

# Regional Greenhouse Gas Initiative

an Initiative of the Northeast and Mid-Atlantic States of the U.S.

## Fact Sheet: Investing in the Clean Energy Economy

- **Why do the RGGI states auction CO<sub>2</sub> allowances?**  
Auctioning CO<sub>2</sub> allowances ensures that all parties have access to CO<sub>2</sub> allowances under uniform terms. At the same time, auctioning allowances, rather than distributing them for free, realizes the value of the CO<sub>2</sub> allowances for reinvestment in strategic energy programs that benefit consumers and build a clean energy economy.

- **What do RGGI states do with proceeds from the sale of CO<sub>2</sub> allowances?**  
Each RGGI participating state has developed a plan for investing its share of CO<sub>2</sub> allowance proceeds in energy sector consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs. Overall, RGGI participating states are investing 63 percent of proceeds to improve end-use energy efficiency and accelerate the deployment of renewable energy technologies.

- **What are some of the benefits of investing in energy efficiency and renewable energy?**  
RGGI state investments in energy efficiency and renewable energy deliver triple benefits – to the environment, consumers and the economy. Some of the benefits provided by RGGI state investments include:
  - **Fewer Emissions.** By reducing the amount of energy demanded from fossil fuels, investments in energy efficiency and renewable energy reduce CO<sub>2</sub> emissions and generate related reductions in emissions of other harmful pollutants, including sulfur dioxide, nitrogen oxides and particulate matter. Investments in energy efficiency and renewable energy outside the capped electricity sector (e.g., incentives for improving the efficiency of oil and natural gas space heating) drive further emissions reductions beyond those achieved through the RGGI CO<sub>2</sub> emissions cap.
  - **Lower Energy Bills.** At the household and business level, energy efficiency investments reduce the amount of energy needed for air conditioning, water heating, and appliances, typically reducing energy bills by 15 to 30 percent. On a regional level, investments in electricity sector energy efficiency drive down overall electricity demand, reducing wholesale electricity prices and mitigating the need for investment in new electric generation facilities, transmission lines and distribution systems.
  - **New Jobs.** Investments in energy efficiency and renewable energy drive demand for new products and services, creating jobs. Data from the Apollo Alliance shows that every \$1 million invested in building-sector energy efficiency retrofits creates about ten direct jobs in

### RGGI Investment QUICK FACTS

**Proceeds Yielded:** \$952 million through December 2011

**Investment Plans:** Each state designs and implements its own investment strategy

**2005 MOU Commitment:** Minimum of 25 percent of CO<sub>2</sub> allowance proceeds used for consumer benefit

**In Practice:** All RGGI states are exceeding MOU commitment

**Investments:** Overall, 80 percent of proceeds invested in consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other programs.

**Benefits of Investment:** Significant environmental, consumer and economic benefits, including fewer emissions, lower electric bills and new jobs

construction, as well as additional jobs in the design and manufacture of energy-efficient materials. Data from the Renewable Energy Policy Project shows that the same amount invested in renewable energy systems creates about six full-time manufacturing jobs, as well as additional jobs in construction and facility maintenance.

- Economic Returns. Investments in energy efficiency and renewable energy are economically beneficial. Evaluations of several energy efficiency and renewable energy programs in the RGGI participating states indicate that these programs provide \$3-\$4 in savings for every dollar invested. When macroeconomic benefits are considered, the benefits are even greater.

- **Who or what determines how each RGGI state invests its proceeds?**

Each RGGI participating state directs its own strategy for the investment of CO<sub>2</sub> allowance auction proceeds. In the 2005 RGGI Memorandum of Understanding, the RGGI participating states each committed to use a minimum of 25 percent of their CO<sub>2</sub> allowances for a “consumer benefit or strategic energy purpose.” In practice, all ten of the RGGI participating states have exceeded that commitment.

**To learn more about how RGGI works and how states are investing in the clean energy economy visit the RGGI website at: [http://www.rggi.org/rggi\\_benefits](http://www.rggi.org/rggi_benefits)**