



April 6, 2018

BY ELECTRONIC AND U.S. MAIL

Mailing Address

P.O. Box 2710
Manassas, VA 20108-0875
(703) 335-0500

Balls Ford Corporate Office
10432 Balls Ford Road, Suite 220
Manassas 20109-2516

Lomond Business Center
10323 Lomond Drive
Manassas 20109-3113

Gainesville Technical Center
5399 Wellington Branch Drive
Gainesville, VA 20155-4004

Leesburg Office
349 East Market Street
Leesburg, VA 20176-4102

Minnieville Office
14500 Minnieville Road
Woodbridge, VA 22193-3216

Stafford Office
2430 Poplar Road
Fredericksburg, VA 22406-4045

Ms. Karen G. Sabasteanski
Department of Environmental Quality
1111 East Main Street, Suite 1400
P.O. Box 1105
Richmond, VA 23218
karen.sabasteanski@deq.virginia.gov

Re: Title IX Proposed Emissions Trading Program
Notice of Intended Regulatory Action
9VAC5-140 Regulation for Emissions Trading Programs

Dear Ms. Sabasteanski:

The Notice of Intended Regulatory Action (“NOIRA”) that is the subject of these comments pertains to the promulgation of regulations abating, controlling, and prohibiting air pollution in order to protect public health and welfare.

The Northern Virginia Electric Cooperative (“NOVEC”) is a not-for-profit supply and distribution electric cooperative that has been serving its member-owners within the Commonwealth as NOVEC or its predecessor cooperatives since the 1930’s. Presently, NOVEC serves more than 168,000 member-owners in the counties of Fairfax, Prince William, Loudoun, Fauquier, Stafford, and Clarke; in addition, the City of Manassas Park and the Town of Clifton are also within NOVEC’s certificated service territory. The board of directors of NOVEC is elected by the Cooperative’s membership, and as such, fully represents the interests of the members. The board’s resolution in support of these comments is attached. NOVEC is the largest member of the Virginia, Maryland, and Delaware Association of Electric Cooperatives (VMDAEC). The VMDAEC has also filed comments in this matter.

NOVEC’s executive leadership team is responsible for the day-to-day operation of the Cooperative; that responsibility includes the provision of a power supply that is reliable, competitively-priced, and environmentally sound. While NOVEC’s power supply portfolio is predominantly natural gas-fired, NOVEC is keenly aware of its responsibility to provide renewable energy; as such, NOVEC’s waste wood-fired biomass plant, discussed in detail below, landfill gas-fueled generation, and solar energy resources provide in excess of eight percent of NOVEC’s system energy requirements. The Cooperative has concerns that the State Air Pollution Control Board should consider and

weigh as it finalizes its draft of 9VAC5-140 rules contained within the January 8, 2018, Virginia Register. Those concerns are:

The current definitions of “Fossil fuel” and “Fossil fuel-fired” are appropriate and should not be modified; the January 8, 2018 Virginia Register of Regulations definitions are:

“Fossil fuel” means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.

“Fossil fuel-fired” means the combustion of fossil fuel alone or in combination with any other fuel where the fossil fuel combusted comprises, or is projected to comprise, more than 10% of the annual heat input on a Btu basis during any year.

Waste wood-fired, biomass-generating facilities should remain excluded from the Proposed Rulemaking

NOVEC owns and operates a 49.9 MW biomass generating facility in Halifax County that is fueled exclusively by waste wood products that come predominantly from logging operations. This facility provides a winning solution to the management of wood waste products and the production and delivery of renewable energy to the power grid.

NOVEC’s mission includes the provision of a low-cost, reliable, and environmentally sound energy supply. NOVEC built this facility to provide renewable energy to its members in response to member requests for additional renewable energy in its resource mix. NOVEC located this facility in a geographic area that was already highly active in logging woodlands to supply the construction, furniture, and paper industries. Doing so minimized the need to transport waste wood over long distances; a side benefit was the provision of an economic boost to the local communities.

NOVEC does **NOT** log any tracts of land for the provision of wood fuel for the biomass plant. Instead, purchasers of high quality timber hire loggers to clear tracts of land and deliver the high quality “round wood” for lumber and lumber-related products. The remaining tree material, about 30 percent of the total, is deemed undesirable. This un-marketable wood, known as “slash,” remains in the form of branches, limbs and stumps. The geographic region that provides slash to NOVEC’s facility produces more than 1 million tons of this waste product annually. Land owners typically want the slash removed from their properties, as leaving it in place reduces the amount of land available for growing the next generation of trees.

Harvesting slash is superior to sending it to landfills, as the large volume would quickly fill up available landfill capacity. While slash can be disposed of through uncontrolled burning (a common practice used for decades), there are obvious consequences of doing so; there is no control over SOX, NOX, particulates, or any other undesirable emissions. The NOVEC biomass model is the best alternative to open air burning or leaving slash in the forest for the following reasons:

- NOVEC purchases the slash already chipped and has it delivered in truckloads to the biomass facility. Small businesses create jobs associated with the chipping activities and the delivery of wood chips to the biomass facility; stimulating the local economy.
- The NOVEC biomass facility's air quality permit limits the amount of certain emissions that result from the combustion of the wood chips. As a result, the waste wood is combusted in a controlled manner to create steam that, in turn, generates electricity.
- The heat generated during uncontrolled burns is wasted. At the NOVEC facility the heat produced from the combustion is captured and converted to electric energy, reducing the amount of electricity needed from other power plants.
- Fly ash produced by the biomass plant is used as a soil nutrient by nearby farmers. The fly ash has a high 'ph' level that chemically works in the same manner as lime. It also contains other trace elements that benefit the soil. Farmers have experienced increased crop yields with the topical application of this fly ash to their fields.

In summary, and for all of the reasons below, NOVEC's biomass power plant is a win for the environment, a win for the local economy and a win for Virginia. As such, biomass should not be included in the definition of fossil fuels.

- 1). There is no deforestation. Whole trees are not harvested for wood fuel; NOVEC only burns the waste wood (slash) left behind after logging activities have been completed.
- 2). NOVEC pays a forestry tax to the Department of Forestry that is used to fund the re-planting of trees throughout Virginia. According to the State Department of Forestry, Virginia's forests are healthy and increasing year-over-year. The forestry tax can be viewed as a carbon tax that is already in place and paid by biomass plants. Young trees take in a higher amount of CO₂ as compared to older trees for the same acreage.
- 3). The waste wood (slash) is burned in a controlled environment using state-of-the art emission controls that clean up the emissions as compared to open air fires. Doing so creates a public health benefit by reducing the amount of particulates that may aggravate respiratory ailments.
- 4). The heat that would be lost in open air fires is captured and turned into electricity, reducing the amount of electricity needed from other power sources.
- 5). The smoke plumes resulting from public landfills burning the wood wastes that formerly blew into local neighborhoods has been eliminated, as the wood waste is now combusted at the biomass plant.
- 6). Wood waste that is left to decompose naturally contains wood gases that include methane, which is much more damaging to the atmosphere than CO₂. Methane has a shorter life cycle than CO₂; however, it is more harmful because of its heat-trapping characteristic.

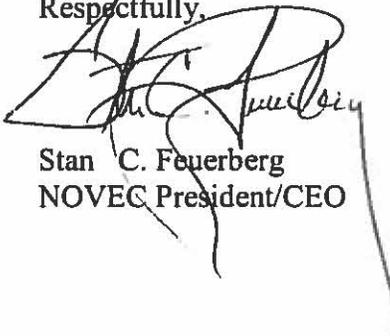
7). Combusting wood slash does not emit any carbon that is not already in the natural life cycle. There is no additional CO₂ produced when the wood waste is combusted in a biomass facility than is produced when it is burned in open air fires.

8). Biomass plants in economically challenged areas of the Commonwealth provide needed jobs and investments as well as substantial tax revenues for schools and other local government services. Unlike natural gas and/or coal, biomass fuel is produced in close proximity to the plants and the harvesting/chipping/delivery of slash serves as a significant economic engine for the locality and region.

NOVEC offers this opinion with regard to any and all revenues received from the CO₂ auctions: Resolution of the unresolved revenues allocation methodology should be directed to the Virginia State Corporation Commission for development of an equitable distribution formula that includes all electric utility ratepayers across the Commonwealth of Virginia.

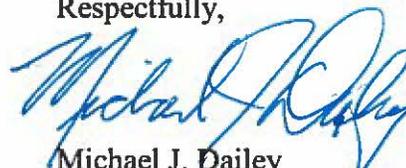
- Even though the Regulatory Advisory Panel (“RAP”) was unable to reach a consensus on a recommended distribution approach for the revenue as referenced in their Final Activity Report, dated September 27, 2017, in that same report the RAP ranked the following allocation goals as the two most important: (1) **protect electricity customers**, and (2) **promote cost-effectiveness**.
- As presently drafted, the rules in this area reference the December 4, 2017, presentation before the Joint Committee on Electric Utility Regulation; it stated that the “Revenue received by CO₂ Budget Sources owned by regulated electric utilities flow to rate payers pursuant to State Corporation Commission (SCC) requirements. This statement failed to recognize that Virginia ratepayers served by utilities that do not own CO₂ Budget Sources but purchase power from the PJM wholesale power market (presumably the CO₂ Budget Source entities market for their power) would see their power prices increase as a result of these rules as currently envisioned but would be unable to mitigate the increases in power prices through an allocation of the auction revenue as would be available to a select group of Virginia ratepayers. Making this potential treatment of utilities and its customers that do not own CO₂ Budget Sources at best arbitrary and capricious.
- Assigning the resolution of this unresolved matter to the Virginia State Corporation Commission and tasking the SCC to finish the job of developing an equitable distribution formula that includes all ratepayers across the Commonwealth can achieve both of the original objectives of the RAP.

Respectfully,



Stan C. Feuerberg
NOVEC President/CEO

Respectfully,



Michael J. Dailey
NOVEC VP Energy & Bus. Dev.

April 5, 2018
Manassas, Virginia

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
BOARD OF DIRECTORS RESOLUTION**

WHEREAS, The State Air Pollution Control Board (SAPCB) is considering the adoption of a regulation to reduce and cap carbon dioxide (CO2) from fossil fuel fired electric power generating facilities by means of an interstate trading program (Revision C17); and

WHEREAS, the board of directors of Northern Virginia Electric Cooperative ("NOVEC") has been apprised of the impact of said proposed regulations; and,

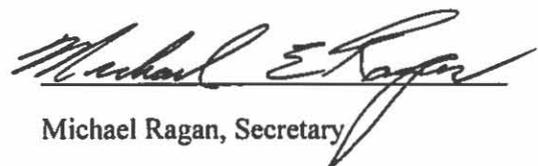
WHEREAS, The SAPCB is seeking comments through the Department of Environmental Quality on the proposed regulatory amendments, and

WHEREAS, the board of directors seeks to fully represent the interests of its members by submitting comments;

BE IT RESOLVED, that the board of directors of the Northern Virginia Electric Cooperative does hereby adopt and approve the comments contained in the attached letter to Ms. Karen G. Sabasteanski, Department of Environmental Quality, dated April 6, 2018.

I, Michael E. Ragan, Secretary of Northern Virginia Electric Cooperative, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Northern Virginia Electric Cooperative, held on April 5, 2018, at which a quorum was present.

SEAL:


Michael Ragan, Secretary