

From: Bacher, David [<mailto:David.Bacher@nrg.com>]
Sent: Thursday, November 20, 2014 4:08 PM
To: Gray, Valerie A. (DNREC)
Cc: Mirzakhaili, Ali (DNREC)
Subject: RE: Clean Power Rule

Valarie,

Attached are “Delaware based comments” for consideration to be incorporated within DNREC’s comment letter to EPA on the Clean Power Rule. As you know, EPA asked for comments from stakeholders, including those from state agencies by December 1, 2014. DNREC held a public listening session on November 5 and in support of your comment development process, you had asked stakeholders to provide additional information for consideration.

My comments focus on three primary key points; areas of common support for the rule, concerns with two of the building Blocks, and the timeline for compliance and offers recommendations to improve the rule.

- Common Support – NRG agrees climate change is the pre-eminent challenge of this generation and supports well designed policies implemented on national basis. We agree with DNREC that compliance based on mass emissions is needed and that RGGI is sufficient to satisfy Delaware and other RGGI state obligations.
- Building Blocks – These comments only address Building block 1 and 2. NRG believes EPA has overestimated the potential for Building Block 1 from EGU efficiency improvements and capital investments. In addition, regarding Building Block 2, we present concerns from an over-reliance on natural gas generation and its ability to displace coal resources.
- Compliance Timeline – The rule requires 80% to 90% of the reduction as early as 2020 with the remainder by 2030. This “reduction cliff” will act to retire coal assets sooner than planned, cause immediate new NGCC deployment, resulting in an over-abundance of fossil fuel capacity saturating the market which in turn creates a significant barrier to entry for new renewable options. Further, the gap in time from early coal retirements to new NGCC capacity will create material exposure and risk to the northeast in regard to reliability and energy cost which is supported by the NERC Reliability Report.

Please call with any questions or clarifications.

Thank you,

David Bacher