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Ms. Nicole Singh
Executive Director
RGGI, Inc.
90 Church Street, 4th Floor
New York, NY 10007

Re: RGGI comments

Dear Ms. Singh:

Thank you for the opportunity to comment on the topics discussed during the April 29 RGGI stakeholder meeting. At the Vermont Energy Investment Corporation (VEIC), we believe that the 2016 Program Review poses an excellent opening for RGGI states to think beyond the Clean Power Plan and to identify how the region could work together to reduce *all* sources of emissions.

For 30 years, VEIC has been a national and international leader in energy planning, program design, policy, evaluation, research, and implementation. Driven by our mission to reduce the economic and environmental costs of energy use, we have been asked by hundreds of government and utility clients to design and evaluate programs to support these entities' energy and environmental goals.

Through our comprehensive experience, we have learned firsthand that big thinking leads to big results. We believe that the 2016 RGGI program review can benefit from that perspective. RGGI states have been admirable leaders in setting standards for electric sector emissions and reinvesting program proceeds in meaningful and effective ways. Yet, there is much more that can be done.

As you know, RGGI states have proactively developed aggressive greenhouse gas (GHG) reduction goals. These goals all go beyond the Environmental Protection Agency's Clean Power Plan (CPP) carbon reduction targets. In the near-term, state objectives range from 35 percent to 40 percent by 2030. Looking out to 2050, RGGI states aim to reduce carbon by up to 85 percent.[1] In

[1] http://www.c2es.org/us-states-regions/policy-maps/emissions-targets

order to meet these goals – and just as important, raise the revenue to support our transition to a clean energy economy – we must do more.

We fully support the input of our fellow sustainable energy and environment groups including reducing the RGGI cap by 5 percent of the 2020 cap level per year. In addition, we believe that RGGI states should actively pursue capping additional sources of emissions. In Vermont, the electric sector makes up the smallest portion of overall GHG emissions. Transportation is the primary source of emissions at nearly 50 percent, followed by building fuel use at about 30 percent. The remaining RGGI states experience similar breakdowns, with no state's electric sector emitting more than 30 percent of total carbon dioxide emissions.[2] RGGI now only covers 20 percent of the region's emissions.[3]

One of the most readily available mechanisms for states to capture all GHG emissions in their cap and invest programs is to link to an existing economy-wide cap and invest program. Bringing all emissions into such a market will enable states to meet their climate goals, provide economic signals to emitters and fund programs to more rapidly scale the transition to a clean energy future. A larger carbon market, ideally leading to a national or even global program, is an efficient way to reduce global emissions.[4]

Since January 2015, the Western Climate Initiative (WCI) emissions cap covers sources responsible for approximately 85 percent of California's GHG emissions. Covered sectors include large industrial facilities, electricity generation, electricity imports, suppliers of natural gas, and suppliers of most other fuels, including gasoline. The program's goal is to return to 1990 GHG levels by 2020 and ultimately hit a reduction of 80 percent by 2050.[5]

Prior to covering nearly all sources of emissions, the State of California used the WCI to bring in $832 million in auction proceeds for its Greenhouse Gas Reduction Fund (FY 2014/2015). In its first year of covering nearly the entire economy, California was able to raise $2.237 billion (FY 2015/2016).[6] This represents an increase of 168 percent in 1 year. In 2015, the RGGI auctions

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[2] http://www.eia.gov/environment/emissions/state/analysis/pdf/table4.pdf

[3] https://icapcarbonaction.com/en/ets-map

[4] ICAP: Linking Emissions Trading Systems: A Summary of Current Research, January 2015

[5] https://icapcarbonaction.com/en/ets-map?etsid=45

[6] http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/budgetappropriations.htm

raised over $435 million. It's feasible that if RGGI states used cap and invest to cover all sources of emissions, the program could bring in billions of dollars a year and with appropriate use of these funds truly transform how we use energy.

Several of the RGGI state governors have already signed onto the Climate Action Statement, which calls for utilizing carbon pricing as an effective way of encouraging emission reductions, including identifying opportunities for linking systems as much as possible[7]. Can RGGI help its states realize that commitment?

We recognize that this these conversations raise challenging questions and achieving them and the climate reduction goals the states have committed to will take a great deal of effort and political capital. The RGGI states have consistently demonstrated a commitment to tackling climate change and have paved the way for other states and countries to achieve real emissions reductions. Covering all sources of emissions under a cap and invest strategy is a logical next step in maintaining and expanding that leadership role.

We look forward to participating in the dialogue and exploring these and other emerging concepts, as the RGGI states work through compliance with the Clean Power Plan and meeting their carbon reduction goals.

Sincerely,

Scott Johnstone
Executive Director

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[7] https://news.ontario.ca/ene/en/2015/07/climate-action-statement---climate-summit-of-the-americas.html