



July 11, 2014

Via Electronic Filing

Wendy Jacobs
Bureau of Air Management
Department of Energy and Environmental Protection
79 Elm Street
Hartford, Connecticut 06106-4064

**Subject: NRG Comments on the CT DEEP Draft RACT Analysis
2008 8-Hour Ozone National Ambient Air Quality Standard Draft**

Dear Ms. Jacobs:

Montville Power LLC, Connecticut Jet Power LLC, Middletown Power LLC and Devon Power LLC (collectively, the "NRG Connecticut Subsidiaries"), hereby submit comments on the Connecticut Department of Energy and Environmental Protection's ("DEEP" or "Department") Draft State Implementation Plan for Air Quality; Reasonably Achievable Control Technology (RACT) Planning Document ("Plan" or "Draft SIP"). In sum, the NRG Connecticut Subsidiaries support the Department's consideration of stakeholder involvement in this process and appreciate several aspects of the Department's plan, including the following:

- The Plan's recognition of the Forward Capacity Market ("FCM") and the necessity to take regional electric system reliability cycles into account in planning,
- The Plan's recognition that further controls are not reasonable for the load following boilers and uncontrolled turbines, and
- The Plan's acknowledgment that businesses need certainty to budget and schedule for the installation of controls and replacement of units particularly in difficult economic circumstances.

However, the NRG Connecticut Subsidiaries are concerned about the Plan's stated need to consider a reduction in the emission limitations in conjunction with elimination or adjustment of the NOx credit trading program as indicated in the following statement.

"DEEP must therefore consider elimination of the single source emissions trading program, as well as more stringent emission limits, to meet current RACT levels and realize additional reductions in Connecticut emissions."

The NRG Connecticut Subsidiaries caution the Department about eliminating its traditional NOx trading program at the same time the NOx RACT rate is reduced. The generating units operated by the NRG Connecticut Subsidiaries provide critical energy, capacity and reserves to the Independent System Operator of New England ("ISO-NE"). In the most recent capacity auction for planning year 2017/2018, while all of the NRG Connecticut Subsidiaries participated, ISO-NE did not have sufficient capacity to meet demand. In order to avoid a dramatic shortfall in ISO-NE's needs, the Department should instead consider an averaging program or some other means of achieving the desired state-

wide NOx reductions that would permit a range of individual unit RACT emission rates. The combustion turbine-powered electric generators owned by NRG's Connecticut Subsidiaries have limited technological options to lower their NOx emissions and are an example of how an averaging program or trading program would be advantageous to Connecticut. These units have historically relied on the Connecticut trading program to remain in compliance with the NOx RACT limit. As noted in the Draft SIP, control technology evaluations were conducted in 2010 by numerous generators in the emissions trading program. The conclusion of those evaluations, which was noted by the Department, is that these units and others with similar profiles may not be further controlled at a reasonable cost at this time. If the Department eliminates the availability of trading and at the same time adopts more stringent NOx RACT regulations, it may force the shutdown of fast start units that currently provide standby reserves for contingency events and peaking power to the grid during system emergencies and on high energy demand days. These units provide a valuable service to the region in maintaining and managing system reliability and the final SIP should be and can be structured to enable these units to continue operating while still meeting the State's environmental goals by including a trading or averaging program.

The timing of the implementation of potential proposed changes is also problematic. The Plan proposes a January 1, 2017 effective date for changes in the regulations. The NRG Connecticut Subsidiaries recommend that any implementation plan provide adequate time so that generators can comply with the new regulations in a timeline that aligns with the FCM timeline. Under the FCM, ISO-NE procures capacity resources three years in advance and generators begin planning for a particular power year procurement almost four years in advance of that year. Units participating in FCM currently have capacity supply obligations through the 2017/2018 capacity period (through the end of May 2018). While the next FCM auction is in February 2015 for 2018/2019 Capacity Period (which is June 1, 2018 – May 31, 2019), the deadline to submit new environmental capital projects or to request a market approved delist bid has already passed. Imposing new NOx limits that are effective on January 1, 2017 will not provide sufficient time for generators to respond to the changes. This timing would create detrimental economic impacts and likely detrimental reliability impacts as well because certain units may not be able to comply with the new regulations and could be forced to shut down and thus not fulfill their capacity obligations. The final implementation plan must build in adequate timing for compliance that would allow at least 4 years for the budgeting, planning, and scheduling for new controls or unit retirements. This timing will be beneficial both to the citizens of Connecticut, ISO-NE and the Connecticut generators.

If you have any questions or require additional information, please contact me at Shawn.Konary@nrgenergy.com or (617) 529-3874.

Respectfully submitted,

Shawn Konary
Regional Environmental Supervisor

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