COMMENTS OF THE MID-ATLANTIC RENEWABLE ENERGY COALITION, THE ALLIANCE FOR CLEAN ENERGY NEW YORK, AND RENEW NORTHEAST

To the Regional Greenhouse Gas Initiative

for the 2016 Program Review

February 19, 2016

The Mid-Atlantic Renewable Energy Coalition (MAREC), the Alliance for Clean Energy New York (ACE NY), and Renew Northeast (RENEW) want to express our appreciation to the Regional Greenhouse Gas Initiative (RGGI) for the opportunity to provide comments on the 2016 Program Review. We also commend RGGI for holding various stakeholder meetings within the RGGI footprint, including the recently conducted meeting in Wilmington, Delaware on February 2, 2016.

MAREC is a nonprofit organization that was formed to help advance the opportunities for renewable energy utilization, particularly wind energy, in the Mid-Atlantic region. MAREC's footprint includes Maryland and Delaware, as well as seven other jurisdictions in the PJM RSO territory. ACE NY's mission is to promote the use of clean, renewable electricity technologies and energy efficiency in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. RENEW is a non-profit association uniting the renewable energy industry and environmental interest groups whose mission involves coordinating the ideas and resources of its members with the goal of promoting and increasing sustainable renewable energy in New England and New York.

First, our three organizations would like to urge the RGGI States to reduce the RGGI cap for the years 2020 – 2030 at a pace that is supportive of the collective carbon emissions targets of the various RGGI States. The RGGI states have played a significant role in leading the way to reducing these harmful emissions and we believe it is essential at this pivotal time that RGGI further advance opportunities for more meaningful reductions post 2020 than its 2020 cap in the current RGGI program. All of the RGGI states have moved to adopt more aggressive, yet achievable, carbon reduction goals. We commend the states for their desire to decrease carbon emissions in this regard and believe that these collective goals should be reflected in a more aggressive RGGI cap beginning in 2020.

Effective modeling, that captures the stated policy goals of the RGGI states, is of utmost importance in this process, so that RGGI will move to exceed the goals of the EPA's Clean Power Plan (CPP). Achievement of the collective carbon goals of the RGGI states would put carbon emissions significantly below the 2020 program caps. It will be much more than a missed opportunity if the 2020 RGGI cap is merely maintained until 2030. Decreasing the cap to achieve a much more aggressive target will not only provide the right signals to other regions, it will stimulate new business opportunities for the clean energy economy for the RGGI region. For example, zero emitting renewable energy technologies, specifically wind and solar, are currently at their lowest price levels ever, and are poised to become a much more significant part of the electric market given the right signals from policymakers. Studies like the 2014 PJM Renewable Integration Study[1] concluded that both 20% and 30% renewables integration in its system could be accomplished with minimal upgrades and cost effectively, while maintaining the reliability of its grid. Currently, PJM only has around 2% renewables integration. Its system will be able to easily integrate these technologies assuming a much more vigorous carbon reduction plan.

We would like to take this opportunity to make a few comments on the modeling runs RGGI is performing to look at the effects of the RGGI programs on greenhouse gas emissions. While overall we appreciate the work and the effort going into the modeling for future RGGI

[1] GE Energy Consulting. "PJM Renewable Integration Study." February 2014. http://www.pjm.com/~/media/committees-groups/committees/mic/20140303/20140303-pris-executive-summary.ashx

programmatic changes, there are several assumptions made that we believe need to be corrected. Of major concern to our organizations is the fact that the RGGI reference case results in almost no economic build-out of renewable energy in the region. These results are certainly being created by some flaws in the modeling assumptions, such as:

(1) The model assumes that the federal Production Tax Credit (PTC) and the Investment Tax Credit (ITC), both of which affect the price of wind energy, expired at the end of 2015. However, both the ITC and the PTC have been extended through the end of 2019, with a phase-out beginning in 2017. No doubt, with the enactment of the federal tax-extender bill at the end of 2015, the base case scenario should reflect these credits.

(2) For fuel prices, we recommend using the report recently published by National Renewable Energy Laboratory, sponsored by the U.S Department of Energy, looking at prices for both conventional and renewable fuels.[2] It includes multiple projections for fuel prices, which will be useful in a sensitivity analysis. This report includes more realistic values than the EIA report and won't require any arbitrary assumptions, such as averaging reported values, to be made.

(3) While not reflective in the reference case, we commend RGGI for including in its policy scenario modeling a cap that continues to decline at a rate of 2.5% per year from 2020 to 2030 and eliminates the CCR and offset as well as one that reflects CPP compliance. Given the seriousness of the challenge and dangers presented by not taking sufficient steps to curb carbon emissions, a third policy should be run that would decrease the annual cap on carbon reductions from 2020 to 2030 by a rate greater than the 2.5% previously conducted. The lower cost of renewable energy and the growing need to reduce our reliance on fossil fuels demands examination of a scenario that reflects a greater transition to low cost renewable energy and reliance on energy efficiency, such as a 3.5% annual reduction in the cap from 2020 to 2030.

[2] National Renewable Energy Laboratory. 2015. "Annual Technology Baseline and Standard Scenarios." http://www.nrel.gov/analysis/data_tech_baseline.html

Thank you for the opportunity to comment on the RGGI modeling during the 2016 Program Review. We look forward to providing further assistance as needed as this process moves forward.

Sincerely,

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