



October 11, 2013

Senator Andres Ayala
Representative Selim G. Noujaim
Senator Leonard A. Fasano
Representative Elissa T. Wright
Legislative Regulation Review Committee
State Capitol, Room 011
Hartford, CT 06106

Re: Early Consideration of Amendment to Department Regulations

Dear Chairpersons and Ranking Members of the Regulation Review Committee:

Pursuant to Section 4-170 of the General Statutes, I write to request your approval to submit a regulatory package on or before October 24, 2013 for early consideration at your November meeting. This package will enable the Department of Energy and Environmental Protection (DEEP) to modify section 22a-174-31 of the Regulations of Connecticut State Agencies (RCSA), entitled *Control of Carbon Dioxide Emissions* in coordination with the other Regional Greenhouse Gas Initiative (RGGI) states by January 1, 2014. Promulgation by January 1, 2014 is necessary for Connecticut to participate in the RGGI's first quarterly auction of carbon dioxide (CO₂) allowances for 2014. This first RGGI auction is projected to generate more than \$5 million for Connecticut, which will be invested in energy efficiency measures and the development of renewable energy sources to the benefit of all classes of Connecticut electricity rate payers. Without early consideration of DEEP's proposed changes to the RGGI regulations by the Legislative Regulation Review Committee at its November meeting, Connecticut will miss the opportunity to participate in this first RGGI auction for 2014.

Section 22a-200c of the General Statutes required Connecticut to promulgate regulations implementing RGGI. Connecticut promulgated section 22a-174-31 of the RCSA in 2008, establishing Connecticut's budget of CO₂ allowances under the regional cap and compliance obligations for subject electricity generating facilities based on the RGGI Model Rule. In February 2013, an updated RGGI Model Rule was released following a yearlong stakeholder process conducted by the states that participate in RGGI (i.e., the New England States, New York, Delaware, and Maryland). The RGGI states committed to amending their state specific regulations consistent with the updated RGGI Model Rule by January 1, 2014.

Connecticut and the other RGGI states have seen a significant decrease in CO₂ emissions since the establishment of RGGI. From its participation in the regional CO₂ allowance auctions under section 22a-174-31 of the RCSA, Connecticut has invested more than \$74 million in energy efficiency programs and sources of renewable energy. Those investments on behalf of Connecticut's rate payers contributed significantly to an economic engine that grew jobs and lowered energy costs for all classes of Connecticut consumers.

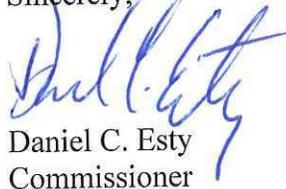
The proposed changes to the RGGI regulations will help ensure a cheaper, cleaner, more reliable energy future for the citizens of the State of Connecticut. This proposal is expected to reduce CO₂ emissions within Connecticut and the eight other RGGI states by an additional 86 million tons by 2020. These reductions will be extremely important to Connecticut's effort to mitigate climate change and satisfy the greenhouse gas emissions reduction requirements of Section 22a-200a of the General Statutes. Additionally, the proposal will provide enduring economic benefit to the citizens of Connecticut by continuing to fund programs that improve the energy efficiency of our homes, businesses, and institutions – and programs that develop and deploy sources of renewable energy. In fact, the proposal is predicted to provide more than \$800 million in economic benefit to Connecticut by 2020, spur innovation in conserving energy and deploying advanced power generating technologies, and provide more new job opportunities.

DEEP recognizes that there are some concerns regarding the impact of the program on electric ratepayers' bills. While the hearing report addresses these concerns in detail, I want to specifically note that the proposal enacts cost containment mechanisms and lowers the threshold for triggering the ratepayer relief provisions. These provisions – coupled with required investments in energy efficiency programs and sources of renewable energy – offer opportunities for all classes of electric ratepayers to reduce their energy consumption and energy costs. Furthermore, DEEP is actively pursuing the U.S. Environmental Protection Agency's consideration of RGGI as a compliance option allowable under forthcoming federal regulations for existing fossil fuel electricity generating units.

Connecticut and the other RGGI states have worked closely with stakeholders to ensure that these proposed changes maintain the market-based, cost-effective means of reducing in-state and regional CO₂ emissions contemplated in the original RGGI Model Rule. Additionally, we have placed special emphasis on ensuring the proposed changes continue to provide benefit to all classes of electric ratepayers. The RGGI states have also committed to performing additional program review in 2016, allowing opportunity for additional stakeholder input and program revision if needed.

If there are any questions regarding the proposed updates to the RGGI regulations or the Department's request for early consideration of this proposal, please contact Jessie Stratton, DEEP's Director of Policy, at 860-424-3201 or jessie.stratton@ct.gov. Thank you for your consideration and assistance with this matter.

Sincerely,



Daniel C. Esty
Commissioner

Cc: Jessie Stratton, DEEP
Robert LaFrance, DEEP

**STATEMENT PURSUANT TO SECTION 22a-6(h) OF THE GENERAL STATUTES
CONCERNING THE ADOPTION OF REGULATIONS PERTAINING TO ACTIVITIES
FOR WHICH THE
FEDERAL GOVERNMENT HAS ADOPTED STANDARDS OR PROCEDURES**

Pursuant to section 22a-6(h) of the Connecticut General Statutes (C.G.S.), the Commissioner of the Department of Energy and Environmental Protection (Department) is authorized to adopt regulations pertaining to activities for which the federal government has adopted standards or procedures. At the time of public notice, the Commissioner must distinguish clearly all provisions of a regulatory proposal that differ from federal standards or procedures either within the regulatory language or through supplemental documentation accompanying the proposal. In addition, the Commissioner must provide an explanation for all such provisions in the regulation-making record required under C.G.S. Title 4, Chapter 54 and make such explanation publicly available at the time of the notice of public hearing required under C.G.S. section 4-168.

In accordance with the requirements of C.G.S. section 22a-6(h), the following statement is entered into the public administrative record in the matter of the proposed revisions to various sections of the air quality regulations, as scheduled for public hearing on August 14, 2013.

This proposal includes changes to the Department's air quality programs that will amend the existing section 22a-174-31 of the Regulations of Connecticut State Agencies, entitled Control of Carbon Dioxide Emissions.

With respect the revisions to R.C.S.A. section 22a-174-31 (section 31). As required by the applicable provisions of Section 22a-200c of the C.G.S., the Department is proposing to amend regulations that implement the Regional Greenhouse Gas Initiative (RGGI) in Connecticut. RGGI is a cap and trade program under which carbon dioxide emissions from the electricity generating sector in Connecticut are regulated. Affected sources are required to purchase carbon allowances on the open market and surrender an amount of allowances equivalent to the tons of carbon dioxide emitted over a three year compliance period.

Additional documentation in accordance with C.G.S. section 22a-6(h), as amended by Public Action 07-45, An Act concerning Federal Environmental Standards and Procedures, is not necessary in the matter of the proposed amendment of section 31, because there currently are no mandatory federal requirements, standards or procedures in place relative to greenhouse gas emissions reductions from existing electricity generating units rated at or above 25MWe.

July 15, 2013
Date

/s/ Jaimeson Sinclair
Jaimeson Sinclair
Bureau of Energy and Technology