# Environment America Federation Comments on RGGI Program Review

*December 4, 2015*

We are pleased to submit the following comments on the scope of the upcoming Program Review for the Regional Greenhouse Gas Initiative on behalf of the Environment America Federation organizations in the Northeastern and Mid-Atlantic states, and the hundreds of thousands of members, supporters and activists we represent across the region.

We commend the RGGI states and program staff for moving forward with the 2016 Program Review, to consider "potential additional reductions to the cap post 2020, and other program design elements."[1]

The Northeastern states have historically served an important role in the national climate debate by continually setting a higher bar for action and encouraging the rest of the country to come along. The Regional Greenhouse Gas Initiative in particular set an important precedent that helped make it possible for the Obama Administration to set the first federal limit on global warming pollution from power plants through the Clean Power Plan.

The northeastern states should continue to raise the bar and set a higher bar for action by far exceeding their Clean Power Plan targets and keeping their eye on the prize – cutting global warming pollution by 80 percent or more, economy-wide, by mid-century.

**Strengthening RGGI is one of our best opportunities to advance clean energy, cut global warming pollution, prevent damage to our climate and secure a safe future for our children.** We look forward to working with leaders at all levels of government and civil society to ensure that we succeed.

These comments provide a brief summary of why we need to act, and suggestions for what changes should be proposed as part of the upcoming Program Review.

[1] http://www.rggi.org/docs/ProgramReview/_FinalProgramReviewMaterials/Recommendations_Summary.pdf

## We Must Act On Climate

Global warming is a serious threat to our civilization.

- 2014 was the hottest year on record, globally. The Northeast has experienced the most dramatic increase in average temperature. In the early 2010s, average temperatures in Maine, Vermont, Massachusetts and New Hampshire were more than 2.5 °F higher than they were in those states in the 1970s.
- People across the country are feeling the effects, from droughts and wildfires, to more extreme storms, to increased flooding linked to sea level rise. Practically every citizen of a RGGI state lives in a county that was affected by a weather-related disaster in the last 5 years. Again, our region has experienced the most dramatic increase in extreme rainfall and snowfall, as well as sea-level rise.
- If the world continues to emit unchecked amounts of global warming pollution, average temperatures across most of the United States will be as much as 10°F hotter by the end of this century. Warming on that scale would have terrible consequences for Americans – including making it harder to grow the food we need, increasing the frequency and devastation caused by coastal flooding (with seas rising as much as 4-6 feet), and making damaging events like Hurricane Sandy more likely. Many of these impacts would be irreversible over hundreds to thousands of years.

## We Can Prevent the Worst Impacts of Global Warming

Future impacts of global warming depend on the choices we make today. **To avoid the worst impacts of global warming, we need to transition to 100 percent clean, renewable energy.** By accelerating our transition to pollution-free energy sources, we can prevent the worst impacts.

- We should be proud of what we've already achieved through the Regional Greenhouse Gas Initiative. We have cut power plant pollution by almost 50 percent in just 10 years. And we've invested billions in energy efficiency programs – reducing pollution while saving money and creating jobs. The success of the program proves that we can continue to act with confidence.
- Clean energy is taking off. Across the country, wind energy has tripled since 2009, and solar has tripled in the last two years. Since 2001, wind power in the United States has displaced more than 764 million metric tons of carbon dioxide – more than a year's worth of CO2 emissions from the entire country of Canada. The first offshore wind turbines in the United States are now under construction off the coast of Rhode Island, and should be operational by the end of 2016.
- We can accomplish much more. Nationally, we have enough technical solar and wind energy potential to meet country's energy needs more than 100 times over. In the RGGI

region, offshore wind is particularly promising. Projects for which the federal government has already issued leases in the RGGI region could add 3,600 MW of capacity by 2020, capable of preventing almost 10 million metric tons of global warming pollution per year. At the same time, we can make wind and solar energy go much further by improving the efficiency of energy use across our economy. For example, the American Council for an Energy Efficient Economy estimates that we can further reduce our total energy consumption nationwide by 40 to 60 percent by the middle of the century, even as our economy continues to grow.

## Action Will Bring Many Benefits

We do not have to choose between a healthy economy and a healthy environment. We can have both.

- By investing RGGI funds in smart programs, our states have cut power plant pollution while reducing electricity prices, saving people and businesses more than $1.8 billion on energy bills through efficiency programs, boosting the economy by more than $2 billion, and creating more than 23,000 jobs. Those benefits will only grow over time, providing a roughly $8 billion boost to the region from 2013-2020. (See Table 1.)
- Over the last four decades, clean air standards have reduced air pollution by 70 percent while GDP has tripled. We can continue to decouple pollution from the economy by accelerating out transition to clean, efficient technology.

**Table 1: RGGI Program Benefits**

| State | Cumulative Proceeds (2009 through 2014) | Projected Economic Value Added, 2013-2020 | Projected Employment Increase, 2013-2020 (Job-years) |
|---|---|---|---|
| **Connecticut** | $125,000,000 | $823,000,000 | 5,702 |
| **Delaware** | $64,000,000 | $385,000,000 | 3,271 |
| **Maine** | $60,000,000 | $420,000,000 | 4,194 |
| **Maryland** | $402,000,000 | $1,655,000,000 | 5,294 |
| **Massachusetts** | $316,000,000 | $1,981,000,000 | 15,083 |
| **New Hampshire** | $76,000,000 | $202,000,000 | 1,798 |
| **New York** | $728,000,000 | $2,193,000,000 | 18,520 |
| **Rhode Island** | $36,000,000 | $277,000,000 | 2,274 |
| **Vermont** | $15,000,000 | $88,000,000 | 779 |
| New Jersey* | $113,000,000 | -- | -- |
| **Total** | $1,935,000,000 | $8,024,000,000 | 56,914 |

*New Jersey stopped participating and obtained no revenue after 2011.

## We Need to Make RGGI Stronger to Meet the Ambitious Climate Targets States Have Set

Science is clear about what we need to do to avoid the worst consequences of global warming. In the United States and other developed countries, we must cut emissions by 25 to 40 percent below 1990 levels by 2020 and 80 to 95 percent by 2050.

Northeastern and Mid-Atlantic states have taken this information to heart. Eight of the nine RGGI states has an economy-wide carbon target roughly consistent with the guidelines of science, listed below.

| RGGI State | 2050 Economy-Wide Pollution Reduction Target |
|---|---|
| Connecticut | 80% below 2001 |
| Maine | 75-85% below 2003 |
| Maryland | 90% below 2006 |
| Massachusetts | 80% below 1990 |
| New Hampshire | 80% below 1990 |
| New York | 80% below 1990 |
| Rhode Island | 75-80% below 2002 |
| Vermont | 75% below 1990 |

Many states have set interim goals as well, including the recent pledge of the New England Governors and Eastern Canadian Premiers to cut their climate pollution economy-wide 35 percent to 45 percent below 1990 levels by 2030, and Governor Cuomo's pledge to aim for 40 percent below 1990 levels by 2030.

RGGI will be a key element in meeting these ambitious climate pledges. Reducing pollution in the electricity sector is the first step in meeting these economy-wide goals, so RGGI should aim for a deeper cut in carbon pollution, faster. This will help facilitate cleaning up carbon emissions from other sectors, like transportation.

## Specific Suggestions for the Program Review

In response to the questions raised in the November 2015 document, Key Items for 2016 Program Review Stakeholder Discussions: Program Elements and EPA Clean Power Plan (CPP), we have the following suggestions:

**State Plan Approaches**

*The RGGI states are seeking stakeholder comments and feedback on using the CPP mass goals and comment on the potential advantages of different state plan pathways.*

- We believe that RGGI should remain a mass-based program that includes both new and existing sources of pollution.

**CO2 Emission Reductions**

*The RGGI states are seeking stakeholder comments on the RGGI states emission goals post-2020 and pursuing additional emission reductions post-2020.*

- This is the key issue that needs to be addressed during the program review. It should be done with an eye towards what we need to do to prevent damage to our climate, not solely looking at the requirements of Clean Power Plan.
- Strengthening RGGI will be a key element in achieving our economy-wide goals for reducing dangerous pollution. In fact, emissions reductions from the electricity sector are likely to be the easiest and cheapest place to make progress in the near term. Moreover, clean electricity is the linchpin of achieving broad decarbonization of other sectors of the economy, including transportation. In other words, cleaning up the power sector will lay the foundation for cleaning up the rest of our economy. The faster we can eliminate global warming pollution from our electricity system, the better prepared we will be to achieve our overall goals for preventing damage to the climate.
- We should make RGGI stronger by accelerating the rate of decline of the cap through 2030 and beyond.
    - Specifically, we urge the RGGI states to change the rate of decline of the cap to a fixed quantity of 2012 emissions, rather than an amount relative to the previous years' cap level – in other words, make the cap decline at a linear rate.
    - We also urge the RGGI states to increase the rate of decline of the cap: A rate of decline of 5 percent of 2012 emissions per year decline would effectively eliminate dangerous pollution from power generation facilities covered by RGGI within the next 25 years or less, and would lay the foundation for broad decarbonization of our economy.

**RGGI Flexibility Mechanisms**

*The RGGI states are seeking stakeholder comments and feedback on how the CCR has worked to date and the current design of the CCR.*

- The Cost Containment Reserve should be modified or eliminated, because it effectively weakens the cap. If the RGGI states choose to retain the CCR, it should be modified so

that it borrows emission allowances from future years, rather than introducing new allowances. This will increase the integrity of the program, and is the approach used in California's AB32. Price thresholds should also be increased to prevent routine triggering of the reserve – it should only be triggered in the event of an unpredictable spike in cost.

*The RGGI states are seeking stakeholder comments and feedback on the RGGI offsets program including potential improvements, additional offset categories, acceptance of offsets allowances not generated from projects located in the RGGI states or listed on offset registries, and the continuation of the offsets program within the bounds of the CPP.*

- Offsets should be discontinued. RGGI will be most effective if it drives investments in clean electricity generation, and accelerates our transition to a 100 percent renewable electricity sector.

**RGGI Regulated Sources**

*The RGGI states are seeking stakeholder comments on how best to address the fact that the RGGI cap includes emissions from more regulated sources than the CPP for compliance.*

- We support RGGI covering a wider range of facilities than the Clean Power Plan requires. The scope of the program should be expanded to additional sources of emissions.
- For example, we support the efforts of 5 northeastern states and DC to develop a similar policy to limit emissions from the transportation sector, while generating revenue that states can use to accelerate our transition to zero emission fuels. All RGGI states should explore limiting pollution from transportation, industry, and other sectors of the economy.

**Clean Energy Incentive Program**

*Given the fact that the RGGI states auction most of the CO2 allowances, the RGGI states are seeking stakeholder comments on whether the RGGI states should participate in the CEIP program.*

- Regardless of the CEIP, RGGI states should continue to pursue a wide range of complementary policies, such as efficiency programs and renewable electricity standards, to accelerate clean energy development. States should ensure that the benefits are distributed broadly, in particular to low-income communities that have historically borne the brunt of the health impacts of electricity generation.
- If RGGI states pursue participation in the CEIP, they should retire the allowances they are awarded in order to prevent inflation of the cap and undermining of the environmental goals of the program. Moreover, retiring CEIP allowances could achieve a greater national impact and reduce larger amounts of dangerous pollution.

**Broadening the RGGI Market**

*The RGGI states are seeking stakeholder comments and suggestions on the possibility of increasing the size of the current RGGI market/RGGI participating states. The RGGI states are seeking comments on possible advantages and how the RGGI states could best pursue this option.*

- We support expanding the RGGI market to include other states or other sectors of the economy when it can help raise the overall bar for action. In other words, RGGI states should serve as leaders, and move more entities toward adopting the kind of limits on pollution necessary to achieve the international goal of limiting warming to 2 degrees Celsius or less. Therefore, any new trading partners should meet criteria to ensure the overall stringency of the program:
    - Electricity sector partners should cover both new and existing sources under their cap.
    - Polluters should pay for allowances (none should be given to emitters for free).
    - Funds from allowances should help accelerate our transition to clean energy and benefit consumers – such as through energy efficiency programs.
    - Trading partners should adopt limits on pollution of comparable stringency to RGGI, and to the broad economy-wide targets set by most of the states within our region.
- Ultimately, all states and all parts of our economy must transition to 100 percent renewable energy. RGGI can play an important role in setting the right example for the rest of the country, and the world.