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Secretary Matthew Beaton
Executive Office of Energy and Environmental Affairs
Attention: MEPA Office
Holly Johnson, EEA #15407
100 Cambridge Street, Suite 900
Boston, MA 02114

RE: Canal Unit 3 Final Environmental Impact Report, EEA # 15407

Dear Secretary Beaton:

The Association to Preserve Cape Cod (APCC) is the Cape's leading nonprofit environmental and advocacy organization. Founded in 1968 and today representing over 5,000 members across the region, APCC's mission is to preserve, protect and enhance the natural resources of Cape Cod. APCC has reviewed the Canal Unit 3 Final Environmental Impact Report (FEIR) and offers the following comments.

General

NRG, the project applicant for the Canal 3 project, proposes to construct a high efficiency, fast-starting peak electric generating unit at the Canal Generating Station in Sandwich. The proposed project will generate approximately 350-MW of power during peak energy demand times for up to 4,380 hours (182.5 days) per year. It will run primarily on natural gas but would also use ultra-low sulfur distillate as a back-up fuel for up to 720 hours (30 days) per year.

As previously stated in our comments on the project's Draft Environmental Impact Report (DEIR), APCC supports the evolution of energy production away from fossil fuels and toward new development that utilizes clean, renewable sources of energy. As energy demands continue to grow across the region, it is imperative for suppliers to transition to renewable sources for the region's energy needs. Despite the proposed project's use of lower-emission fuels and the claim that it will serve to displace other power plants that use dirtier fuels, Canal Unit 3 will still produce greenhouse gasses and other pollutants, and will increase the total emissions output of the Canal Generating Plant. But, as the regional grid grows more reliant on clean energy, APCC does recognize the potential for Canal Unit 3 to serve as a bridge for times when those green energy sources are not operating at their full potential to meet demand.

Since filing the DEIR, the most significant change to the project proposal concerns revisions to the electrical transmission line interconnection plan. According to the FEIR, the revised routing of the line reduces the number of poles required and eliminates one pole that would have been located within a wetland buffer zone. APCC welcomes this and any other project modifications that may reduce environmental impacts on-site or off-site.

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Regional Greenhouse Gas Initiative and the Global Warming Solutions Act

The FEIR states that it will participate in the Regional Greenhouse Gas Initiative (RGGI), but raises objections to any imposition of a declining emissions cap set exclusively on new power generating units such as Canal 3, stating that such a cap would only encourage the continued use of older units that produce greater CO₂ emissions and would actually result in an overall increase in CO₂ emissions.

The FEIR also points to the recent Massachusetts Supreme Judicial Court ruling on the Global Warming Solutions Act (GWSA), which places the responsibility of decreasing greenhouse gas emissions over time on DEP regulations as opposed to relying on individual projects to develop their own reduction measures. The FEIR states that the Canal 3 project will therefore comply with any DEP greenhouse gas emissions reductions that may be required as regulations for implementing the GWSA. APCC strongly maintains that there needs to be much more clarity on how the Canal 3 project will be required to meet the objectives of the GWSA.

NO_x Offsets

APCC raised questions in the DEIR about the eligibility of the applicant's proposal to meet the required NO_x emission offsets through credits from the Lovett Station power plant in New York, which was permanently shut down in 2007 as part of a settlement with the New York State Department of Environmental Conservation (NYSDEC). In its response in the FEIR, the applicant stated:

"As specified in 310 CMR 7.00 Appendix A, emission offsets created from the closure of an existing source, or curtailment of production or operating hours below baseline levels, may be generally credited if such reductions are deemed real, surplus, permanent, quantifiable, and federally enforceable."

The FEIR further explained:

"An Application for Certification of Emission Reduction Credits (ERCs) was submitted to NYSDEC that documented the quantity of qualifying emissions. The certified ERCs reflect actual emission reductions (real) over and above those that would be required to comply with all other emission reduction requirements (surplus and quantifiable). Lovett Station was shut down and surrendered its permits (permanent and federally enforceable). As such, the ERCs are legally applicable for use as offsets."

According to the FEIR, the Lovett Station ERCs have been certified and approved by the NYSDEC. However, as of the publication of the FEIR, the Lovett Station site still does not qualify as an eligible NO_x offset project for Canal 3 because there is no Memorandum of Understanding for ERC transfer between Massachusetts and New York. The Canal 3 project's ability to be permitted is dependent upon securing sufficient NO_x emissions offsets as required by 310 CMR 7.00 Appendix A. This is a critical issue that must be resolved.

APCC must also state that, although Lovett Station's emissions were legally certified as ERCs in the state of New York, we find it objectionable that such emission credits could be potentially allowable in Massachusetts, given that Lovett Station was forced to shut down because those same emissions were in violation of the Clean Air Act.

Regional Mitigation

The FEIR states that the project applicant is "developing a package of local support measures" and is in discussion with the town of Sandwich regarding possible environmental benefit programs to mitigate the project's emissions impacts. The whole Cape region is subject to the impacts of power plant

emissions, which affect human health and the Cape's environmental resources. Included in those impacts are the consequences of climate change and sea level rise, which every town on Cape Cod is experiencing and will continue to experience in increasing severity. Project mitigation should be directed toward impacts in Sandwich as well as the entire Cape region. This is an issue area that should be further discussed in the Cape Cod Commission's Development of Regional Impact (DRI) review process.

Project Resilience to Sea Level Rise

According to the FEIR, the project is located within FEMA's current 100-year floodplain, which in Massachusetts is regulated as Land Subject to Coastal Storm Flowage. Based on an estimated two-foot rise in sea level during the 40-year life of the project, the project applicant proposes to raise critical infrastructure of the project by 16 feet, an elevation two feet higher than the current 100-year floodplain.

While elevating the project two feet above the current 100-year floodplain is deemed to address the applicant's calculation of a two-foot sea level rise, APCC questions whether this is sufficient to withstand future catastrophic hurricane storm surges that occur on top of the projected sea level rise.

The project plan anticipates that extreme flooding from hurricane events will cause access roads, which are at lower elevations, to be impassable. During such occasions, the FEIR states that the plant will be evacuated until the storm is over. It stands to reason that a back-up power generating source such as Canal 3 would be especially needed after extreme weather events if other sources such as wind energy are shut down or damaged. Reliable access to the plant should be assured so that operations can resume as quickly as possible for those times when a regional power generating source may be needed the most.

APCC wonders if it would be more practical and in the public's best interests to locate a "back-up" facility such as Canal 3 in a location that is not subject to inundation or that would need to be evacuated—and presumably shut down—during extreme weather events.

Hazardous Materials

The project applicant provided a table in the FEIR showing current and future quantities of hazardous materials stored on the project site. Along with the introduction of transformer oil (3,500 gallons), turbine lube oil (13,550 gallons), aluminum sulfate (100 gallons), and turbine wash detergent (1,200 gallons), the project will add nearly 7.7 million gallons of #2 fuel oil that will replace the same amount of #6 fuel oil. The net gain in the amount of hazardous materials stored on-site is 18,350 gallons.

APCC looks for further study in the DRI review of the project to determine if storage, spill prevention and spill containment measures meet Cape Cod Regional Policy Plan standards.

Water Supply Wells

In its written comments on the DEIR, DEP raised questions about potential impacts to adjacent wetlands from the project's use of existing on-site water supply wells. The applicant responded to DEP's questions in the FEIR by stating that withdrawal from the two identified wells is authorized under the Canal Station's existing Water Management Act Registration, and the total cumulative water withdrawal will remain within currently authorized limits.

If questions from DEP about the wells' impacts persist, this issue should be resolved in the DEP permitting process and during the Cape Cod Commission's public review.

Conclusion

There are still several significant unresolved issues associated with the Canal 3 project. APCC looks for these issues to be addressed through DEP permitting and as the Cape Cod Commission takes up review during the DRI process. We anticipate submitting further comments at that time.

APCC thanks the Secretary for this opportunity to provide comments.

Sincerely,



Ed DeWitt
Executive Director



Don Keeran
Assistant Director

cc: Cape Cod Commission