

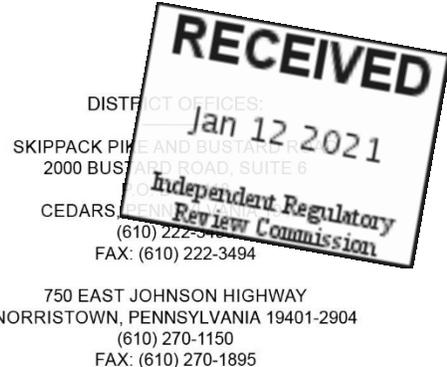
MATT BRADFORD
DEMOCRATIC CHAIRMAN
APPROPRIATIONS COMMITTEE
70TH LEGISLATIVE DISTRICT

512-E MAIN CAPITOL
P.O. BOX 202070
HARRISBURG, PENNSYLVANIA 17120-2070
(717) 783-1540
FAX: (717) 787-2334

EMAIL: REPBRADFORD@PAHOUSE.NET
WEBSITE: WWW.PAHOUSE.COM/BRADFORD



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG



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RGGI Comments

I am writing in support of the Department of Environmental Protection's proposal to join the Regional Greenhouse Gas Initiative, also known as RGGI. While many have raised concerns over this proposal, the time to act is now and assure promulgation of these regulations. Ten states, including many of our neighbors, have already successfully implemented emission reduction plans through RGGI and those efforts have begun to show results.

Reducing carbon emissions from the power generation sector would not only improve the environment for commonwealth citizens, but would also make Pennsylvania a more sustainable and innovative place in the future. CO2 emissions from the generation sector make up more than a third of the commonwealth's total emissions and represent a perfect starting point in our broader efforts to meet the governor's environmental goals and mitigate the worst effects of global climate change.

Pennsylvania is one of the largest producers and exporters among the states and is therefore in a unique position to push these efforts forward. Joining RGGI will spur additional investments in renewable energy throughout Pennsylvania, ensuring that we maintain our vital position in national energy markets.

As provided by Pennsylvania's Constitution, Article I Sec. 27: *"People have a right to clean air, pure water, and to the preservation of the natural, scenic, historic and esthetic values of the environment. Pennsylvania's public natural resources are the common property of all the people, including generations yet to come. As trustee of these resources, the Commonwealth shall conserve and maintain them for the benefit of all the people"*

Tackling climate change presents enormous challenges to the commonwealth, but the risks of inaction for outweigh those costs. Furthermore, those risks will increase daily unless action is taken. As part of an effort to secure citizens' right to clean air, pure water, and the preservation of natural, scenic, historic and esthetic values of the environment, it is vital that Pennsylvania join RGGI and take this important step toward a more sustainable future.

What is RGGI:

- **RGGI is a cooperative effort among states, with current ten state membership, to cap and reduce power sector CO₂ emissions, through Cap-and-Trade program. Pennsylvania and Virginia are slated to join within the next two years. Current members include – CT, DE, ME, MD, MA, NH, NJ, NY, RI, VT.**
- **RGGI is composed of individual CO₂ Budget Trading Programs in each participating state. Through independent regulations, based on the RGGI Model Rule, each state's CO₂ Budget Trading Program limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions.**

- **RGGI is a market-based CO₂ emissions reduction program. Within the RGGI states, fossil-fuel-fired electric power generators with a capacity of 25 megawatts (MW) or greater ("regulated sources") are required to hold allowances equal to their CO₂ emissions**
 - **Utilization of market-based pricing as part of the auction process, ensures that electricity generators are constraint by the pricing of demand, rather than a statutory constraint. As such, the notion that RGGI is a tax is not based on sound understanding of RGGI.**

PA RGGI Unique Features:

- *In order to account for the unique environmental, energy, and economic intricacies of the Commonwealth, the proposed CO₂ Cap-and-Trade Program is tailored to Pennsylvania's energy markets*
 - *Related to CO₂ allowance allocations, DEP proposes to **set-aside of 9.3 million CO₂ allowances for waste coal-fired units** located in Pennsylvania.*
 - *Also connected to CO₂ allowance allocations, DEP proposes a **Strategic set-aside** allocation for eligible air pollution eliminating projects. The strategic set-aside allowances will come from undistributed CO₂ allowances from the waste coal set-asides, from the prior year.*
 - ***Set-aside provision for cogeneration units**, including combined heat and power systems. This set-aside is established because cogeneration units concurrently produce electricity and useful thermal energy, making them energy efficient and environmentally beneficial.*
 - *In order to provide additional flexibility, proposed rulemaking includes a **limited exemption for cogeneration units that are interconnected and supply power to a manufacturing facility.***
 - *The proposal includes the addition of **regulatory language on the procedure for auctioning CO₂ allowances.** It is proposed that DEP participates in multistate CO₂ allowance auctions in coordination with other participating states. First, a multistate auction capability and process must be in place for the participating states. A multistate auction must also provide benefits to this Commonwealth that meet or exceed the benefits conferred on this Commonwealth through a Pennsylvania-run auction process. The criteria that the Department will use to determine if the multistate auction "meets or exceeds the benefits" of a Pennsylvania-run auction are whether the auction results in reduced emissions and environmental, public health and welfare, and economic benefits.*

Authority to Regulate CO₂ Emissions:

- *Developed by DEP, the proposed CO₂ Budget Trading Program, under the direction of Gov. Wolf's October 2019 Executive Order '19-07, the Environmental Quality Board has the authority to promulgate proposed rulemaking under the **Air Pollution Control Act (APCA).***
- *Through the Air Pollution Control Act, the Legislature granted DEP and the Environmental Quality Board the authority to protect air resources of the Commonwealth, which is inclusive of controlling CO₂ pollution.*

Again, Pennsylvania is in a unique position as a net energy exporter. No other state that is part of the Regional Greenhouse Gas Initiative (RGGI) is in this unique position; this makes the Commonwealth a leader. As such, it is our duty to adopt the CO₂ Budget Trading Program by joining RGGI and guide Pennsylvania into the future.