

May 19, 2006

Regional Greenhouse Gas Initiative Staff Working Group  
[rggicomm@gw.dec.state.ny.us](mailto:rggicomm@gw.dec.state.ny.us)

**Subject: Eastman Kodak Company comments on Regional Greenhouse Gas Initiative 3/23/06 draft model rule**

Eastman Kodak Company (Kodak) operates an industrial power plant in Rochester, NY that powers the Kodak Park imaging products manufacturing facility. Kodak is submitting the following comments because of the potential applicability of the Regional Greenhouse Gas Initiative (RGGI) 3/23/06 draft model rule to the Kodak Park facility.

Kodak believes that energy conservation and the stabilization or reduction of greenhouse gas emissions are important goals that warrant incentives to encourage results. It is critical that the design of any requirements to reduce greenhouse gas emissions are maintains competitive energy prices and does not put manufacturing in the northeast US at a competitive disadvantage. Below are Kodak's specific comments on the draft rule.

**Kodak strongly supports the optional exemption XX-1.4(b) Limited exemption for units with electrical output to the electric grid restricted by permit conditions.**

This exemption is necessary to ensure that manufacturing facilities in the northeast remain competitive with manufacturing facilities in the rest of the US and in developing countries. There are already a number of factors that make it difficult for manufacturing in the northeast to maintain costs on par with facilities in other locations. Therefore it is critical that the cost of generating power does not rise because of this RGGI rule. Kodak believes the exemption as written is adequate to exempt power used for manufacturing. This limits the output to the grid to a small fraction of the power generated and also provides a means of enforcing this limit. This exemption also fulfills the original intent of the RGGI rule, which was to limit greenhouse gas emissions only from the utility industry.

**Kodak questions the 25% mandatory allocation set aside for consumer or strategic energy purposes.**

The goal of the RGGI program is to stabilize emissions during the years 2009-2015 and then to reduce emissions after that time. However setting aside 25% of the allocations will adversely impact power generators that meet the RGGI goal of stabilizing emissions. These generators will receive only 75% of the allocations that they need and will need to purchase at least 25% of their needed allocations. This seems like an unreasonable requirement that will likely result in a significant increase in the cost of power. A much smaller and more flexible set-aside geared to the states growth goals is recommended. This would reduce the impact on the cost of power and would reduce the need for the consumer set-asides, which are only necessary if the cost of power goes up.

**Kodak supports Early Reduction Credits for all Verifiable reductions in greenhouse gas emissions.**

Kodak supports Credit for Early Reduction of greenhouse gas emissions. However the current approach limits actions that can be taken. Kodak suggests that the state be able to award Early Reduction Credits for any action that results in verifiable reductions in greenhouse gas emissions.

Kodak appreciates the opportunity to comment on this draft model rule. If you have any questions, please contact me at 585-588-7538.

Roy Wood  
Eastman Kodak Company  
Health Safety and Environment  
Rochester, NY 14652-6263  
[roy.wood@kodak.com](mailto:roy.wood@kodak.com)