

US EPA ARCHIVE DOCUMENT

[ANPS]

**AGENDA**  
**Cape Wind DEIS**  
**March 17, 2008**

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B. Pedersen's talk 3-17-08  
on behalf of AWP

**Even the Inadequate DEIS Discussion Shows that Constructing  
Cape Wind would have no Appreciable Air Pollution or Greenhouse Gas  
Reduction Benefits**

**I. My Topics**

Air pollution reduction, greenhouse gas (GHG) reduction, and Massachusetts Renewable Portfolio Standard (RPS) compliance.

**II. My Qualifications**

Many years working on these issues at EPA, in private practice and as an academic writer.

**III. A General Caveat to Begin**

The DEIS discussion of my topics is inadequate both in detail and in its general conceptual approach. Until these defects are corrected, any conclusions based on the DEIS may be open to refinement, though I think the overall picture is already clear.

**IV. Air Pollution**

- A. The COE DEIS made sweeping and unsupportable claims for the air pollution reduction benefits of constructing Cape Wind. The current DEIS, however, admits that any emission reductions will be "very slight." These reductions will not be needed to attain air quality standards.
- B. As EPA itself pointed out in a 2005 letter to COE, the DEIS assertions take no account of the way cap and trade controls work. When overall emissions

are capped, constructing a zero-emissions source will not lead to a reduction in capped emissions, but will simply shift them around.

- C. Even though air quality in New England is pretty good and projected to get better, it is possible, but hardly certain, that society may choose to require additional future emissions reductions. However, conventional pollution control technology for conventional power sources will almost certainly remain a more cost-effective way to achieve these reductions than constructing Cape Wind.

## V. GHG Reduction

- A. The DEIS admits that any GHG reductions from constructing Cape Wind would be “negligible.”
- B. Once again, the DEIS does not even mention the impact on GHG emissions of a cap and trade system. Though we currently have no national cap, the DEIS to be legally adequate must analyze likely future developments during Cape Wind’s operating life. Adoption of a national cap seems very likely during that period. Moreover, most northeastern States, including Massachusetts, have already adopted a regional GHG cap for power plants.
- C. A cap and trade system automatically picks the most cost-effective ways to reduce emissions. To analyze where Cape Wind would fit into such an approach, we must compare the cost per ton of its GHG emissions reductions against the cost per ton of all other competing ways to reduce GHG emissions. This should cover Cape Winds financial, environmental, and other social costs. The DEIS does not even try to do this.

## VI. The Massachusetts RPS

- A. In contrast to its modest claims about air pollution and GHG reduction benefits, the DEIS claims increased ability to comply with the Massachusetts RPS as an important Cape Wind benefit. But this gets the proper logic backwards. RPS is not an end in itself, but a means to encourage clean renewable energy to a defined extent by giving it a regulatory subsidy. The subsidy quantifies and limits the degree of encouragement that the legislature thought proper. It would be an improper double subsidy for the DEIS to give additional “approval points” to Cape Wind – for example, by undercounting its effect on birds or benthic life – because of its alleged RPS benefits.
- B. Moreover, apart from air pollution and GHG benefits – which the DEIS concedes are trivial - there are few independent social returns from RPS compliance.
- C. Finally, the latest Massachusetts RPS report strongly suggests that Cape Wind is not needed to achieve RPS benefits and may well reduce them.

RPS requires Massachusetts electricity providers to either get a certain small percentage of their power from renewable sources, or make an Alternative Compliance Payment (ACP). Accordingly, companies will only purchase renewable energy up to the required percentage, **and** to the extent it is cheaper than the ACP.

Cape Wind would increase the total supply of renewable energy only if it reduced reliance on the ACP.

Conversely, to the extent that companies would meet their RPS obligations without Cape Wind, and without making ACPs, Cape Wind would not increase the total supply of renewable energy. Instead, to the extent Cape Wind power qualified for the RPS subsidy, it would displace other sources of renewable energy and take away the subsidy they would otherwise have received. Without that subsidy, those alternative sources – which might well be socially preferable to Cape Wind - would probably not be constructed and would be lost to the market.

The latest report on the RPS by the Massachusetts Division of Energy Resources (DER) strongly suggests that this second outcome is more likely. DER projects that even without Cape Wind, alternative energy projects already in the pipeline will supply an increasing share of RPS obligations, potentially reaching 100% in the next two years, thus eliminating ACP payments.

This new power will come from a wide variety of sources. However, additions of wind power specifically to the RPS portfolio in 2007-2009 will amount to 71% of the 420 MW capacity projected for Cape Wind. DER expects still more expansion of qualifying wind power in later years.