July 19, 2017

Andrew McKeon, Executive Director
RGGI, Inc.
90 Church Street, 4th Floor
New York, NY 10007
info@rggi.org

RE: Comments on 2016 Program Review

Dear Executive Director McKeon and Members of the RGGI Board:

On behalf of the New England and New York Chapters of Environmental Entrepreneurs (E2), we urge RGGI to adopt a carbon reduction goal of at least 3.5 percent per year plus complementary measures that will further reduce emissions. By choosing this ambitious path, RGGI states will achieve cost-effective carbon pollution cuts; create jobs while building economic growth; and serve as an example of clean energy and climate leadership to the rest of the country.

About E2

Environmental Entrepreneurs (E2) is a national, nonpartisan group of business leaders, investors, and professionals from every sector of the economy who advocate for smart policies that are good for the economy and good for the environment. Our members have founded or funded more than 2,500 companies, created more than 700,000 jobs, and manage more than $100 billion in venture and private equity capital.

RGGI has cut carbon pollution while spurring economic growth

RGGI has been a stunning success over its 8 and a half years of operation:

- Carbon pollution down 40% (outpacing the rest of the country)[1]
- Electricity prices down 3.4% (prices have increased in the rest of the country)[2]
- Economies up 25% (outpacing growth in the rest of the country)[3]
- RGGI-driven health benefits of $5.7 billion[4]
- RGGI-driven economic growth of $2.7 billion[5]
- RGGI-driven employment boost of 28,500 job years[6]
- Nearly 8 in 10 voters in RGGI states support strengthening carbon pollution limits[7]

A pivotal moment of decision

In the face of the US withdrawal from the Paris Climate Accord, hundreds of cities, states, and businesses have committed themselves to reducing CO2 emissions in line with the Paris Agreement's goals to limit climate change. RGGI's decisions about future emission cuts represent the first major test of whether such action can rise to the challenge and attempt to meet the Paris targets. The status quo 2.5% cap will fail to honor the principles of the Paris Accord. *RGGI states must decide now whether they will take an ambitious path and rise to the challenge of climate change or simply maintain the status quo*.

We urge the following action:

1. Adopt an ambitious carbon cap of at least 3.5% per year.
RGGI modeling shows that the cost to consumers of achieving the more ambitious carbon pollution cuts is only negligibly higher than the cost of the lowest level of pollution reductions modeled. In fact, the cost of reducing emissions is dramatically lower than what the states were predicting even a few months ago.

Setting an annual cap at a minimum of 3.5% will provide certainty for companies to plan and invest for the future, continuing to make the region an attractive place to do business.

We continue to encourage the states to consider an even more ambitious cap reduction of 5% per year, which could lead to even greater benefits and help the states cost effectively achieve their 2030 climate goals,[8] together with other program design elements that will maximize the amount of pollution that RGGI will prevent through 2030. A reduction of this magnitude is broadly supported in the region.

In addition, the cap should include an adjustment in 2019 to better reflect current emission trends and expectations in that year. Such a correction is necessary, as early as possible, to align the RGGI cap with the faster-than-expected rate of emission reductions in the region and restore RGGI's carbon price signal and proper market function.[9]

2. The 2.5% cap should be taken off the table and removed from consideration.
This status quo level cap will fail to achieve the cuts required for states to achieve their individual climate goals; will not save consumers appreciable money; does not send the proper market signal for investment; and will make later cuts more expensive and difficult.

3. Adopt a series of complementary program elements and reforms to strengthen the program.
Such elements and reforms include a full adjustment for banked allowances; reforms to the current Cost Containment Reserve (CCR); and adoption of a new Emissions Containment Reserve (ECR).

4. Increase the reserve price to provide adequate price signals.
During previous periods of low demand for RGGI allowances, the reserve price played a crucial role in preserving the value of RGGI allowances while maintaining the RGGI states' abilities to reinvest in clean energy and energy efficiency. Due to the meager 2.5% annual increase, however, the reserve price has not kept up with the need to provide an adequate price signal to the market. The 2017 RGGI reserve price is $2.15 per allowance, 84% lower than the $13.57 reserve price used in California's carbon auctions.[10]

The RGGI reserve price should be increased substantially. If an ECR is established, the reserve price should be increased to at least $3.00, and the price should increase annually by 5% plus the rate of inflation, consistent with California's reserve price trajectory.[11]

5. Conduct an environmental justice analysis.
To ensure continued success and fairness, the RGGI states should conduct an analysis that focuses on co-pollutant impacts of the states' proposed policy package, the implications of eliminating exemptions for biomass, and the impacts of current exemptions for facilities whose individual units are exempt under RGGI's 25 MW size threshold but whose total size exceeds 25 MW. Such facilities, where total capacity could be as much as several hundred MW, are able to operate in close proximity to communities of color without internalizing any of the costs of their climate pollution.

Thank you for consideration of the E2 business perspective on these issues. Please contact Berl Hartman at 617 497-0393 or at berl@berlhartman.com or Nancy Israel at 617-899-6425 or at nancy@nancydisrae.com if you have any questions.

Sincerely,

102 members of the E2 community from E2 New York and New England chapters

Judith Albert
Chair, Board of Directors, Cornerstone Capital Group
Larry Aller
Managing Director of Business Development & Sales, BlueWave Solar
David Austin
Owner, great brook solar nrg
Fred Bamber
Managing Director, Spartina LLC
Constance Barbour
Silkscreen Printer, Migrantwinds
Aron Bernstein
Professor of physics, MIT
Geri Blitzman
New England Growth Associate
Barbara Blumenthal
President, Blumenthal Consulting LLC
Joe Caron
Geoff Chapin
Partner, Phoenix Revolution Inc.
Suzanne Charle
freelance jounalist,
Lucian Cohen
Assistant Vice President , M&T Bank
John Harper
Principal, Birch Tree Capital, LLC
Anne Harris
Berl Hartman
E2 New England Chapter Director, Hartman Consulting
Hyman Hartman
Research Scientist, Massachusetts Institute of Technology
Loie Hayes
Robert Houvener
Cullen Howe
Deb Huston
Nancy Israel
Principal, Law Office of Nancy D. Israel
Suparna Kadam
Director of Business Development, EnterSolar
Ron Kamen
Founder, EarthKind Energy
Christopher Kaneb
Principal, Catamount Management Corporation
Lisa Kaneb
Archie Kasnet
Vice President of Sustainability, Altenex
Rich Kassel
Doug Pope
President, Pope Energy
Howard Quin
Howard Quin Consulting, LLC
Bill Ravanesi
Director of Energy Program, Health Care Without Harm
Donald Reed
Sustainable Finance Ltd
Emily Reichert
CEO & Executive Director, Greentown Labs
Dillon Ripley Lanius
Jack Robinson
Vice Chair and Portfolio Manager, Trillium Asset Management
Liz Robinson
Executive Director, Energy Coordinating Agency
Sarah Robinson
Founding Partner, WeSpire
Dan Ruben
Executive Director , Coalition for Environmentally Responsible Conventions
Cindy Sachs
Architect,
Mark Sandeen
Founder, RePower Partners
Tedd Saunders

William Constable
Executive Vice President, A.W. Perry, Inc.
Robert Cooper
Founder & CEO, Embue
Abe Costanza
Phil Coupe
Co-Founder, ReVision Energy
Linda Curtis
Chris Davis
Partner, Goodwin Procter LLP
Patricia DeMarco
Member of Borough Council, Forest Hills Borough
Marianne DiMascio
Appliance Standards Awareness Project
Lise Dondy
President, Connecticut Clean Energy Fund
James Donoghue
Asset Manager, Sierra Management Corp.
Scott Englander
President, Longwood Energy Group LLC
Diane Fassino
Fassino Design
Vanessa Fox
Principal, Partners In Productivity
Phil Giudice
CEO, Ambri
Mitchell Golden
Principal, Jun Group
Susan Goldhor
Biologist, C.A.R.S.
Duncan Goldie-Scot
Director, Mission Markets
Dan Goldman
Co-Founder and Managing Partner, Clean Energy Venture Group
Diana Goldman
Founder, ICanPlanIt
Boris Grinkot
Part Time Faculty, Parsons, School of Design Strategies
Executive Vice President - Global Leader, Energy & Enviro + Sustainability, Capalino+Company
Laurel Kayne
Fred Kraybill
Registered Nurse, VA Medical Center
Susan Labandibar
President, Tech Networks of Boston
Florence W. Liddell
Environmental Advocate
Lisa Lillelund
Clean Energy Advocate, MANGO Networks Inc.
Justin Lindenmayer
Amy Longsworth
Director, Boston Green Ribbon Commission
Robert MacArthur
Andrew Magee
Senior Consultant, Epsilon Associates
Rishi Malhotra
Claire McKenna
Electrical Engineer, Solar Design Associates
David Miller
Executive Managing Director, Clean Energy Venture Group
Karen Miller
President, Belly Shmooze
David Moir
President & CEO, Stoneywood Heights Development
Bill Mook
Maine Oyster Farmer
David Moyar
President & CEO, MEI Hotels Inc.
Jim Nail
Principal Analyst, Forrester Research
Al Nierenberg
President, Evergreen Consulting & Training
Dylan Oakley
CSO, The Saunders Hotel Group
James Schwartz
Vice President, Independence Solar
Tom Sciacca
Co-founder, Intelligen Energy Systems
Megan Sheehan
Vivek Soni
Managing Partner, Boston Cleantech Partners
Robin Swartout
Jim Sweeney
President, Sustainable New Energy
Emily Talcott
Ellen Tohn
Founder & Principal, Tohn Environmental Strategies
John Tourtelotte
Managing Director, Rivermoor Energy
Rob Watson
CEO, EcoTech International
Haskell Werlin
Solar Project Developer, Solar Design Associates
Bonni Widdoes
President, Gladden House
Flory Wilson
Director of International Standards, B Lab
Andrea Wittchen
Principal, iSpring
Michael Woods
Area Manager, Mitsubishi Electric Cooling & Heating
George Woodwell
Founder and Director Emeritus, The Woods Hole Research Center
Katharine Woodwell
Administrator-retired
Mark Yuschak
Instructor, Thomas Shortman
Rosamund Zander
Chairman, Independent Design Center for the Environment

Eric Grunebaum
Chief Business Development Officer, Business Dev't. at TeraCool & Producer "The Last Mountain"

Account Manager,, Greenwich Energy Solutions

Peter Papesch
Architect, Papesch Associates

Rob Parker
NYC Deputy Metro Director, NE Region, CleanTech Open

Jeffrey Perlman
Founder and President, Bright Power

---

[1] Acadia Center, *RGGI Status Report Part I: Measuring Success*, July 2016. Available at: http://acadiacenter.org/wp-content/uploads/2016/07/Acadia_Center_2016_RGGI_Report-Measuring_Success_FINAL_08092016.pdf
[2] Ibid.
[3] Ibid.
[4] Abt Associates, *Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative, 2009-2014*, January 2017. Available at: http://abtassociates.com/RGGI.
[5] Analysis Group, *The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States*, 2011. Available at: http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/economic_impact_rggi_report.pdf. *The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States*, 2015, available at: http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf.
[6] Ibid.
[7] *Survey of Voters' Attitudes on the Regional Greenhouse Gas Initiative*, 2016, polling conducted by Hart Research Associates and Chesapeake Beach Consulting for Sierra Club. Available at: http://www.sierraclub.org/polls/RGGI.
[8] Synapse Energy Economics (2016), *The RGGI Opportunity 2.0*, http://www.synapseenergy.com/sites/default/files/RGGI_Opportunity_2.0.pdf.
[9] NRDC (2017), *No Reason to Wait: Why The Next RGGI Cap Should Begin in 2019, Instead of 2021*, http://rggi.org/docs/ProgramReview/2017/04-20-17/Comments/NRDC_Comments.pdf.
[10] Auction Notice, California Cap-and-Trade Program and Québec Cap-and-Trade System Joint Auction of Greenhouse Gas Allowances On August 15, 2017. Available at: https://www.arb.ca.gov/cc/capandtrade/auction/aug-2017/notice.pdf
[11] California Cap-and-Trade Program and Québec Cap-and-Trade System 2017 Annual Auction Reserve Price Notice
Issued on December 1, 2016. Available at: https://www.arb.ca.gov/cc/capandtrade/auction/2017_annual_reserve_price_notice_joint_auction.pdf