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Dominion®

May 20, 2010

The Council on Environmental Quality
Attn: Nancy Sutley
722 Jackson Place, N.W.
Washington, DC 20503

VIA ELECTRONIC MAIL: (CE.guidance@ceq.eop.gov)

Re: **Draft Guidance on the Consideration the Effects of Climate Change and Greenhouse Gas Emissions**

Dear Ms. Sutley:

Dominion appreciates the opportunity to provide comment on the proposal made by the Council on February 18, 2010 regarding Draft Guidance on the Consideration of the Effects of Climate Change and Greenhouse Gas Emissions. The draft guidance solicited comment on the ways in which Federal agencies can improve their consideration of the effects of greenhouse gas (GHG) emissions and climate change in their evaluation of proposals for Federal actions under the National Environmental Policy Act (NEPA).

Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,500 megawatts of generation, 1.1 trillion cubic feet equivalent of proved natural gas and oil reserves, 14,000 miles of natural gas transmission, gathering and storage pipeline and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity and serves retail energy customers in 11 states. As such, Dominion often evaluates the environmental impacts of its federally authorized projects, most of which are critical to the nation's energy infrastructure. These projects are subject to approval by the Federal Energy Regulatory Commission and the Army Corps of Engineers and require preparation of either an Environmental Impact Statement or an Environmental Assessment.

Dominion believes climate change is an important issue and has developed an integrated strategy to meet the growing needs of its energy customers in a reliable, cost-effective and environmentally responsible manner that includes the use of conservation measures, energy efficiency improvements, increased use of renewable energy, new nuclear and clean coal

technology. The Company is also actively supporting research on carbon capture, transport and storage technologies.

The proposed GHG and Climate Change guidance is unnecessary given the recent regulation of GHG emissions from stationary sources by the U.S. Environmental Protection Agency. Beginning in July 2011, GHG emissions from new stationary sources will be governed by Prevention of Significant Deterioration (PSD) permits issued under the Clean Air Act. Every stationary source that emits 100,000 tons or more (CO_2-e) of GHGs per year will be required to deploy the "best available control technology" for GHG emissions. Where an environmental concern is being addressed directly through a permit program, which includes ample opportunity for public involvement, there is no need to address the same concern through the NEPA process.

The CEQ proposal recommends that "… if a proposed action would be reasonably anticipated to cause direct emissions of 25,000 metric tons or more of CO_2-equivalent GHG emission on an annual basis, agencies should consider this an indicator that a *quantitative and qualitative* assessment may be meaningful to decision makers and the public." After critical evaluation by the Environmental Protection Agency (EPA) of 25,000 tons per year as a threshold for PSD permitting requirements, it was determined that this low threshold was not warranted for major source permitting and the threshold was set at 100,000 tons per year. EPA had received extensive comments that 25,000 tpy was too low and would not serve to distinguish between significant and insignificant emissions sources which merit permitting and perhaps control. The same is true in this case; a threshold of 25,000 tpy would ensure that essentially all federally authorized actions would be subject to an extensive analysis of the impacts of GHG emissions for both the project being proposed as well as for the alternatives even for small projects that would not be significant contributors of GHGs. Should CEQ continue to require this assessment as part of the NEPA process, the threshold for the evaluation should be raised to 100,000 tpy CO_2-equivalent.

The proposal also indicates that the "… environmental documents reflect this global context and be realistic in focusing on ensuring that useful information is provided to decision makers for those actions that the agency finds are a significant source of GHGs" , but then goes on to say that "… the scoping process to set reasonable spatial and temporal boundaries for this assessment and focus on aspects of climate change that may lead to changes in the impacts, sustainability, vulnerability and design of the proposed action and alternative courses of action." Agencies are left with the daunting task of developing assessment protocols and standards to evaluate the impact of local actions in a global context in the absence of air quality standards or models. Given the lack of generally accepted protocols for modeling climate change, an agency's NEPA procedure is appropriately limited to (1) quantifying the project's reasonably anticipated GHG emissions, (2) noting that the project's incremental contribution to global GHGs is extremely small, and (3) observing that there is no standard methodology to determine how incremental GHG contributions of this magnitude translate into effects on global climate.

We appreciate this opportunity to provide input on this proposed guidance. Please contact Lisa Moerner at 804-627-3562 should you have questions regarding these comments.

Sincerely,

Lisa C. Moerner

for Pamela F. Faggert