



Secretary Patrick McDonnell
Chair
Environmental Quality Board
Harrisburg, PA 17105

RE: Ceres Comments regarding Proposed Rulemaking - CO2 Budget Trading Program

Dear Secretary McDonnell and Board Members:

On behalf of Ceres, I write today to express support for the Pennsylvania Department of Environmental Protection's (DEP) proposed regulation to reduce electric-sector carbon dioxide emissions and link with the Regional Greenhouse Gas Initiative (RGGI).

Ceres is a national nonprofit organization that works with influential investors and companies to build leadership and create a more sustainable economy. Ceres' BICEP Network (Business for Innovative Climate and Energy Policy) is comprised of nearly 70 major employers, large electricity customers, consumer brands and Fortune 500 companies, including many with operations, facilities, and business interests in Pennsylvania (for a complete list of BICEP Network members, see **Addendum I**). Ceres also runs the Investor Network on Climate Risk and Sustainability, a network of more than 175 institutional investors collectively managing more than \$29 trillion in assets. Our members recognize the economic imperative of addressing climate change and embracing smart solutions. For this reason, Ceres continues to be a strong supporter of the Regional Greenhouse Gas Initiative.

Businesses are already feeling the effects of climate change disrupting the economy. Erratic weather patterns, floods and droughts, and more frequent storms cause disruptions, unpredictability, instability, and added risks across the economy. Left unmanaged, the increased risks from climate change could have significant consequences for asset valuations, financial markets, and overall economic stability.

Leading companies and investors acknowledge the scientific consensus around climate change and are taking bold actions to commit to and invest in low-carbon solutions. Businesses around the country are working to reduce and eliminate carbon emissions from their direct operations and throughout their supply chains. To do their part, more than 72 businesses operating in Pennsylvania have committed to power their operations with 100% renewable energy, and more than 90 Pennsylvania companies have set comprehensive science-based targets to reduce their emissions. Meanwhile, the world's largest investors are also taking decisive action to reduce climate-related risks in their investment portfolios, with many making plans to reallocate capital from carbon-intensive holdings.

Unfortunately, the economy is not moving at the pace and scale required to tackle the challenge of climate change on its own: policies are needed to set the rules and guideposts in order to protect the economy. As the nation's fourth-largest emitter of greenhouse gases, Pennsylvania has a responsibility

to act and an obligation to prepare its economy for the future. **RGGI presents an opportunity for Pennsylvania to efficiently reduce carbon emissions while encouraging innovation and driving investments in a clean energy future.**

RGGI is a proven economic and environmental success. It has been in operation for more than a decade and has received the bipartisan support of eleven participating states. Since 2009, RGGI has helped participating states cut electricity-sector carbon emissions in half. Meanwhile, in RGGI states over the last ten years, economic growth outpaced the rest of the country and electricity prices decreased, despite average electricity price increases across the rest of the country.¹ RGGI has also led to the net-creation of thousands of jobs across the region.² Many of Ceres' business members have been operating in RGGI states for years and have witnessed these benefits firsthand. Businesses and institutions across Pennsylvania also recognize the value of RGGI and have expressed their support for Pennsylvania's RGGI participation (see **Addendum II**).

Much of RGGI's success can be attributed to participating states' smart investments in proceeds. In recent years, states have elected to invest more than 70% of RGGI auction proceeds into clean energy and energy efficiency—totaling approximately \$1.75 billion.³ These investments have helped RGGI generate more than \$4 billion in net economic benefits to date—creating jobs; attracting private investments; and helping businesses, hospitals, schools and homeowners save money on their electricity bills.

Pennsylvania can participate in RGGI and enjoy similar net economic benefits by prioritizing investment of its RGGI proceeds into energy efficiency, renewable energy, energy storage, electric vehicle technologies and other programs and projects that clean the air and maximize benefits to consumers and the economy. By strategically maximizing investments in these areas, Pennsylvania can provide savings to all ratepayers,⁴ maintain its status as a net energy exporter,⁵ create local jobs,⁶ and prepare Pennsylvania's economy and workforce for the future. Investments should also be prioritized in low-income communities, in historically disadvantaged communities and in communities most impacted by the transition from coal. These communities could lose the most from a carbon pricing policy if it is poorly implemented, but they stand to benefit the most from equitably-minded investments.

¹ See: <https://acadiacenter.org/document/the-regional-greenhouse-gas-initiative-ten-years-in-review>.

² Between 2015-2017 alone, RGGI activity led to over 14,500 new job-years. See: https://www.analysisgroup.com/globalassets/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_april_2018.pdf.

³ See: "The Investments of RGGI Proceeds in 2018." RGGI Inc. Published July 2020. https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2018.pdf

⁴ Energy efficiency helps reduce overall demand for energy, thereby putting a downward pressure on rates. Meanwhile, the integration of electric vehicles onto the grid, particularly when they are charged during off-peak hours, helps distribute energy costs and flatten prices. See Synapse Energy Economics: https://www.synapse-energy.com/sites/default/files/EV_Impacts_June_2020_18-122.pdf.

⁵ Installing more renewable energy in-state and reducing in-state energy use (through energy efficiency) means less energy demand in-state and more exportable energy.

⁶ In 2019, 94,000 Pennsylvanians worked in the clean energy industry—including nearly 72,000 in the energy efficiency sector. See: <https://e2.org/reports/clean-jobs-pennsylvania-2020/#:~:text=Pennsylvania's%20Key%20To%20Economic%20Recovery,outbreak%20impacted%20the%20nation's%20economy>.

Participation in RGGI can be particularly beneficial in helping Pennsylvania's economy build back better and healthier in the service of its citizens in the aftermath of the COVID-19 crisis. In 2019, the renewable energy and energy efficiency industries created more than 90,000 jobs across the state. Additional funding for clean energy investments can expand these industries and the jobs they create, while creating more resilient communities.

Ceres applauds the Pennsylvania Department of Environmental Protection for protecting Pennsylvania's environment and its economy by promulgating regulations to participate in RGGI. We urge you to swiftly finalize and implement this rule.

Thank you for the opportunity to provide comment. Please feel free to reach out with any questions.

Sincerely,

Brianna Esteves
Manager, State Policy
Ceres
esteves@ceres.org
www.ceres.org

ADDENDUM I



Ceres BICEP Network Members



Learn more about Ceres BICEP Network at ceres.org/bicep.

CERES.ORG



ADDENDUM II



January 14, 2021

RE: Business and Institution Support for Proposed Rulemaking on CO₂ Budget Trading Program (50 Pa.B. 6212)

Dear Governor Wolf and Members of the General Assembly:

As businesses and institutions with operations, employees, and economic interests in the Commonwealth, we express our support for Pennsylvania's participation in the Regional Greenhouse Gas Initiative (RGGI).

RGGI is an effort by eleven neighboring states to reduce carbon dioxide emissions from the power sector. RGGI helps the power sector reduce emissions through a gradually-declining carbon cap and market-derived price signals. This structure provides both certainty and flexibility for businesses to plan ahead and develop innovative, low-carbon energy solutions.

We collectively recognize the importance of reducing carbon emissions. We are taking actions within our own operations, and we appreciate the imperative to work collaboratively, including with policymakers, to tackle this challenge. Failure to rein in carbon emissions presents significant public health and economic risks.

We also recognize the importance of preparing Pennsylvania's economy to meet the needs of the future. Amid increasing demand for carbon-free energy and an era of unprecedented advancements in energy technology, RGGI can help Pennsylvania bolster economic resilience and embrace innovation. Meanwhile, the proceeds derived from RGGI participation provide opportunities to invest in low-carbon technologies, help Pennsylvanians save on their electricity bills, create sustainable jobs, and support communities affected by the clean energy transition as well as those overburdened by pollution.

RGGI has more than a decade-long history of success. Since 2008, the states participating in RGGI successfully cut power-sector emissions in half, reduced electricity prices, and outpaced the nation in economic growth—all while creating \$4 billion in net economic gains and nearly 50,000 job-years of

employment.¹ RGGI's success is proof that economic growth and environmental responsibility can and must go hand-in-hand.

RGGI presents one of our most cost-efficient opportunities to accelerate emissions reductions while preserving Pennsylvania's proud status as an economic powerhouse for the many years to come. We encourage Pennsylvania's lawmakers and stakeholders to constructively work together to support and swiftly implement the Commonwealth's participation in this important initiative.

Signed,

Albright College
BP
Bruce Wilson Contracting
Burton
Char's Tracey Mansion
Chatham University
Community Energy
Dickinson College
DSM North America
Exelon Corporation

ExactSolar
Friends Fiduciary Corp.
Haverford College
JLL
Kimberton Whole Foods
Lutron Electronics
Mars Incorporated
National Foundry Products
Nestlé
Pashek + MTR

Schneider Electric NA
Steve Harvey Law LLC
Susquehanna University
Swarthmore College
UNFI
University of Pennsylvania
Verde Architecture Consulting
Westinghouse

For questions or to contact any of the above signatories, please contact Brianna Esteves, esteves@ceres.org.

¹ Acadia Center. The Regional Greenhouse Gas Initiative: 10 Years in Review. 17 September 2019. <https://acadiacenter.org/document/the-regional-greenhouse-gas-initiative-ten-years-in-review/>.