



8403 Colesville Road, Suite 915
Silver Spring, MD



Secretary McDonnell
Pennsylvania Department of Environmental Protection
Rachel Carson State Office Building
40 Market Street
Harrisburg, PA 17101

January 14, 2021

Re: Public Comments Regarding the Regional Greenhouse Gas Initiative

Dear Secretary McDonnell and Pennsylvania Department of Environmental Protection Staff,

Thank you for providing Competitive Power Ventures, Inc. ("CPV") the opportunity to provide comments on Pennsylvania's plan to join the Regional Greenhouse Gas Initiative ("RGGI"). CPV commends the Department of Environmental Protection ("DEP") for putting forth the draft rulemaking in an effort to reduce greenhouse gas emissions and for seeking the input from the public, including companies like CPV, who are heavily invested in Pennsylvania and share the state's commitment to achieving emissions reductions while maintaining a reliable electric grid. We fully support Pennsylvania's efforts to join RGGI and leveraging competition to drive carbon reductions.

CPV is a leading independent power producer headquartered in Silver Spring, MD that develops, owns, and operates clean electric generation facilities throughout the United States including a significant footprint within Pennsylvania and the mid-Atlantic region. Since 2009, CPV has developed and/or brought online nearly 7,000 megawatts ("MW") of clean power projects, including 760 MW ("MW") of renewable projects, in furtherance of our goal to modernize the country's energy infrastructure while providing safe, reliable and environmentally responsible electricity to consumers.

Within Pennsylvania, CPV owns and operates the CPV Fairview Energy Center ("CPV Fairview"), a 1,050 MW highly efficient natural gas-fired combined-cycle electric generating facility located in Cambria County that began operating at the end of 2019 and can generate enough electricity to power over 1 million homes and businesses. CPV is also currently developing multiple renewable projects within the state, including the 150 MW Maple Hill solar project¹, as well as 2 wind energy projects totaling an additional 160 MW. Together, CPV's investments in new conventional and renewable resources within Pennsylvania will complement each other by pairing highly efficient and flexible low emissions

¹ <http://cpv.com/news/2020/02/competitive-power-ventures-announces-150megawatt-solar-project/>

generation with intermittent zero emissions generation to form a modern supply mix that will play a pivotal role in lowering carbon emissions within the state without compromising reliability.

CPV is a strong proponent of competitive markets due to their success in driving investment, spurring innovation, maintaining reliability, lowering electric rates, and reducing emissions from the energy sector. Within the PJM Interconnection (“PJM”) market construct, generators are naturally incentivized to maximize efficiency in order to lower fuel costs and in turn increase profitability. This incentive to compete has resulted in measurable benefits for consumers in terms of reliability, lower electric rates and reduced emissions. Since 2005, PJM has maintained a reliable electric system while wholesale electricity prices have decreased by 40% and overall emissions have been reduced by 30%². While competitive markets naturally incentivize the energy sector to maximize efficiency and in turn reduce emissions, they also can be enhanced to further address negative externalities and facilitate public policy goals by pricing them into the market through mechanisms like RGGI.

By putting a price on carbon emissions through a market-based mechanism such as RGGI and thus requiring generators to pay compliance costs for their carbon emissions, generators are further motivated to compete with one another to reduce their carbon emissions. In doing so, investments in new generation facilities within the state will have a focus on minimizing emissions, while existing generation will be incentivized to make additional capital investments to reduce their emissions. This creates a cycle in which generators are constantly looking to improve their emissions profiles relative to their competitors in order to avoid having to secure the most allowances and losing any financial benefit. The track record of RGGI bears out this cycle. RGGI states have seen more than a 35% reduction in carbon emissions since the program launched in 2009³. The program’s success is a testament to the power of incorporating the price of negative externalities into the wholesale markets and the economic dispatch of electric generators.

During the public hearing and comment period, numerous individuals, companies and organizations have overwhelmingly voiced support for the draft rulemaking due to the anticipated emissions

² 2018 PJM Annual Report – Page 16

<https://www.pjm.com/-/media/about-pjm/newsroom/annual-reports/2018-annual-report.ashx?la=en>

³ RGGI Fact Sheet

<https://www.ceres.org/sites/default/files/Fact%20Sheets%20or%20misc%20files/RGGI%20Fact%20Sheet.pdf>

reductions, pollution abatement, air quality improvement, health benefits, economic development, job creation and other benefits that will arise from increased investment in low and zero emissions technologies within the state. CPV is proud to join these commenters in support of RGGI due to the aforementioned benefits that will be expected to accrue.

Notably, only a select few individuals and companies have provided testimony or comments opposing the draft rulemaking to have the state join RGGI. Many in the opposition cite the lack of efficiency associated with one state acting to address carbon emissions unless their neighbors do so simultaneously. These comments raise issues such as the potential for power production to shift to neighboring states such as Ohio and West Virginia (i.e. “leakage”) as supposedly compelling reasons for Pennsylvania failing to act. This argument is tantamount to suggesting the United States as a whole should do nothing to address climate change unless every other nation immediately follows suit.

In an ideal world, every state and nation would move in unison to maximize the effectiveness of carbon reduction programs. This is not the world in which we find ourselves. Pennsylvania has the opportunity to lead by example and demonstrate how a state can effectively transition away from emissions intensive resources towards low and zero emitting resources. Taking the step of joining RGGI will not decrease the future potential for collaboration among all PJM states to incorporate carbon pricing or address leakage, it actually builds momentum and makes a regional solution more likely as additional states follow suit. We commend the state for proactively addressing climate change with the tools they have available and reject doing nothing due to the lack of engagement from other parties. Leakage is an issue to be solved by the regional transmission operator with market design evolutions and is not within the states authority to address unilaterally.

CPV applauds Pennsylvania and the DEP for their leadership in taking a market-based approach to achieving environmental goals. Markets have a proven track record of achieving the functions they are designed for, whether it be maintaining reliability, lowering electric rates or transitioning to more efficient generation sources. By joining RGGI and putting a price on carbon, Pennsylvania can harness the power of markets and drive the competition that will be needed to efficiently and cost-effectively achieve the public policy goal of reducing carbon emissions.

Sincerely,

Tom Rumsey, SVP of External and Regulatory Affairs