



Andrew McKeon, Executive Director
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Dear Director McKeon,

Advanced Energy Economy Institute (AEEI) and the Northeast Clean Energy Council (NECEC) jointly thank RGGI Inc. and the participating RGGI states for the opportunity to provide feedback on the 2016 Program Review of the Regional Greenhouse Gas Initiative (RGGI) following the November 21st stakeholder webinar. We also appreciate the leadership of RGGI in creating a stable policy environment for advanced energy technologies and solutions to flourish.

The mission of AEEI, the charitable and educational organization affiliated with Advanced Energy Economy (AEE), is to raise awareness of the public benefits and opportunities of advanced energy. NECEC's mission is to accelerate the region's clean energy economy to global leadership and to create a world-class clean energy hub delivering global impact with economic, energy and environmental solutions.

We are encouraged that the RGGI states have decided to consider an accelerated modeling scenario to inform the 2016 program review process. In our last comments, AEEI asked that the RGGI states consider the impact of withdrawing banked allowances during the 2020-2030 period from earlier years, since the 5% annual cap reduction fell short of the emission reductions that would be expected under a 5% annual cap scenario. We continue to urge RGGI to consider adjusting the cap to account for banked allowances or limit the ability to bank allowances after a certain point.

We appreciate the modeling of both a 2.5% and 3.5% declining cap through 2030, although we believe it would be beneficial to see the modeling results of a 5% declining cap. Per the Synapse Energy Economics study¹, a 5% declining cap trajectory would provide economic benefits to the region, including over 58,000 job-years each year through 2030. This scenario would provide valuable information to those states that have targets in place requiring economy-wide emission reductions, which applies to eight of the nine participating states. Given the cost-effectiveness of advanced energy technologies and services available to reduce emissions from the power sector, including energy efficiency, demand response, wind, solar, nuclear, energy storage, natural gas-fired generation, and hydropower, it is likely that the majority of the required emission reductions under a least-cost pathway would come from the power sector. However, states will not be able to take full advantage of these options without a more robust sense of possible future RGGI scenarios.

As states strive to meet economy-wide greenhouse gas reduction requirements, and as advanced energy technologies such as renewable energy and energy efficiency continue to improve in both cost and

¹ http://www.synapse-energy.com/sites/default/files/RGGI_Opportunity_2.0.pdf

performance, it is reasonable to expect increasingly ambitious state renewable energy and energy efficiency policies. Accordingly, we also encourage the RGGI states to model additional scenarios that include greater levels of both renewable energy and energy efficiency. Given that all participating states have adopted renewable portfolio standards (RPS), but that only three have extended their targets out to 2030, it is likely that firm renewable energy capacity additions will be much higher than currently anticipated in the modeling. We therefore encourage the RGGI states to explore scenarios in which states continue to raise their RPS requirements. Similarly, accounting for the success of the RGGI program in driving investment in energy efficiency, we encourage the RGGI states to consider additional scenarios that include higher levels of energy efficiency. Model scenarios with higher renewable energy and energy efficiency will provide states with a more complete—and likely more realistic—information about possible future outcomes.

RGGI has helped grow a robust advanced energy industry in the nine participating northeastern states, delivering ratepayer savings while driving economic development. In order for the RGGI program to continue providing these benefits, it is essential that states use the 2016 program review to set a strong market signal that will drive market participation and deliver strong auction results. Considering these more aggressive but still achievable scenarios will uncover further opportunities to grow the region's advantage of advanced energy industry without binding states to adopt any particular pathway.

Doubling down on RGGI goals will accelerate this progress and build upon the \$2.7 billion in net economic benefits achieved through the program to date. AEEI and NECEC look forward to engaging with the RGGI states as they move into the next phase of the 2016 program review process.

Sincerely,



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