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December 4, 2015

Ms. Nicole Singh
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By email: info@rggi.org

Subject: Comments of the RENEW Northeast, Inc. on RGGI 2016 Program Review

Ms. Singh:

RENEW Northeast Inc. (“RENEW”)¹ submits these comments on the RGGI 2016 Program Review in response to RGGI’s request for input issued at its November 17, 2015, stakeholder meeting.

RENEW is a non-profit association uniting environmental advocates and the renewable energy industry whose mission involves coordinating the ideas and resources of its members with the goal of increasing environmentally sustainable energy generation in the Northeast from the region’s abundant, indigenous renewable resources. RENEW has focused on highlighting the value of grid-scale renewable resources- specifically offshore and onshore wind and hydropower- and the benefits of transmission investment to deliver renewable energy to load centers in the Northeast.

In addition to providing the region with carbon-free electric generation to meet its carbon reduction goals, large-scale renewable resources have numerous other benefits. The region’s competitive wholesale electricity markets, like any other commodity market, set prices based on the most expensive resource necessary to meet demand. With renewable resources having little operational costs and no fuel costs- they are among the most economic resources to operate- their output is generally sold into energy markets at a price near zero. They thus reduce wholesale clearing prices in the energy market by making it unnecessary to dispatch more expensive

¹ The comments expressed herein represent the views of RENEW and not necessarily those of any particular member of RENEW.

resources with higher operational and fuel costs. Large-scale renewable energy resources are also the most competitive on price with larger wind energy projects having the lowest prices. Renewable energy and its lack of fuel inputs can fill a role as an alternative hedging instrument for electricity consumers. Despite today's rock bottom natural gas prices, consumers are unable to secure a long-term lock on these low prices due to the futures market lacking liquidity beyond a year. Renewable resources with their "free" fuel can provide an effective long-term hedge in the electricity market, like a 30 year fixed-rate mortgage, that will moderate short term price spikes and rising prices due to the underlying price for natural gas.

On the future plan for RGGI, RENEW addresses the Program Review's consideration of post-2020 carbon dioxide emission reductions. The RGGI states' collective carbon reduction goals, and not the Clean Power Plan, will be the primary driver of carbon reductions from the electric sector in the RGGI region for the years ahead. All of the RGGI states have endorsed or established economy-wide climate targets for 2030. The RGGI 2016 program review presents a significant opportunity to translate the states' 2030 goals into necessary electric sector reductions and lock those reductions through the region-wide 2030 RGGI cap. RENEW requests RGGI incorporate the collective 2030 state carbon reduction targets into the cap through a corresponding increase in the rate of decline of the cap through 2030.

The existence of the RGGI region-wide emission cap in 2020 already creates a price signal encouraging investment in carbon-free renewable resource development and energy efficiency. The Northeast states also have- and many are considering expanding- large-scale procurement directives to secure low-cost, zero-emission power generation to meet renewable energy and climate objectives. With energy policies like these, RENEW expects the electric sector over the next decade and a half will continue to produce the bulk of the region's carbon reductions. Through these state procurement policies and the RGGI program, the RGGI states are already pursuing the goals of the EPA's Clean Energy Incentive Program ("CEIP"). If the RGGI states decide to participate in the CEIP, any incentives should be complementary to existing renewable energy programs.

Thank you for the opportunity to provide these comments on the future of RGGI.

Respectfully submitted,



Francis Pullaro
Executive Director