For Immediate Release

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RGGI States Recommend that EPA Support Flexible Market-Based Carbon Pollution Programs

States Submit Comments on Proposed Carbon Pollution Rules for Existing Power Plants

The nine Northeastern and Mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory program to reduce greenhouse gas (GHG) pollution, have submitted comments to the United States Environmental Protection Agency (EPA) for consideration as EPA develops guidelines for state programs to reduce carbon dioxide (CO_2) emissions from power plants under Clean Air Act section 111(d).

Building on their states' success in cutting carbon dioxide emissions by approximately 40 percent since 2005, the RGGI states encourage EPA to view the RGGI success story as a benchmark for national action. The RGGI states are also recommending that EPA's new rules empower states to develop market-based GHG emission reduction programs designed to work for their region(s).

Regional Model

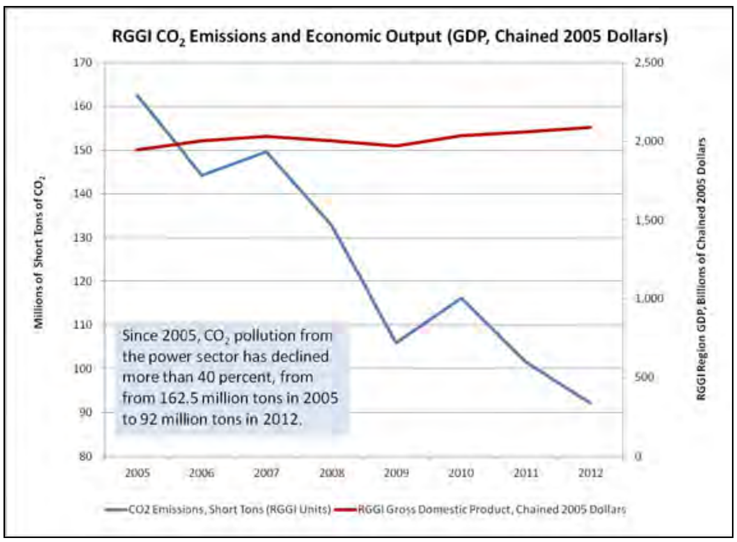
The RGGI states highlight several reasons for why EPA should recognize the RGGI model as an effective system of emission reduction for GHG emissions from the power sector – combining various policy tools with an enforceable cap.

- *It is a proven model*. RGGI's "cap-and-trade, auction-and-invest" model has helped the New England and Mid-Atlantic states make dramatic reductions in GHG emissions.
- *It is extremely cost-effective.* RGGI enables compliance through market mechanisms that seek out the least expensive emission reductions across the region.
- *It provides economic benefits.* According to an independent analysis, the RGGI states' investment of auction proceeds from just the first three years of the program (2009-11) is creating thousands of jobs, reducing energy bills by more than $1 billion and adding a net of $1.6 billion to the economies in the RGGI states.
- *It aligns with the regional nature of the electricity grid and fosters regional cooperation.* The nation's regional electricity grids allow electricity to flow from the cheapest, most efficient producer to meet consumer demand, wherever located. The RGGI cap ensures that emissions decrease across the region, even as it allows increases in some locations in order to reap the benefits of more efficient sources in those locations.

- *It provides a simple, transparent, verifiable compliance system.* Under RGGI, the emissions are limited by the allowances that are distributed, providing certainty that the projected emission reductions will be achieved, including reductions attributable to energy efficiency and renewable energy.

The RGGI states discuss how their experience demonstrates that regional cooperation can achieve the most cost-effective emission reductions, enable a transition to a lower-emitting and more efficient power sector, and create economic benefits and jobs across the United States.

Between 2005 and 2012, CO_2 emissions from the power sector in the nine RGGI states dropped more than 40 percent even as the regional economy continued to grow.



Preliminary Recommendations

The comments also provide preliminary recommendations for EPA based upon the RGGI states' experience in implementing a successful market-based power sector carbon pollution program.

The RGGI states recommend that:

- EPA guidelines achieve meaningful nationwide emissions reductions, and ensure that all states have a common target to reach, even if some states are given more time to reach that target;
- EPA should provide equitable treatment to states, such as the RGGI states, that have taken action to lower GHG emissions prior to issuance of EPA's new rule;
- EPA should provide clear guidelines for a rigorous demonstration of equivalency of state programs;
- EPA should ensure that state plans are enforceable and that the GHG reductions are verifiable; and

- EPA should allow states maximum flexibility in reaching a common target by allowing states to:
  - Use a mass-based system of compliance;
  - Demonstrate compliance on a regional basis; and
  - Demonstrate compliance on a multi-year basis.

"RGGI demonstrates that market-based programs work and provides EPA with a scalable 'plug-and-play' model that can achieve significant emission reductions at a fraction of the cost of many other approaches," said Collin O'Mara, Secretary of the Delaware Department of Natural Resources and Environmental Control. "RGGI meets the definition of a 'best system of emission reduction' and we look forward to working with other states to build upon our region's success in reducing emissions, reducing energy bills, and supporting job creation."

"RGGI has helped us cost-effectively reduce harmful carbon pollution and increase investment in energy efficiency and renewable energy programs," said Commissioner Daniel C. Esty of Connecticut's Department of Energy and Environmental Protection. "RGGI's innovative market-based approach provides a model that the EPA and other policy makers should consider very seriously."

"The RGGI states demonstrated we were early movers in 2008 when we were the first region in the United States to implement a mandatory carbon emissions reduction program," said David Littell, a Commissioner of the Maine Public Utilities Commission. "Having now held twenty-one CO_2 auctions in five and a half years, RGGI has demonstrated a market-based system that finds the lowest-cost CO_2 reductions."

"Maryland strongly supports EPA's efforts to reduce carbon emissions from the nation's energy sector. In Maryland, the RGGI program is vitally important to our efforts to address climate change and reach our statewide goal to reduce greenhouse gas emissions 25 percent by 2020," said Maryland Department of the Environment Secretary Robert M. Summers. "RGGI has proven itself to be a successful regional greenhouse gas reduction program and is a model that could be replicated around the country."

"Massachusetts and the other eight RGGI states have made dramatic reductions in carbon emissions from their power plants, and tremendous gains in becoming energy efficient," said Kenneth Kimmell, Commissioner of the Massachusetts Department of Environmental Protection. "This is a model of regional cooperation that EPA should carefully consider as an option for compliance with its upcoming national rules."

"RGGI has once again proved that state leadership provides the laboratory for innovation that federal programs can build upon," said Joe Martens, New York State Commissioner of Environmental Conservation. "The RGGI program pioneered the nation's first cap-and-invest program, which is delivering both environmental and economic benefits to the region. The structure of the RGGI program offers an efficient and cost-effective template that can be tailored to the needs of states throughout the nation."

"RGGI's regional approach to reducing greenhouse gas emissions is important to Rhode Island because it allows us to continue to produce and provide efficient and clean electricity to the regional electric grid," said Rhode Island Department of Environmental Management Director Janet Coit. "This program is a major part of Rhode Island's plan to reduce regional carbon emissions, and proceeds from RGGI are invested in energy efficiency improvements that reduce the overall electricity demand in the state and the resulting carbon emissions."

"Having witnessed the devastation caused by Tropical Storm Irene, Vermonters understand the threat that extreme weather events and climate change pose to our nation's economic well-being," said Justin Johnson, Deputy Secretary of the Vermont Agency of Natural Resources. "Vermont believes the RGGI model provides the EPA with a powerful tool for mitigating this threat, one that can help states cost-effectively reduce the amount of carbon pollution produced by the power sector."

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About the Regional Greenhouse Gas Initiative

The Northeast and Mid-Atlantic states participating in the second RGGI control period (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) have implemented the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. Power sector CO_2 emissions are capped at 165 million short tons for 2013.

RGGI is composed of individual CO_2 budget trading programs in each state, based on each state's independent legal authority. A CO_2 allowance represents a limited authorization to emit one short ton of $CO_{2,}$ as issued by a respective state. A regulated power plant must hold CO_2 allowances equal to its emissions to demonstrate compliance for each three-year control period. RGGI's second control period began on January 1, 2012 and extends through December 31, 2014. For more information visit www.rggi.org

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