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Environmental Quality Board
P.O. Box 8477
Harrisburg, PA 17105-8477
Submitted by eComment

RE: 3DEGREES INC. COMMENTS ON PROPOSED RULEMAKING: CO₂ BUDGET TRADING PROGRAM (#7-559)

Thank you for this opportunity to provide comments to the Pennsylvania Environmental Quality Board on the proposed CO₂ Budget Trading Program, Subchapter E of 25 Pa. Code Chapter 145, published in the Pa. Bulletin on November 7, 2020.

ABOUT 3DEGREES GROUP INC.

3Degrees Group Inc. (“3Degrees”) is a leading provider of renewable energy and carbon mitigation products, programs, and services. To this end, 3Degrees serves hundreds of corporate and institutional customers, and works closely with utilities across the country to help them serve thousands of residential customers through our utility green power program partnerships. As a marketer of renewable energy certificates (“RECs”) and carbon offsets, 3Degrees works directly with renewable energy generators in order to help them find a market for their RECs. 3Degrees is also a leading project developer working with dozens of emissions reductions projects in various sectors to produce high-quality carbon offsets. In 2017, 3Degrees became the first project sponsor to be awarded CO₂ offset allowances under the Regional Greenhouse Gas Initiative (“RGGI”).

COMMENTS

The purpose of 3Degrees’ comments is to encourage the inclusion of a Voluntary Renewable Energy Market Set-aside (“renewable energy set-aside”) in the final rule, in line with seven other RGGI states and as outlined in Section XX-5.3(l) of the RGGI Model Rule. The inclusion of this set-aside is important to fostering voluntary customer demand for renewable energy from projects in Pennsylvania and within RGGI more broadly, including demand from corporates that voluntarily purchase renewable energy above and beyond state mandates.

A voluntary renewable energy set-aside should be included in the CO₂ Budget Trading Program.

With the implementation of the CO₂ Budget Trading Program, the potential for voluntary purchases of renewable energy to accelerate emissions reduction risks being eroded. The CO₂ Budget Trading Program as written does not provide any avenues for Pennsylvania’s renewable energy customers purchasing generation from Pennsylvania or neighboring RGGI states to ensure that their purchases contribute to emissions reductions beyond state mandates. As such, a Pennsylvania customer purchasing renewable energy generation from Pennsylvania or

a neighboring RGGI state once the CO₂ Budget Trading Program is in place will no longer be able to credibly claim that this renewable energy leads to emissions reductions on the grid (by displacing fossil fuel emitting resources) beyond what is required by the CO₂ Budget Trading Program.

The renewable energy set-aside allows allowances to be paired with purchases of renewable energy at no added cost to the voluntary market. In order to support private purchasing of renewable energy, seven of the existing RGGI states have implemented a renewable energy set-aside. RGGI provides language for a renewable energy set-aside mechanism in Section XX-5.3(l) of the RGGI Model Rule. This mechanism allocates roughly two percent of the total allowances in a state in any given year and makes them available, at no cost, to be paired with voluntary renewable energy purchases in the state. 3Degrees recommends that Pennsylvania adopt such a mechanism and include a stand-alone voluntary renewable energy set-aside, or allocate a portion of the Strategic Use Set-Aside to serve this purpose.

A voluntary renewable energy set-aside is integral to fostering voluntary purchasing of Pennsylvania-sited renewable energy.

The renewable energy set-aside will foster continued voluntary demand in Pennsylvania for in-state and RGGI-located generation, accelerating decarbonization and allowing this generation to be eligible for Green-e[®] Energy certification. Green-e[®] Energy certifies tens of millions of megawatt hours (MWh) of renewable energy each year and, as the only certification for the voluntary renewable energy market in the United States, is the de facto standard for private purchasing of renewable energy in North America. Where states or provinces have introduced cap-and-trade regulation without a renewable energy set-aside, Green-e[®] has required that Green-e[®] Energy certified renewable energy from these jurisdictions be matched with purchased allowances equal to the generation's emissions reduction benefit on the grid. Where private purchasing of allowances is not possible, as is the case in RGGI states, there are no avenues to reclaim the avoided emissions benefit. In the few RGGI states that have not included a voluntary set-aside, residents are not able to purchase Green-e[®] Energy certified renewable energy from generation located in the state or neighboring RGGI states, severely limiting options for impactful renewable energy procurement.

3Degrees appreciates this opportunity to provide comments to the Environmental Quality Board as the state seeks to develop an effective market-based carbon policy. By including the renewable energy set-aside, either as a stand-alone provision or as a specific carve-out within the Strategic Use Set-Aside, Pennsylvania can encourage and preserve opportunities for private activities to accelerate decarbonization and a transition to a greener economy. We welcome the opportunity to answer any questions or discuss our comments in more detail.

Sincerely,

/s/ Maya Kelty

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