LS Power Development ("LS Power") appreciates the opportunity to provide these comments on the Regional Greenhouse Gas Initiative ("RGGI") Program Review. LS Power has a history of supporting economy-wide carbon pricing as the most cost-effective means of reducing greenhouse gas emissions from the energy sector and wider economy. LS Power is an active participant in state and regional carbon programs throughout the U.S.

**LS Power**

Founded in 1990, LS Power is a development, investment and operating company focused on the power and energy infrastructure sector. Since its inception, LS Power has developed, constructed, managed and acquired more than 44,800 MWs of power generation facilities and 680 miles of transmission infrastructure, for which it has raised more than $50 billion in debt and equity financing to invest in North American infrastructure. For decades, LS Power has been leading the industry's evolution, often introducing or commercializing new technologies and developing new markets. LS Power is accelerating the decarbonization of the power grid and greater economy through its growing family of energy transition platforms, which consist of the following:

- **EVgo**, the nation’s largest public fast-charging network for electric vehicles, powered by 100% renewable energy, and currently helping develop Virginia’s EV charging network;
- **Endurant Energy**, a leading provider of on-site energy infrastructure solutions;
• **CPower Energy Management**, a leading provider of distributed energy resource management solutions focusing particularly on demand response and energy efficiency, and currently helping hundreds of Virginia agencies and organizations;

• **Primary Renewable Fuels**, LLC, a waste-to-renewable natural gas development and operating platform;

• **REV Renewables**, a leader in renewables and energy storage with an operating portfolio of approximately 2.8 GW, including the largest non-utility owned pumped storage hydro portfolio in the U.S., and the provider of solar energy to Virginia Power;

• **Rise Light & Power**, New York City’s largest generator, and developer of clean energy infrastructure;

• **LS Power Grid**, developer and operator of approximately 680 miles of high-voltage transmission lines, with more than 100 miles and multiple substations under construction; and

• **LS Power Generation**, operator of 14,000 MW of flexible, fast-start gas facilities that complement the intermittency of wind and solar resources.

Through its national fleet of utility scale solar, wind, hydro and natural gas-fired generation, its battery and pumped storage hydro projects, its customer-facing distributed energy resources and energy efficiency platforms, and by building the transmission that connects it all, LS Power is at the forefront of decarbonizing the electric grid.

**LS Power Investments in RGGI States**

LS Power has a significant investment in the energy infrastructure in RGGI states, consisting of a diversified fleet of 3,300 MW of efficient, flexible gas-fueled generation, gas peaking facilities, wind, solar, demand response, hydro and electric vehicle charging.

**LS Power prefers economy-wide carbon prices but supports market-based approaches to decarbonization like RGGI**

LS Power believes properly structured carbon cap and trade programs like RGGI are the least cost ways to decarbonize our energy use\(^1\). LS Power recommends RGGI Inc use the program design update to be responsive to ever-changing dynamics impacting carbon allowance demand, namely a) state policies

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\(^1\) LS Power opposes differentiated treatment and carve-outs or set-asides for “favored” resources, but acknowledges that those are the result of state policies that are outside of the context of the RGGI Program Review.
and b) exogenous factors including weather variability, geopolitical disruptions, and the unpredictable, idiosyncratic, and continuously evolving nature of power generation resource development and permitting timelines.

To this end, LS Power supports continued use of Cost Containment Reserve (CCR) and Emissions Containment Reserve (ECR) as dynamic ways to adjust for these drivers of supply and demand and help ensure the RGGI allowance prices remain between the ECR and CCR prices. The CCR and ECR, however, only represent short-term solutions to program imbalances. A long-term commitment to keep the program supply aligned with state decarbonization goals and allowance demand variability presented by exogenous demand drivers (e.g. weather, geopolitical events, macroeconomic trends) is necessary.

**Recommendation 1: A balanced program is critical to the success of RGGI**

Forward caps should be reduced for any remaining oversupply effective Dec 31, 2025, or whenever the “revised” RGGI rule resulting from this Program Review takes effect. LS Power supports an Adjustment for Banked Allowances, consistent with those undertaken during previous Program Reviews², to remove oversupply and rebalance the Program.

**Recommendation 2: Caps through 2030 should be adjusted to take into account state goals for procured resources, goals that are in statute and expected additional goals**

As demonstrated in the chart below, New York’s currently-legislated caps³ (blue line) vs the LS Power estimate of 2030 emissions if New York’s Climate Leadership and Community Protection Act (CLCPA)⁴ “70 by 30” target is achieved (orange line), the current RGGI caps would result in significant annual and cumulative RGGI allowance oversupply. This is because the CLCPA requires a very small portion of the state’s electricity be procured from fossil resources by 2030. RGGI caps must be adjusted to reflect the goals of the CLCPA and other RGGI state decarbonization targets.

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² [TABA_Announcement_2021-03-15.pdf (rggi.org)]
³ [Subpart 242-5 CO2 Allowance Allocations](nysenate.gov)
⁴ [S6599 (nysenate.gov)]
LS Power supports using the assumptions used in Case C on slide 15 of RGGI’s Program Review kickoff presentation \(^5\)(3/29/23) to set the caps. RGGI Inc should specifically consider each RGGI state’s actions in resetting the caps, including:

- Centralized offshore wind and HVDC line procurement
- RPS and battery deployment targets
- State electricity sector or economywide net zero targets
- Regional ISO load growth and electrification scenarios
- Any other state or national policy that could impact RGGI supply and demand

Ideally, RGGI Inc would have a mechanism to make dynamic supply adjustments when new legislation is passed, as opposed to waiting until the next Program Review.

\(^5\) PowerPoint Presentation (rggi.org)
LS Power also notes that some RGGI states such as Massachusetts\textsuperscript{6} and New York\textsuperscript{7} have or are considering carbon pricing programs beyond RGGI that would set allowance prices at levels that exceed the forward RGGI price implied by the RGGI ECR and CCR. This elevated value on carbon should be considered in the modeling undertaken during the RGGI Program Review to ensure that RGGI caps do not under-shoot state ambitions for decarbonization.

**Recommendation 3: It is too soon to seriously consider caps beyond 2030 given the uncertain pathway to decarbonization**

There is considerable uncertainty around state decarbonization goals and whether they will all be achieved. LS Power recommends RGGI address the 2025-2030 mechanism at this time, with a commitment to revisit during the next Program Review. The Program Reviews should ideally occur at least every three years, and no longer than every five years, due to the changing dynamics associated with RGGI.

\textsuperscript{6} [Electricity Generator Emissions Limits (310 CMR 7.74) | Mass.gov](https://mass.gov/electricity-generator-emissions-limits-310-cmr-7-74)