

Connecticut Industrial Energy Consumers

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March 6, 2007

VIA OVERNIGHT MAIL

Ms. Gina McCarthy
Commissioner
Connecticut Department of Environmental Protection
79 Elm Street
Hartford, Connecticut 06106

Re: Regional Greenhouse Gas Initiative – Customer Side Distributed Generation

Dear Commissioner McCarthy:

The Connecticut Industrial Energy Consumers (CIEC), an *ad hoc* coalition of industrial end-users which collectively employ thousands of Connecticut workers at numerous locations throughout the State, sends this letter describing its position regarding the implementation of the Regional Greenhouse Gas Initiative (RGGI) in Connecticut. As set forth below, consistent with Connecticut state policy, which encourages distributed generation, CIEC requests that the Department of Environmental Protection (DEP) exempt all customer-side distributed generation units from the RGGI program. The creation of such an exemption will further RGGI's goal of reducing carbon emissions in the State.

As you may know, CIEC members are leaders in energy reduction and conservation, dramatically reducing their usage. They actively participate in load reduction programs and are subject to interruption during peak periods. These efforts have resulted in less strain of the bulk power system and produced significant environmental benefits by reducing emissions and potentially displacing older less efficient units. CIEC members continue to expand their energy reduction and conservation measures.

CIEC members have also utilized Connecticut's strong inducements to assist customer investments in conservation, energy efficiency, and cleaner on-site power. In fact, members have long supported the utilization of customer side distributed generation (DG) as a means of reducing emissions and promoting efficiency. More recently, CIEC members have enthusiastically responded to the distributed generation incentives established by the Act Concerning Energy Independence (Act 05-01). As a result of Act 05-01, several members have devoted considerable time and effort to evaluate the practicality of customer-side distributed generation and have scheduled construction and installation of these smaller, more efficient and environmentally friendly distributed generation units. In particular, by utilizing what otherwise would be thermal waste, combined heat and power units being

considered are especially effective at assisting customers in meeting conservation goals. In order to achieve this it is critical that these programs remain stable and consistent.

CIEC is concerned with the potential impact of RGGI on both existing customer side DG units, as well as the planning and growth of DG. RGGI, by potentially requiring emission credits for customer side DG units, may have the unintended effect of stifling their continued operation, growth and implementation. As evidenced by our own behavior, CIEC members are supportive of RGGI's goal of emission reductions, in fact we have found that building/using distributed generation has the potential to reduce the overall carbon footprint of an industrial site. However, in order to remain consistent with Connecticut's policy of encouraging distributed generation, the DEP should exempt all customer-side distributed generation from the RGGI auctions. Such an action will help ensure the maintenance of existing DG units and continue to encourage the construction of cleaner DG units and reduce the state's dependence on grid power while improving emission levels .

CIEC has been actively attending the RGGI workshops and looks forward to continuing to assist the DEP to implement RGGI in the most efficient manner for Connecticut. In the meantime, if you have any questions, please call me at (518) 320-3420 or email me at jking@couchwhite.com.

Very truly yours,

s/ James S. King

James S. King
Representative of the Connecticut Industrial Energy Consumers