

# **RGGI PROGRAM REVIEW COMMENTS**

## **League of Women Voters of Delaware**

### **October, 2021**

Thank you for this opportunity to comment as part of the Third Program Review of the Regional Greenhouse Gas Initiative.

The latest climate report (August 2021) from the United Nations was summarized best by UN Secretary-General António Guterres - we are in “**code red for humanity.**” Earth’s climate needs our urgent action. President Biden has set necessary and aggressive goals for the U.S. **to reach zero carbon emissions in the power sector by 2035**, reaching net-zero emissions economy-wide by 2050.

We will need to use every tool in our power to achieve these goals. To be part of the zero carbon emissions solution, RGGI needs to do much better than current “business as usual” practices, and energy generating facilities will need to be strongly incentivized to move to renewable sources as soon as possible.

Thank you for considering the following comments about how RGGI can be an important part of achieving clean energy in the U.S.:

- 1) **Increase commitment to environmental justice.** Greater equity is needed in allocating RGGI funds because environmental justice communities are more likely than any other segment of our society to receive the brunt of emissions resulting from energy generation - projects that will advantage them ought to have priority. RGGI can correct environmental injustice now by following the fastest path toward clean power = clean air for communities impacted by fossil fuel powered plants. RGGI can work to mitigate past environmental injustice by requiring public representation from underserved populations in decisions about use of RGGI allowance auction funds. And RGGI can prevent future environmental injustice by providing workforce development training to power plant employees and others impacted by the transition to renewable energy.
- 2) **Lower the annual cap** on RGGI power sector CO<sub>2</sub> emissions to put RGGI regulated power sources on a path to reach zero CO<sub>2</sub> emissions by 2035. The current revised cap will decrease by 2.5% per year (see *Exhibit A*), leaving a significant 43 million tons of power sector CO<sub>2</sub> emissions in RGGI states by 2035 [75 million tons in 2018 decreasing by 2.5% over 17 years leaves 43

million tons].<sup>1</sup> To reach zero CO<sub>2</sub> power sector emissions by 2035, the cap will need to decrease more than twice as fast, by 4.4 million tons per year or close to 6% annually [75 million tons to zero over 17 years is 4.4 million tons per year, which is 5.9% of 75 million tons per year].

- 3) Require RGGI states to steadily move toward **investing 100% of allowance auction funds to create and incentivize the transition from the existing fossil fuel driven power system**. The current requirement for only 35% of allowance funds to be spent to reduce carbon emissions allows RGGI states to use significant funds for their general budgets. Using RGGI funds for unrelated state needs creates a hazardous state dependence on millions of dollars raised from CO<sub>2</sub> emitting entities. With the goal of zero carbon emissions, it will be critical for states to NOT rely on funds generated from fossil fuel use. The highest priority for RGGI funds should be to build a grid that supports renewable energy, and to build renewable power generating infrastructure.
- 4) **Prevent “emissions leaks,”** i.e. the import of fossil-fuel-generated power from non-RGGI states into RGGI states. Emissions leaks have been identified by independent studies of RGGI.<sup>2,3</sup> Some power providers span RGGI and non-RGGI regions, such as PJM (originally Pennsylvania-New Jersey-Maryland) Interconnection which now coordinates the movement of wholesale electricity between Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. When such power providers send fossil-fueled electricity from non-RGGI states into the RGGI region, the providers not only create a false impression of reduced RGGI CO<sub>2</sub> emissions, but avoid buying allowances. They also risk incurring environmental injustice due to the burden of extra fossil fuel power production in non-RGGI neighboring states.

## Appendix

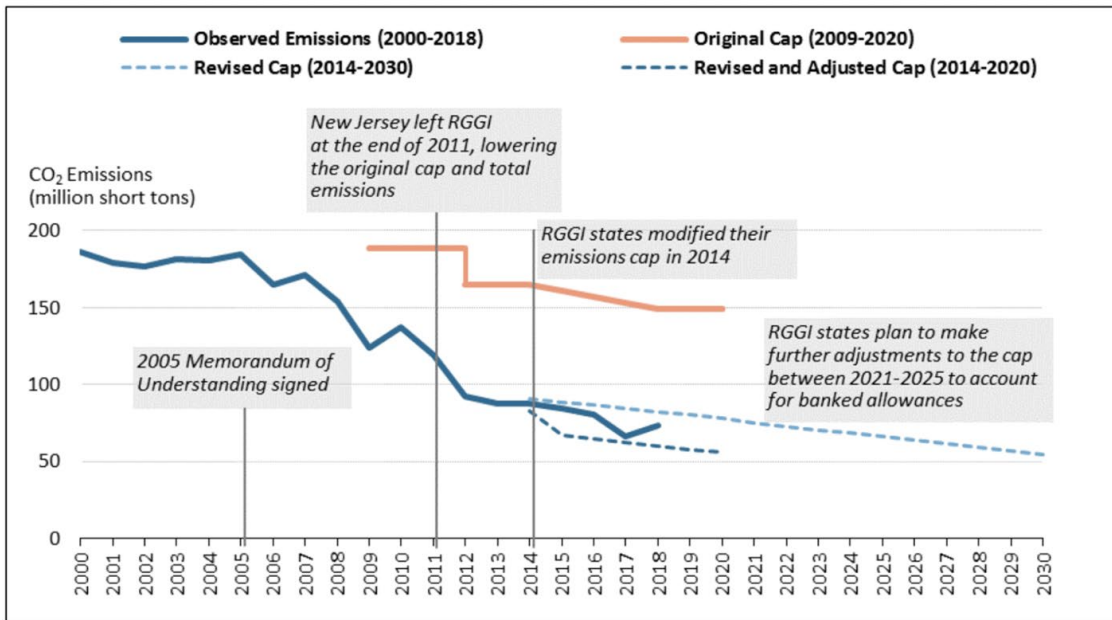
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<sup>1</sup> Ramseur, J. L. (2019). *The Regional Greenhouse Gas Initiative: Background, Impacts, and Selected Issues* (p. 24). Congressional Research Service. <https://sgp.fas.org/crs/misc/R41836.pdf>

<sup>2</sup> Zhou, Y., & Huang, L. (2021). How regional policies reduce carbon emissions in electricity markets: Fuel switching or emission leakage. *Energy Economics*, 97. <https://doi.org/10.1016/j.eneco.2021.105209>

<sup>3</sup> Stevenson, D. (2017). *A Review of the Regional Green Gas Initiative* (No. 45; Cato Working Paper). Cato Institute.

## Observed Emissions and the Original and Revised Caps



*Exhibit A:* Current RGGI emissions caps (dotted lines) with predicted CO<sub>2</sub> emissions levels  
 Source: Ramseur, J. L. (2019). *The Regional Greenhouse Gas Initiative: Background, Impacts, and Selected Issues* (p. 24). Congressional Research Service.  
<https://sgp.fas.org/crs/misc/R41836.pdf>

TABLE 7  
 GENERATION MIX PERCENTAGE CHANGE, 2007–2015

Fuel	RGGI 2007	RGGI 2015	Non-RGGI 2007	Non-RGGI 2015
Coal	23	7	48	32
Petroleum	3	1	0	0
Natural Gas	32	42	24	33
Nuclear	29	31	22	22
Hydro	10	12	4	3
Other	1	1	1	1
Wind & Solar	0	3	1	6
Biomass & Wood	3	3	1	1

SOURCE: U.S. EIA (2016b) *Electric Power Monthly*.

*Exhibit B:* In a comparison of power generation sources before and after introduction of RGGI in RGGI states and a control group of non-RGGI states, non-RGGI state introduced almost twice as much wind and solar as RGGI states. Source: Stevenson, D. (2017). *A Review of the Regional Green Gas Initiative* (No. 45; Cato Working Paper). Cato Institute.