gas reduction program: supporting the use of potentially wasted steam energy, consumer-side distributed resources and the voluntary purchases of renewable energy.

**Section 22a-174-31 (f)(4)(A):** FPL Energy strongly encourages DEP to participate in the regional RGGI auction. A regional auction offers several benefits over single-state auctions. A regional auction is less administratively cumbersome and costly for both bidders and sellers. It ensures that same vintage allowances have equal value regardless of which state receives the proceeds. It also allows more compliance flexibility as envisioned in the original regional program design.

We also encourage the conduct of those auctions on a quarterly, or more frequent, basis. Frequent auctions better provide for the procurement of allowances in closer time proximity to the need for the associated generation. Making allowances available on a more frequent basis removes some of the compliance uncertainty, easing reliability concerns.

**Section 22a-174-31a:** FPL Energy generally supports the initial provisions for greenhouse gas emission offset projects. However, we strongly encourage Connecticut and the other RGGI states to move forward as quickly as possible to expand categories of approved project types and to work with other state regulatory agencies to develop memorandums of understanding which allow for offset projects in states other than RGGI-participating states. The geographic restriction does not provide any environmental benefit and can quite possibly result in higher offset prices than may be realized from projects outside the RGGI region. We also encourage removal of the restrictions on the number of offsets which can be used for compliance. Again, there is no environmental reason for such limits.

## Conclusion

In the absence of a federal greenhouse gas reduction program, FPL Energy supports the regional efforts set forth under the RGGI program. We strongly encourage Connecticut to participate in the development of a federal program with particular attention to preserving the value of allowances under the RGGI states' early action. Upon passage of a federal program we urge the provisions of the regional program be sunset to avoid duplicate regulation of a single set of emissions.

FPL Energy appreciates the opportunity to provide these comments and would be happy to discuss them further if requested.

Respectfully submitted,



D. Lynn Smallridge  
Environmental Specialist