



Safety and Construction
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VIA ELECTRONIC SUBMISSION

Submitted via DEQ email to: ghg@deq.virginia.gov

Karen G. Sabasteanski, Policy Analyst
Office of Regulatory Affairs
Virginia Department of Environmental Quality
P.O. Box 1105
Richmond, Virginia

**RE: Comments on Proposed 9VAC5 Chapter 40 Regulations for
Emissions Trading Part VII CO2 Budget Trading Program**

Dear Ms. Sabasteanski:

E.I. du Pont de Nemours and Company ("DuPont") appreciates this opportunity to provide its comments on the 9VAC5 Chapter 40 Regulations for Emissions Trading, Part VII CO2 Budget Trading Program ("the Regulations") proposed by the Commonwealth of Virginia's Department of Environmental Quality ("VADEQ"). Virginia's efforts to join the Regional Greenhouse Gas Initiative ("RGGI") are to be commended, as a means of effectively reducing emissions by requiring electricity generators with capacity greater than 25MW to procure emissions allowances.

DuPont owns and operates a large manufacturing facility in Richmond, Virginia, known as the Spruance Plant. Recently DuPont acquired the cogeneration units (Plant 1 and Plant 2) adjacent to the Spruance Plant as the supply contract expired and the previous owner of Plant 1 and Plant 2 discontinued its operation. As part of its operations, DuPont recently entered into a long-term agreement with Veolia to provide central utility services to the Spruance facility. Consequently, Veolia will operate and maintain the cogeneration units that supply the Spruance powerhouse on the manufacturing campus. Importantly, Veolia plans to upgrade and invest in the utilities to be more efficient, and enhance performance and reliability, which will ultimately help DuPont reduce its utility costs and environmental footprint.

The unit which Veolia will operate and maintain, as part of the Spruance operations, for DuPont is a combined heat and power ("CHP") unit, which is uniquely different from the typical large electricity generating unit. VADEQ recognizes the value of such CHP units, by including an exemption in the proposed regulations for certain industrial CHP units. 9VAC5-140-6060 (B), the "Industrial Exemption"

However, the Industrial Exemption would require that the CHP unit be owned by the industrial end user rather than a third party. DuPont has engaged Veolia to

utilize their specialized expertise, to operate and maintain the industrial utility, while allowing DuPont to focus its own resources on manufacturing. Rather than regulating CHP ownership, DuPont suggest a more effective focus on the reduction of greenhouse gas emissions, rather than ownership of the specific asset, therefore allowing the industrial and manufacturing sector in Virginia greater flexibility in achieving this regulatory purpose.

To that end, we suggest that VADEQ remove the phrase “*owned by an individual facility and*” from the language of the Industrial Exemption, so that 9VAC5-140-6040(B) Applicability would now read:

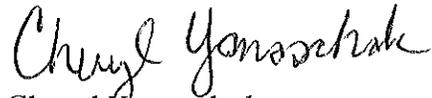
“Exempt from the requirements of this regulation is any fossil fuel power generating unit located at that individual facility that generates electricity and heat from fossil fuel for the primary use of operation of the facility.”

Veolia, as operator of the DuPont-owned generating units, will submit detailed comments concerning the proposed regulations which would significantly impact the effectiveness and objectives of utilizing the DuPont-owned CHP unit.

DuPont appreciates this opportunity to comment on the efforts by the Commonwealth to achieve meaningful reductions in greenhouse gas emissions from electricity generators within their jurisdiction. It is important that VADEQ allows flexibility among such units to fully accomplish the goal without creating undue constraints and economic burden on industrial entities within Virginia.

Please contact me at 804-383-4776 with any questions concerning these comments or DuPont’s manufacturing in the Commonwealth of Virginia.

Sincerely,



Cheryl Yanoschak
Safety, Health and
Environmental Manager
DuPont Spruance Plant