January 2013 Maryland Stakeholder Comments

Thank you for giving us the opportunity to provide stakeholder feedback on the RGGI program and on the January 8 stakeholder webinar documents. The additional modeling helped to once again make the point that setting a low cap can reduce CO_2 emissions below current levels with very little ratepayer impact. In fact, while the Analysis Group demonstrated that residential ratepayers would only see their bills go up by an average of $.23 per month, we believe that the modeling would have shown a net decrease in overall energy bills if factors such as post-2020 savings from electricity energy efficiency measures and fossil fuel energy efficiency investment savings had been included as modeling inputs.

Because ratepayer impacts were so modest in the most aggressive 91 cap_alt_bank scenario, and overall RGGI-state emissions fell by 11 million tons from 2013-2020, we believe that 91 million tons is the highest cap that RGGI states should consider. Furthermore, several developments could drive BAU emissions even lower than the IPM model predictions. These developments include the passage of a Maryland offshore wind bill, increased RPS and energy efficiency requirements in any of the RGGI states, and the continued operation of Vermont's Yankee or one or both of New York's Indian Point nuclear units currently planned for retirements. Any of these developments would drive emissions even lower than the model predicted by 2020, which should encourage the RGGI states to adopt an even lower cap of 85 million tons.

Maryland Offshore Wind

For the third year in a row, Maryland Governor Martin O'Malley is going to introduce a bill requiring the construction of an offshore wind farm off Maryland's Eastern Shore. After passing the House of Delegates, the bill failed to get out of a key Senate committee by just one vote last year. Thanks to a shake-up in that committee this year however, a bill seems almost certain to pass, paving the way for the construction of a 200 MW offshore wind farm by 2018. Key leaders in the Maryland Senate such as Senate President Mike Miller, and media outlets like The Washington Post and The Baltimore Sun have all predicted the passage of offshore wind this year.

The construction of a 200 MW offshore wind farm could reduce Maryland CO_2 emissions by almost 1 million tons per year, which would mean fewer emissions that have to be covered by RGGI allowances.

Expansion of State RPS or Energy Efficiency Goals

From 1999 to 2010, 21 states passed RPS laws. During that time there were 53 major revisions made to those RPS laws. Of those 53 revisions, 16 of them happened in RGGI states (21 if New Jersey is included, which was a RGGI state during that time period)[i]. Clearly, RPS laws get amended very frequently and these changes can result in greater emissions reductions. In 2008 Maryland increased its RPS goal from 7.5% to 20% by 2022. In 2010 New York expanded its RPS to 30% by 2015. There is a very good chance that between now and 2020, some RGGI states will expand their RPS goals to achieve even greater CO_2 reductions. While the impact of amendments that have not yet been proposed cannot be modeled right now, the likelihood that some enhancements will be enacted should make RGGI states more comfortable with setting a low cap.

Similarly, energy efficiency resource standards have been established and strengthened numerous times in the RGGI states and around the country over the last 7 years. Maryland and New York, for example, have energy efficiency mandates that end in 2015, and processes are beginning in both those states to discuss how to extend them further. Like RPS enhancements, any increase in energy efficiency goals in the RGGI states between now and 2020 would very likely drive greater carbon reductions beyond that predicted in the IPM models. That decrease would make it easier for states to achieve lower RGGI targets and at less cost.

We hope that as states make their final decisions about changing the RGGI program that they consider the impact of future policy changes on emissions beyond the results of the IPM models.

Nuclear Retirements

Finally, the impact of leaving just one of the units at Indian Point or Vermont Yankee operational would have a significant impact on future RGGI emissions. The fate of Indian Point is currently far from certain. Governor Cuomo has repeatedly called for the plant to be retired permanently, but critics have cited decreased system reliability, increased wholesale electricity prices, and lost jobs as reasons to keep the renew the two units' operating licenses[ii]. If one or both of the proposed retirements do not occur then future emissions would decrease making it easier for RGGI states to achieve lower targets. A similar effect would occur if the Vermont's Yankee stays operational.

It seems very likely that the Maryland offshore wind bill will pass this year. Also, given past trends, there is a good chance that future enhancements to RPS and energy efficiency laws will occur in some of the RGGI states by 2020. And while some nuclear retirements will almost certainly occur over the next seven years, the uncertainty around whether both Indian Point units and the Vermont Yankee will go all go into retirements should cause states to reconsider business-as-usual emission trends.

Given the modeled emissions reductions and the small ratepayer impact of the 91 million cap, which would very likely result in net ratepayer savings when fossil fuel efficiency savings are considered, RGGI states should adopt nothing higher than a 91 million ton cap. The possibility of greater future should also lead states to more seriously consider an 85 million ton cap. The likelihood of offshore wind, RPS and efficiency enhancements, and the potential continued operation of some nuclear facilities will only make reaching those targets easier.

Sincerely,

Chesapeake Climate Action Network

Environment Maryland Research and Policy Center

Maryland Sierra Club

Interfaith Power and Light

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[i] Center for Climate and Energy Solutions. "Clean Energy Standards: State and Federal Policy Options and Implications." Center for Climate and Energy Solutions, Nov. 2011.

[ii] National Economic Research Associates, Inc. "Effects of the Loss of Indian Point Nuclear Generating Units 2 and 3 Capacity and Generation on New York State Environmental, Economic and Energy Needs." Letter to New York State Department of Environmental Conservation. 29 Apr. 2010