



3799 HIGHWAY 82 • P.O. BOX 2150
GLENWOOD SPRINGS, COLORADO 81602
(970) 945-5491 • FAX (970) 945-4081

October 22, 2013

California Environmental Protection Agency
Air Resources Board
Via Board Meeting Public Comments

RE: Board Item: capandtrade13, Proposed Regulation to Implement the California Cap-and Trade Program, Appendix A, Staff Report and Proposed Compliance Offset Protocol, Mine Methane Capture Projects

Dear Air Resources Board:

As a purchaser of power supplied by a coal mine methane capture project located in Colorado (3MW LLC), Holy Cross Energy, a Colorado electric cooperative, supports the development of this protocol. This protocol would enable the power industry to utilize a fuel supply that is otherwise being wasted and reduce greenhouse gas emissions.

Holy Cross Energy has been a leader in purchasing renewable power. Support from our consumers helped our Board of Directors to create an internal goal of obtaining 20% of our power from renewable sources by 2015. We currently have contracts to purchase power generated from solar, wind, hydro and woody biomass. Even though mine methane was not recognized as a renewable source by the State of Colorado when this project was undertaken, Holy Cross chose to participate in this project as the purchaser of its electrical output. The State of Colorado has since listed mine methane as a renewable resource.

Items that were important in our decision to participate in this project were:

- Reduction of Greenhouse Gas Emissions
- Use of a resource that is being underutilized (venting methane to atmosphere)
- Reduction of use of other fossil fuels for power generation
- The use of unitized reciprocating engines to generate electricity, enabling the relocation of the units as required to "follow" the methane source. Three separate 1 MW generators that can be run as required and could be relocated in the future.
- The possibility for heat recovery to be used in other processes
- Helping move this technology from development into production mode within the United States.
- The availability of carbon offsets.
- The possibility of this project to be replicated in other areas, allowing for additional distributed generation.

When Holy Cross Energy participated in this project, there were no protocols in Colorado similar to the one being developed for California. The mine at which the 3MW LLC project was located was not within our service territory, but we were able to purchase power and wheel it across several distribution and transmission systems. This resulted in additional costs that might have been avoided had the local distribution company been able to purchase this power directly.

Allowing methane capture to be counted toward reduction of Greenhouse Gas emissions will encourage other utilities to support these projects. Acceptance of this protocol will provide a method for measuring and encouraging this capture.

Sincerely,
HOLY CROSS ENERGY

A handwritten signature in black ink, appearing to read "Delvan D. Worley". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Delvan D. Worley
CEO