

Second Notice of Intent to Amend Section 22a-174-31 of the Regulations of Connecticut State Agencies, entitled Control of Carbon Dioxide Emissions

This second notice of intent to amend section 22a-174-31 of the Regulations of State Agencies is designed to ensure that all interested parties and the committees of cognizance within the General Assembly have the opportunity to provide their views on the proposed regulations, because it has come to the Department's attention that the original Notice of Intent (dated July 16, 2013) may not have reached all interested parties and committees of cognizance that the Department was obligated by law to notify. In providing this opportunity for additional review and public comment, the Department notes that the proposed regulation, fiscal impact analyses, and the statement in accordance with Section 22a-6(h) of the Connecticut General Statutes (CGS) referenced in the Department's original Notice of Intent (posted July 16, 2013) and described below have not been altered in any way.

The Department of Energy and Environmental Protection (Department), pursuant to Section 4-168 of the Connecticut General Statutes (CGS), hereby gives notice of its intention to amend section 22a-174-31 of the Regulations of Connecticut State Agencies (RCSA).

Section 22a-200c of the Connecticut General Statutes requires the Department to adopt regulations to implement the Regional Greenhouse Gas Initiative ("RGGI"), a regional Carbon Dioxide (CO₂) emissions cap and trade program between Connecticut and eight other Northeast and Mid-Atlantic states. The program is a market-based solution to reducing CO₂ emissions from the electricity generating sector. Section 22a-174-31 of the RCSA implements Connecticut's share of the regional program as required by Section 22a-200c of the CGS. Pursuant to section 22a-174-31 of the RCSA, Connecticut's subject electricity generators must obtain sufficient CO₂ allowances, which are initially offered in regional auctions, to equal their CO₂ emissions during each compliance period. In accordance with Section 22a-200c(b) of the CGS and section 22a-174-31 of the RCSA, proceeds from the auction of Connecticut's CO₂ allowances are invested in energy conservation, load management, and the development of sources of renewable energy in Connecticut.

The proposed amendments reflect the conclusions of an intensive program review of RGGI conducted by the participating states and stakeholders in accordance with the RGGI Memorandum of Understanding (MOU). Based upon that program review, the RGGI states agreed to reduce future regional CO₂ allowance budgets and the states' allocations under each budget to more closely align with current CO₂ emissions within the region and drive continued reductions in CO₂ emissions from the electricity generating sector.

In accordance with Sections 22a-6, 22a-174, 22a-200 and 22a-200c of the CGS, the proposed amendments to section 22a-174-31 of the RCSA reduce Connecticut's future CO₂ allowance budgets consistent with the commitments made by the RGGI states during program review. The amendments authorize the Commissioner to retire unsold/undistributed CO₂ allowances from prior years. The amendments establish cost containment mechanisms to mitigate allowance prices increases due to unforeseen circumstances and limit the impacts of compliance costs to Connecticut's electricity rate payers. Finally, the amendments continue to invest proceeds from the auction of Connecticut's CO₂ allowances in energy conservation, load management, and renewable energy sources; however until July 1, 2015 the Clean Energy Finance and Investment Authority would receive funding for energy conservation initiatives in accordance with Public Act 13-247.

Public Hearing: The Department conducted a public hearing to provide interested persons the opportunity to provide comments on the proposed amended regulations on August 14, 2013. An additional public hearing will be held on September 24, 2013, at 1 p.m., in Hearing Room 3, at the Department's New Britain Office, Ten Franklin Square, New Britain, Connecticut. The public hearing will be transcribed and electronically recorded. DEEP will post the electronic recording of the public hearing on the DEEP website at: [http://www.dpuc.state.ct.us/DEEP/energy.nsf/\\$EnergyView](http://www.dpuc.state.ct.us/DEEP/energy.nsf/$EnergyView). To acquire a copy of the transcript of the public hearing, please contact United Reporters, Inc. at (866) 534-3383 or through their website at: www.unitedreporters.com.

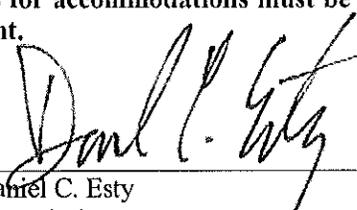
The public may call the Department offices, at (860) 827-1553, Option 4 (using a touch tone phone), commencing each day from 7:30 a.m., for information on weather related building closures or postponements and delays of events scheduled to be held at the Department's New Britain Offices.

Written Comments: The Department is providing a 30-day period during which comments on the proposed amended regulations will be accepted. Written comments may be filed electronically on the Department's website at: http://www.ct.gov/deep/cwp/view.asp?a=4405&q=493990&deepNav_GID=2121 or submitted directly to Debra Morrell at debra.morrell@ct.gov on or before September 30, 2013 by 4:00 p.m. All materials submitted in this proceeding shall be posted on the Department's website. Written comments submitted in accordance with the July 16, 2013 Notice of Intent shall be considered in the Department's action regarding the proposed regulations and need not be resubmitted. Any questions may be directed to Debra Morrell at (860) 827-2688 and/or via e-mail at debra.morrell@ct.gov.

Copies of the proposed regulation, fiscal impact analyses and a statement, in accordance with Section 22a-6(h) the CGS are available are posted on DEEP's website at: http://www.ct.gov/deep/cwp/view.asp?a=4405&Q=528200&deepNav_GID=2121.

The Connecticut Department of Energy and Environmental Protection is an Affirmative Action/Equal Opportunity Employer that is committed to complying with the requirements of the Americans with Disabilities Act. Any person with a disability who may need a communication aid or service may contact the agency's ADA Coordinator at 860-424-3194 or at deep.hrmed@ct.gov. Any person needing a hearing accommodation may call the State of Connecticut relay number - 711. Any person with limited proficiency in English, who may need information in another language, may contact the agency's Title VI Coordinator at 860-424-3035 or at deep.aaoffice@ct.gov. ADA or Title VI discrimination complaints may be filed with DEEP's EEO Manager at 860-424-3035 or at deep.aaoffice@ct.gov. Requests for accommodations must be made at least two weeks prior to any agency hearing, program or event.

August 29, 2013
Date



Daniel C. Esty
Commissioner



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entitled Control of Carbon Dioxide Emissions**

The Department of Energy and Environmental Protection (Department), pursuant to Section 4-168 of the Connecticut General Statutes (CGS), hereby gives notice of its intention to amend section 22a-174-31 of the Regulations of Connecticut State Agencies (RCSA).

Section 22a-200c of the Connecticut General Statutes requires the Department to adopt regulations to implement the Regional Greenhouse Gas Initiative ("RGGI"), a regional Carbon Dioxide (CO₂) emissions cap and trade program between Connecticut and eight other Northeast and Mid-Atlantic states. The program is a market-based solution to reducing CO₂ emissions from the electricity generating sector. Section 22a-174-31 of the RCSA implements Connecticut's share of the regional program as required by Section 22a-200c of the CGS. Pursuant to section 22a-174-31 of the RCSA, Connecticut's subject electricity generators must obtain sufficient CO₂ allowances, which are initially offered in regional auctions, to equal their CO₂ emissions during each compliance period. In accordance with Section 22a-200c(b) of the CGS and section 22a-174-31 of the RCSA, proceeds from the auction of Connecticut's CO₂ allowances are invested in energy conservation, load management, and the development of sources of renewable energy in Connecticut.

The proposed amendments reflect the conclusions of an intensive program review of RGGI conducted by the participating states and stakeholders in accordance with the RGGI Memorandum of Understanding (MOU). Based upon that program review, the RGGI states agreed to reduce future regional CO₂ allowance budgets and the states' allocations under each budget to more closely align with current CO₂ emissions within the region and drive continued reductions in CO₂ emissions from the electricity generating sector.

In accordance with Sections 22a-6, 22a-174, 22a-200 and 22a-200c of the CGS, the proposed amendments to section 22a-174-31 of the RCSA reduce Connecticut's future CO₂ allowance budgets consistent with the commitments made by the RGGI states during program review. The amendments authorize the Commissioner to retire unsold/undistributed CO₂ allowances from prior years. The amendments establish cost containment mechanisms to mitigate allowance prices increases due to unforeseen circumstances and limit the impacts of compliance costs to Connecticut's electricity rate payers. Finally, the amendments continue to invest proceeds from the auction of Connecticut's CO₂ allowances in energy conservation, load management, and renewable energy sources; however until July 1, 2015 the Clean Energy Finance and Investment Authority would receive funding for energy conservation initiatives in accordance with Public Act 13-247.

Public Hearing: The Department will conduct a public hearing to provide all interested persons the opportunity to provide comments on the proposed amended regulations. The public hearing will be held on August 14, 2013, at 10:30 a.m., in Hearing Room 1, at the Department's New Britain Office, Ten Franklin Square, New Britain, Connecticut. The public hearing will be transcribed and electronically recorded. DEEP will post the electronic recording of the public hearing on the DEEP website at: [http://www.dpuc.state.ct.us/DEEPEnergy.nsf/\\$EnergyView](http://www.dpuc.state.ct.us/DEEPEnergy.nsf/$EnergyView). To acquire a copy of the transcript of the public hearing, please contact United Reporters, Inc. at (866) 534-3383 or through their website at: www.unitedreporters.com.

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July 15, 2013
Date

/s/ Katherine S. Dykes
Katherine S. Dykes
Deputy Commissioner