



January 14, 2021

VIA eComment

Environmental Quality Board
PO Box 8477
Harrisburg, PA 17105-8477

Re: CO₂ Budget Trading Program
Notice of Proposed Rulemaking, 50 Pa.B. 6212, November 7, 2020

The Keystone Energy Efficiency Alliance (KEEA) in response to the public notice and request for comment published in the November 7, 2020 Pennsylvania Bulletin (50 Pa.B. 3724), hereby submits the following comments regarding the Environmental Quality Board (EQB) Proposed Rulemaking – CO₂ Budget Trading Program which will establish Pennsylvania’s participation in the Regional Greenhouse Gas Initiative (RGGI).

I. Introduction and Background

The Keystone Energy Efficiency Alliance (KEEA) is Pennsylvania’s trade association for the energy efficiency industry. The energy efficiency industry is composed of a diverse range of professions—from contractors and manufacturers to engineers, architects, and software developers—and a local workforce that cannot be outsourced. KEEA represents more than 70 members that manufacture, design, and implement energy efficiency improvements in buildings across Pennsylvania on behalf of regulated utilities, the State, and ratepayers. While the pandemic and related lockdowns caused enormous job losses, energy efficiency is the largest US energy sector, boasting a growth rate 1.7 times faster than the national workforce from 2016-2019.¹

In October 2019, Governor Wolf signed an executive order that put Pennsylvania, which is fourth in the nation for carbon emissions, on a path to join the Regional Greenhouse Gas Initiative (RGGI).² RGGI is a cap-and-invest program that allows the market to determine the most efficient means to achieve carbon reductions through pricing and selling carbon emissions in an auction. Auction proceeds can then be invested into initiatives that save consumers money, deploy clean energy, and improve air quality.

¹ E4TheFuture, 2020 Energy Efficiency Jobs in America, available at https://e4thefuture.org/wp-content/uploads/2020/11/National-Summary_EE-Jobs-in-America.pdf.

² Governor Wolf Takes Executive Action to Combat Climate Change, Carbon Emissions, October 3, 2019, available at: <https://www.governor.pa.gov/newsroom/governor-wolf-takes-executive-action-to-combat-climate-change-carbon-emissions/>.

KEEA supports Pennsylvania entering RGGI, which opens an avenue to simultaneously combat climate change and grow Pennsylvania's economy. In current RGGI states, investment proceeds have generated over \$4 billion in economic benefits in the form of new jobs, customer utility bill savings, and public-private investment by prioritizing energy efficiency.³ By prioritizing energy efficiency, Pennsylvania will create the greatest economic benefit, lay the groundwork for an equitable and just clean energy transition, and invest in a brighter environmental and economic future.

II. KEEA Supports the DEP's Implementation of RGGI and its Legal Authority.

KEEA supports Pennsylvania's participation in RGGI and encourages DEP to swiftly enact the proposed CO₂ Budget Trading Program.

RGGI is third in a line of successful cap-and-invest mechanisms implemented by the DEP to curb the emissions of the power generation sector. Through the Clean Air Act, states have the authority to implement emissions standards along with measures to enforce them, including cap and invest mechanisms.⁴ In Pennsylvania, air emissions are also regulated at the state level by the Air Pollution Control Act.⁵ This legislation grants the DEP and the Environmental Quality Board the "authority to adopt rules and regulations for the prevention, control, reduction, and abatement of air pollution in this Commonwealth", which includes CO₂ pollution.⁶ The Commonwealth has used this authority to participate in cap and trade programs, specifically the NO_x Budget Trading Program and the Clean Air Interstate Rule NO_x and SO₂ Trading Programs. Like RGGI, these programs regulate emissions through the use of a market-based mechanism.⁷

III. Energy Efficiency Is a Vital Component to a Successful and Equitable RGGI Program.

While an official auction document is forthcoming, the regulations outlined four key areas for investment proceeds: Worker Transition, Energy Efficiency, Clean and Renewable Energy Generation, and GHG Abatement Initiatives.⁸ KEEA applauds the DEP for identifying the benefits of energy efficiency investments, and would like to emphasize that by prioritizing

³ Acadia Center, Regional Greenhouse Gas Initiative 10 Years in Review, available at https://acadiacenter.org/wp-content/uploads/2019/09/Acadia-Center_RGGI_10-Years-in-Review_2019-09-17.pdf.

⁴ Clean Air Act, 42 U.S.C. 7401 et seq..

⁵ Air Pollution Control Act (APCA), 1959 P.L. 2119, No. 787 .

⁶ CO₂ falls under the definition of "air pollution" under section 3 of the APCA (35 P.S. § 4003). It is undisputed that CO₂ causes harm to the environment and public health, safety, and welfare.

⁷ Section 6.3 of the APCA authorizes the establishment of two different categories of fees: (1) fees to cover the direct and indirect costs of administering the air pollution control plan approval process, the Title V program, and "other requirements of the Clean Air Act," among other programs; (2) fees "to support the air pollution control program authorized by this act and not covered by fees required by section 502(b) of the Clean Air Act."

⁸ CO₂ Budget Trading Program, 50 Pa. Bull. 6212 (Nov. 7, 2020), page 6228.

energy efficiency, RGGI can lower energy costs and boost local economies across the Commonwealth.

Other states have shown that the best way to get the full benefit of RGGI is to invest the resource directly in energy efficiency. To date, 56% of all RGGI auction proceeds have been invested in energy efficiency.⁹ Investing in energy efficiency creates jobs, helps communities lower their energy use, offsets the impact of the RGGI program on ratepayers, and advances carbon reduction strategies.

Investing in energy efficiency is the best way to reduce costs for electric customers because it lowers transmission and utility costs. Reduced demand for energy also keeps power prices lower and avoids investments in costly infrastructure to meet peak demand.¹⁰ Electricity prices in RGGI states have fallen by 5.7%, while prices have increased in the rest of the country by 8.6%.¹¹ GDP of the RGGI states has grown by 47%, outpacing growth in the rest of the country by 31%.¹²

Investing in energy efficiency saves businesses and residents money on their energy bills and creates direct economic activity across the states. Widespread consumer bill reductions keep money in Pennsylvanians' pockets and leads to an increase in local spending, benefiting regional businesses. Businesses that spend less on energy can spend more on payroll or capital investment, leading to new job openings. Trends from other states show that three forms of investment are most effective in achieving these goals:

- Creating energy efficiency programs that fulfill state policy objectives and lower costs for consumers.
- Prioritizing low-income and frontline communities so that every building and home has access to these programs and every resident may enjoy the benefits.
- Investing in next-generation priorities, growing the clean energy workforce to meet demand, and implementing market transformation policies.

A. Creating Energy Efficiency Programs That Fulfill State Policy Objectives and Lower Costs for Consumers.

One consistent trend among RGGI states is the use of auction proceeds to fill “gaps” in the utility-funded energy efficiency programs designed to reduce electricity and or natural gas consumption. All the states currently participating in RGGI have programs similar to Pennsylvania's flagship energy efficiency law, Act 129, that use rebates, incentives, and other tools to help utility customers reduce electricity consumption. However, some of these programs overlook opportunities for comprehensive energy efficiency projects that reduce the consumption of gas, fuel oil, biomass, and other fuels. KEEA recommends Pennsylvania follow the lead of a

⁹ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

¹⁰ *Id.* at 6.

¹¹ The Regional Greenhouse Gas Initiative: 10 Years in Review, Acadia Center, available at: https://acadiacenter.org/wp-content/uploads/2019/09/Acadia-Center_RGGI_10-Years-in-Review_2019-09-17.pdf.

¹² *Id.*

number of states that leverage RGGI proceeds to allow for a more comprehensive approach to energy efficiency.

Maine, a state that entered and remains in RGGI with bi-partisan support¹³, invests nearly all of its RGGI auction proceeds in energy efficiency through an independent third-party administration, Efficiency Maine. Efficiency Maine focuses its spending on four categories: Home Energy Savings Program; Low-Income Initiatives Program; Commercial and Industrial (C&I) Prescriptive Program; and a C&I Custom Program. From 2013–2017, Efficiency Maine used \$45 million from RGGI—leveraging an additional \$88 million in private investment—to help Maine residents, businesses, and industries save \$277 million in lifetime energy costs.¹⁴ Participants achieved energy savings on everything from home weatherization to more efficient paper mill boilers.¹⁵ Over the lifetime of these investments, they are expected to lower participants’ energy bills by more than \$33 million.¹⁶

Maine is not alone in realizing the return on such an investment. Massachusetts, a leading energy efficiency state, has used RGGI proceeds to supplement various Mass Save programs over the years.¹⁷ This effective use of RGGI proceeds has put Massachusetts ahead of many states in not only energy efficiency but in the broader transition to a clean energy economy. Vermont spends 95% of its RGGI proceeds on energy efficiency and boasts the nation’s first ratepayer-funded energy efficiency utility, Efficiency Vermont. Since entering RGGI, auction proceeds invested in energy efficiency have saved Vermont participants over \$102 million on their energy bills over the lifetime of those investments. Vermont’s RGGI-funded programs have served approximately 10,700 households and 755 businesses.¹⁸ Efficiency Vermont’s programs have a proven track record of success: thanks to these and other programs, Vermont ranked 4th in the nation for energy efficiency programs.¹⁹

While some states have taken a more direct funding path with energy efficiency programs, many leverage this funding to complement utility-funded programs by investing RGGI proceeds in energy efficiency and clean energy programs that fulfill state policy goals. Through its Connecticut Energy Efficiency Fund, Connecticut invested a portion of RGGI proceeds into weatherization measures under the utility-administered Home Energy Solutions Program for families who heat their homes with fuel oil and propane.²⁰ Additionally, New Hampshire

¹³ Law Keeping Maine as Part of RGGI Becomes Law Without Governor’s Signature, Natural Resources Council of Maine, March 1, 2018, available at:

<https://www.nrcm.org/news/law-keeping-maine-part-rggi-becomes-law-without-governors-signature/>.

(“Legislature’s unanimous vote to continue and increase RGGI’s pollution reductions and energy savings is great news for our environment, our economy, and reducing energy bills.”).

¹⁴ Regional Greenhouse Gas Initiative: Working for Maine, Natural Resources Council of Maine, available at: <https://www.nrcm.org/wp-content/uploads/2018/08/RGGIworkingformaine.pdf>.

¹⁵ Case studies on projects throughout Maine. Available at: <https://www.nrcm.org/programs/climate/energy-efficiency/energy-efficiency-in-maine/>.

¹⁶ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, page 20, available at: https://www.rrgi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

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¹⁷ *Id.* at 26.

¹⁸ *Id.* at 38.

¹⁹ *Id.* (according to the 2018 American Council for an Energy Efficient Economy Scorecard).

²⁰ *Id.* at 15.

allocates a portion of its proceeds to the state-run Energy Efficiency Fund²¹, and Rhode Island auction proceeds are allocated by the state's Office of Energy Resources (OER) to drive investment in and expansion of clean energy resources, including cost-effective energy efficiency and renewable energy projects.²²

Investing RGGI auction proceeds in energy efficiency can put Pennsylvania on a path towards national leadership. According to the American Council for an Energy Efficient Economy, six of the ten RGGI states rank among 2020's top ten states for energy efficiency.²³

B. Prioritizing Low-income Communities, Communities of Color, and Frontline Communities So That Every Building and Home Has Access to These Programs and Every Resident May Receive the Benefits.

Energy issues that plague low-income communities, communities of color, and frontline communities elude the reach of current energy efficiency and clean energy program offerings. Structural inadequacies prevent many homes in these communities from participating in energy efficiency programs and contribute to numerous other health and wellness issues. Additionally, those who rent their living spaces experience difficulties accessing service under current programs. As a result, the state often leaves low-income communities, communities of color, and frontline communities out of the state- and utility-run energy efficiency programs and further clean energy efforts. Utilizing RGGI money to close gaps in these energy efficiency programs will give the most vulnerable communities lasting benefits by directly investing in their homes and communities.

RGGI proceeds can provide flexible support for programs that deliver energy efficiency to low-income communities, communities of color, and frontline communities and other hard-to-reach sectors to allow for better access to programs and community-based workforce opportunities. It can often take more investment to get the same level of energy savings from these households, which will deter businesses from making meaningful investments in these homes in the first place. Moreover, not only are low-income households sometimes more difficult to reach through traditional channels, but they often face obstacles to participation that current programs are unable to address. For example, weatherization providers who encounter a structural issue in a home – such a collapsed roof – must defer the project.

A program that removes participation barriers would immediately benefit participants by way of energy savings and reduced energy bills, which is proven to result in job creation and economic growth in the surrounding communities and eventually the state. Many states have shown that investing RGGI proceeds in these programs provides results that can alleviate inequities, whether it be repairing homes or investing in a local workforce and local communities.

²¹ *Id.* at 29.

²² *Id.* at 35.

²³ 2020 Utility Energy Efficiency Scorecard, American Council for an Energy-Efficiency Economy, December 2020, available at: <https://www.aceee.org/utility-scorecard>.

In Delaware, 65% of RGGI proceeds fund the Sustainable Energy Utility, which promotes the use of affordable, reliable, clean energy, and provides a variety of incentives for energy efficiency improvements.²⁴ Additionally, 10% of the proceeds are directed towards Energize Delaware's Pre-Weatherization Program,²⁵ a no-cost "pre-weatherization" program that repairs deferred homes so that they can be eligible for federal weatherization assistance. RGGI proceeds are used to cover repair costs that average between \$3,000 to \$4,000 per home with a limit of \$7,500.

New York and Maryland have prioritized community-based programs that not only weatherize and improve homes and buildings but that also hire and train the local workforces to do so. The Green Jobs Green New York (GJGNY) program has used RGGI funding to provide financing for thousands of clean energy upgrades and projects.²⁶ The GJGNY program is designed to serve single family homes, multi-family housing, nonprofits, and small commercial businesses with low-cost financing for recommended improvements; it also supports education and training opportunities to prepare New Yorkers for clean energy jobs. In Maryland, RGGI proceeds fund the community groups best positioned to reach low-income households and identify opportunities for energy efficiency projects. These programs reduce household bills, create jobs in growing industries, increase resiliency, and promote energy independence. The programs also have significantly reduced the energy costs of Maryland's businesses.²⁷

C. Investing in Next-Generation Priorities, Growing the Clean Energy Workforce to Meet Demand, and Implementing Market Transformation Policies.

The transition to a clean energy economy will be costly. Innovative technologies, strategies, and programs need testing grounds and sometimes public support before they can be deployed at scale. Other states have taken the opportunity to leverage RGGI auction proceeds to lower the costs to consumers by investing in strategies to grow and train a clean energy workforce and begin the clean energy market transformation.

Maine and Vermont have leveraged the funding to transform heating in the state. In Maine, RGGI covers 40% of the budget for the Home Energy Savings Program, which provides rebates and discounts for energy efficiency upgrades like ductless heat pumps. In 2018, RGGI dollars helped replace nearly 5,000 fuel oil furnaces with efficient heat pumps.²⁸ In that same year, using only \$9 million in RGGI funds, Vermont was able to convert 180,000 delivered-fuel households to more efficient homes.

²⁴ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, page 17, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

²⁵ Energize Delaware, Pre-Weatherization Program webpage, available at: <https://www.energizedelaware.org/residential/pre-weatherization-program/>.

²⁶ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, page 32, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

²⁷ *Id.* at 23.

²⁸ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

Connecticut directs a portion of its RGGI proceeds to the state Green Bank,²⁹ which funds Commercial Property Assessed Clean Energy (C-PACE) projects across the state. The Green Bank was initially also used to establish the nationally-recognized Inclusive Prosperity Capital (IPC) investment fund³⁰ to increase access to capital for low-to-moderate income communities and nontraditional creditors like nonprofits, faith-based organizations, housing authorities, schools, and smaller businesses.

IV. How RGGI and Energy Efficiency Investment Can Grow Pennsylvania's Economy and Lay the Foundation for the Clean Energy Transition.

Entering RGGI provides Pennsylvania an invaluable opportunity to not only reduce carbon emissions but to provide economic growth.

The state anticipates RGGI will generate \$300 million in annual auction revenues, and DEP should act now to determine how these proceeds could launch a cleaner, more equitable energy economy. Over the past decade, ten RGGI states have proven that when auction proceeds are invested in energy efficiency, RGGI lowers energy costs for consumers and gives a much-needed boost to the economy. According to an independent macro-economic analysis of RGGI through 2017, investment proceeds created over \$4 billion in net economic benefits in the form of new jobs, customer utility bill savings, and private investment.³¹ These benefits are due largely to investments in energy efficiency, which received 56% of auction proceeds through 2018.

Proof of energy efficiency's potential to generate economic growth abounds here in Pennsylvania as well. According to the Public Utility Commission (PUC), energy efficiency programs implemented from 2019-2016 delivered \$6.4 billion in benefits to Pennsylvania electric customers.³² Every dollar invested through Act 129 has generated \$1.70 in benefits for customers. Energy savings multiply throughout communities: families with lower utility bills can spend more on local goods and services, and businesses that spend less on energy can spend more on payroll or capital investment. They also create well-paying local jobs. In 2018, energy efficiency accounted for over 68,000 Pennsylvania jobs. The American Council for an Energy Efficient Economy found that removing limits on utility investment into energy efficiency in the Commonwealth could create 30,000 jobs and deliver \$240 million annual net benefits to customers by 2025.³³

²⁹ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, page 14, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

³⁰ See Inclusive Prosperity Capital at <https://www.inclusiveprosperitycapital.org/about-us/>.

³¹ Acadia Center, Regional Greenhouse Gas Initiative 10 Years in Review, available at, https://acadiacenter.org/wp-content/uploads/2019/09/Acadia-Center_RGGI_10-Years-in-Review_2019-09-17.pdf

³² Calculations by KEEA based on data from the Pennsylvania Public Utility Commission Statewide Evaluator, Phase I and II Final Reports, available at http://www.puc.pa.gov/filing_resources/issues_laws_regulations/act_129_information/act_129_statewide_evaluator_swe.aspx.

³³ American Council for an Energy-Efficient Economy, "Lifting the Cap: Estimating the Economic Impacts of Energy Efficiency Investments in Pennsylvania," available at <https://aceee.org/white-paper/lifting-the-cap-040419>.

These investments can bring numerous benefits but must be invested strategically to best accomplish state priorities and ensure an equitable transition. With this in mind, KEEA has identified key investment policies and priorities that we believe will best serve the Commonwealth.

A. RGGI Investment Policies that Serve Pennsylvania’s Unique Needs.

To truly capitalize on the benefits of joining RGGI, Pennsylvania will need to invest these proceeds in programs that are right for the state. New Jersey sets a great example with its second entrance into RGGI: the state identified the specific policy goals RGGI would enable it to meet and prioritized those when establishing their programs.³⁴ Pennsylvania has several unique characteristics that policymakers should consider in forming their approach to RGGI. These include:

1. **RGGI alone is not sufficient to meet the Governor’s target of 80 percent reduction in carbon emissions by 2050.** The state’s Climate Action Plan combines a number of strategies to cumulatively meet the state’s emission targets – including both a cap on carbon and expanded energy efficiency investments.³⁵ Pennsylvania’s RGGI program will generate more proceeds per capita than any other state, by a large margin. It is important to outline long-term goals for these investments that address the needs of every sector of the state and leverage them to achieve the target emissions reductions.
2. **Pennsylvania has a strong foundational energy efficiency program in Act 129.** RGGI investments should complement existing policies, including electric utility energy efficiency standards like Act 129. Act 129 drives investment in measures that help lower electricity use, and in its first seven years, reduced carbon pollution by 7 million tons.³⁶ If RGGI proceeds are not used to fill gaps in or even expand these programs, Pennsylvania will miss a major opportunity to multiply the impact of its carbon reduction policy and reduce energy costs for Pennsylvania electric customers.
3. **Now is the time to invest in building and training the next generation of these workers.** As coal-powered electricity generation naturally declines, Pennsylvania’s policymakers should do everything possible to help its current energy workers transition to the new, clean energy sector. RGGI will provide the incentive, framework, and funds to transition the workforce to one of clean power generation. Just as the Commonwealth has made major industrial shifts in the past to remain a leading energy economy, RGGI

³⁴ For its RGGI proceeds New Jersey identified two goals: (1) providing meaningful benefits to communities most affected by pollution and climate change; and (2) catalyzing the electrification of various modes of transportation in the state. See Regional Greenhouse Gas Initiative Auction Proceeds Scoping Document Years 2020-2022, available at <https://nj.gov/rggi/docs/rggi-scoping-document.pdf>.

³⁵ Pennsylvania Department of Environmental Protection, “Pennsylvania Climate Action Plan 2018,” available at <https://www.dep.pa.gov/Business/Energy/OfficeofPollutionPrevention/climatechange/Pages/default.aspx>.

³⁶ Calculations by KEEA based on data from the Pennsylvania Public Utility Commission Statewide Evaluator, Phase I and II Final Reports, available at http://www.puc.pa.gov/filing_resources/issues_laws_regulations/act_129_information/act_129_statewide_evaluator_swe_.aspx.

will enable the state to lead the clean energy workforce transition once again. By investing in energy efficiency programs, energy efficiency workers will be in increasing demand across the state to build, install, monitor, repair, and improve equipment. These jobs are by definition local to their communities and offer a higher-than-average salary. Per year, RGGI is anticipated to create 27,000 jobs and pour \$300 million into Pennsylvania's economy.³⁷ States across the region have shown that programs such as home retrofits "directly spur employment gains in housing and construction."³⁸ Once Pennsylvania makes this investment, state programs can further stimulate workforce development, leading to high quality jobs with good wages, safety and health protections, community benefit agreements, local hires, and workers' right to organize.

4. **Pennsylvania's large manufacturing sector and energy-intensive industries present specific challenges and opportunities for deploying energy efficiency to reduce energy costs during a transition to clean energy.** Pennsylvania should deploy part of its RGGI proceeds to create a pathway to bring these industries into a clean energy economy. By way of precedent, Massachusetts requires a portion of its RGGI proceeds to go to communities affected by fossil fuel plant closures.³⁹

B. KEEA Recommends The Following Priorities for the Investment of RGGI Proceeds:

Taking into consideration the unique needs of Pennsylvania as well as examples from other states, KEEA has drawn from our specific industry knowledge to identify six categories that should be prioritized in funding decisions. By investing in the following programs, Pennsylvania will be able to both reduce air pollution and create positive economic impacts.⁴⁰

1. **Program(s) to reduce the consumption of delivered fuels – including fuel oil, propane, wood, and coal – in homes and businesses.** The goal of the program would be to reduce pollution from these fuels and deliver energy bill savings. The Pennsylvania PUC estimates that over 1 million Pennsylvanians receive their primary heating fuel from these sources. Unfortunately, these fuels contribute to numerous health impacts that disproportionately affect frontline communities. A program or programs to address these issues would include deep energy efficiency retrofit options with measures such as weatherizing for both homes and businesses, as well as incentives and rebates for fuel-switching to high-efficiency air source or ground source heat pumps. The program(s) should prioritize low-income Pennsylvanians and small businesses with an emphasis on community-focused implementation. If the state were to invest even only \$50 million, Pennsylvania can make a big impact.⁴¹

³⁷ Department of Environmental Protection, available at <https://www.dep.pa.gov/Citizens/climate/Pages/RGGI.aspx>

³⁸ The Investment of RGGI Proceeds in 2018, Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.), July 2020, page 23, available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf.

³⁹ *Id.*

⁴⁰ CO2 Budget Trading Program, 50 Pa. Bull. 6212 (Nov. 7, 2020), page 6228.

⁴¹ Efficiency Vermont's thermal fuel efficiency budget was \$9 million for conversion of 180k delivered- fuel households in 2018. There were roughly 1.2 million PA households who rely on delivered fuels in 2017, according to SWE Baseline Study.

2. **Additional funding for the Weatherization Assistance Program (WAP) and the Weatherization Plus Health program**, via an annual allocation to the Department of Community and Economic Development (DCED). This funding can repair structurally unsafe homes barred from participation in WAP and increase the impact of WAP by funding more projects. Currently WAP only has enough funding to weatherize roughly 1500 homes per year. This represents only a sliver of the 1.5 million Pennsylvania households earning less than \$35,000 a year before the coronavirus crisis hit – many of whom are now experiencing additional financial challenges. Adding funding from RGGI could triple or quadruple this amount. As discussed above, Energize Delaware’s Pre-Weatherization Program uses RGGI funds to close gaps in the state’s WAP program.⁴² Program participants are identified based on their inability to participate in the state’s weatherization program.⁴³ In addition to providing funding, the program inspects homes, hires contractors, schedules repair work, and performs a quality assurance post-inspection. In three years, almost 250 homes have received pre-weatherization repairs.
3. **Funding for whole-home and whole-building focused pilot programs that more effectively coordinate delivery of all available resources and provide the “final mile” of funding to retrofit Pennsylvania’s buildings, especially housing in low-income communities.** The Philadelphia Energy Authority’s (PEA) Built to Last pilot program offers a model. Built to Last identifies eligible customers, identifies existing funding streams, and coordinates delivery of housing and energy services and funds to provide a comprehensive retrofit of low-income homes. PEA estimates that existing funding streams can cover the cost of 75% of most retrofits.
4. **Funding for workforce development programs for energy efficiency and the clean energy workforce.** The investments from RGGI and Act 129 programs can provide long-term, local jobs. DEP, in collaboration with the Department of Economic Development, should work to create regional training centers to improve the skills of existing workers and recruit new energy efficiency workers. To ensure that all Pennsylvanians have access to these opportunities, a portion of the funding should be used to create career pathways within vocational and community schools across the state.
5. **Funding for pilot programs to maximize the value of advanced metering infrastructure.** Funding would be administered by the Department of Environmental Protection or the Pennsylvania Utility Commission via competitive solicitation open to utilities and third-party energy efficiency providers in order to achieve air pollution reduction and the following goals:
 - a. Assigning better value to the time, location, and load shifting value of energy efficiency investments.
 - b. Measuring energy efficiency savings at the meter to reduce costs and create new opportunities for financing energy efficiency as a resource.

⁴² Energize Delaware, Pre-Weatherization Program webpage, available at: <https://www.energizedelaware.org/residential/pre-weatherization-program/>.

⁴³ Jeaneen Herb and Marjorie Kaplan, Field Notes: Equity & State Climate Policy, pages 104 - 109, Rutgers University and The RGGI Project Series, September 201, available at: <https://www.rggiprojectseries.org/latest>.

- c. Measuring the effectiveness of alternative utility rate designs to increase energy efficiency, distributed energy resources, and beneficial electrification in the building and transportation sectors.
6. **Funding to Form a Green Bank to finance energy efficiency and clean energy investments across all sectors and customer classes.** The bank should prioritize buying down interest rates to make private investment in clean energy and energy efficiency more attractive to capital markets and coordinate with existing financing programs, such as C-PACE and Keystone Home Energy Loan Program. In addition to directly supporting these programs, RGGI funds can attract additional private funding to improve access to these programs. The establishment of a Green Bank that attracts private investment can aid residents and small businesses by (1) streamlining and completing first-of-their-kind transactions for customers and (2) providing access to capital that will allow for investment in clean energy improvements with lower upfront costs.

Conclusion

Thank you for the opportunity to provide these comments. KEEA looks forward to the DEP’s swift adoption of the RGGI regulations and Pennsylvania’s participation. Investing auction proceeds in energy efficiency is a win-win-win that will ensure that RGGI delivers not only less pollution, but more jobs, more savings, and a stronger economy for Pennsylvania.

Sincerely,



Leann Leiter
Director of Legislative Affairs
Keystone Energy Efficiency Alliance



Erin Cosgrove, esq.
Director of Regulatory Affairs
Keystone Energy Efficiency Alliance