

E-Mail to Joseph Galdo, 19 February 2002

February 19, 2002

Mr. Joseph Galdo

EE-16

U.S. Department of Energy

Forrestal Building

1000 Independence Ave., SW

Washington, D.C.20585

Dear Mr. Galdo

NRECA is the not-for-profit, national service organization representing more than 900-rural electric systems that provide electric service to 35 million customers in 46 states in 2500 of the nation's 3128 counties. Of these systems, 60 are generation and transmission cooperatives that are owned by, and serve, 685 of 870 distribution systems. NRECA provides these comments on behalf of its member systems.

NRECA recently received a draft copy of a proposed model emissions standard for smaller-scale, primarily distributed electric generation technologies. This draft of the Regulatory Assistance Project (RAP), funded by DOE, was prepared by a working group of state utility regulators, state air pollution regulators, representatives from the distributed resources industry and environmental advocates. It's proposed recommendations give NRECA much concern over the impacts on a growing part of the electric industry; distributed generation.

Rural electric cooperatives fully support distributed generation and have installed more than 300,000 kW on their electric systems. Almost all of this is in the form of diesel generators or gas engine sets. NRECA and its members are fully supportive of the emerging fuel cell technology and microturbines and are heavily involved in testing these units on the cooperative systems. However, we believe that they are still in the development stages or are uneconomical except in niche markets. The proposed standards for diesels and natural gas engine sets are so low as to eliminate these technologies for use as distributed generation. It is our understanding that DOE is working future diesel/engine gen sets with low emission levels, but even these units are above that proposed in this report.

NRECA represents the many cooperatives that are users of diesels and gas engine. We believe

it would be detrimental to our members and the electric industry if DOE were to finalize model regulations that would effectively abolish the future use of diesels. Solar panels, fuel cells, renewables and microturbines are not yet sufficiently developed to meet the challenge and needs of distributed generation. Certainly in many rural areas throughout the nation, diesel distributed generation will be the only practical choice within the foreseeable future.

Moreover, we believe and recommend that this draft be completely reworked and made more realistic and acceptable. It appears that the working group representation was so heavily weighted as to eliminate necessary voices from the engine manufacturers or the users of the technology. In order to clearly develop a substantially credible report that can succeed in lowering emissions and reaching an obtainable goal will require much more thought and additional input.

NRECA would like to be involved in future discussions or meetings to develop these distributed generation regulations. In the meanwhile, we believe that this draft needs to be recalled or substantially modified to conform to the real world.

If you need to contact us, please call John at 703 907 5805 or Rae at 703 907 5791.

Sincerely

Rae Cronmiller
Environmental Counsel

John Holt
Manager, Generation and Fuels