



Stephen Hoffman

From: ecomment@pa.gov
Sent: Sunday, December 13, 2020 9:07 PM
To: Environment-Committee@pasenate.com; IRRC; environmentalcommittee@pahouse.net; regcomments@pa.gov; ntroutman@pasen.gov; timothy.collins@pasenate.com; gking@pahousegop.com
Cc: c-jflanaga@pa.gov
Subject: Comment received - Proposed Rulemaking: CO2 Budget Trading Program (#7-559)

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Re: eComment System

The Department of Environmental Protection has received the following comments on Proposed Rulemaking: CO2 Budget Trading Program (#7-559).

Commenter Information:

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Comments entered:

Teresa A Caruthers, NP, MS.RN December 14,2020
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Protecting Pennsylvanians from COVID-19 and addressing the systemic racial injustices that plague our communities must be the top priorities of our elected officials right now. However, it's critical lawmakers don't lose sight of the escalating threats to our health and economy, including the pollution that impacts the safety and well-being of our families and communities.

In fact, this pandemic has made the urgency of proactive, science-based policy solutions all the more evident.

(<http://blogs.edf.org/climate411/2020/06/26/setting-the-record-straight-benefits-of-the-regional-greenhouse-gas-initiative/>)

RGGI is the first regional market based carbon trading program in the US.

Joining RGGI is an important step for Pennsylvania, the Northeast region, the United States, and the planet at large. .

Pennsylvania has the fifth dirtiest power sector in the nation, and the power plants operating in Pennsylvania emit more carbon pollution than all the other power plants in the ten northeastern

states in RGGI combined.

A binding, declining limit on carbon pollution is a necessary element of any strategy to address this problem.

Major Pennsylvania power companies, including Exelon and FirstEnergy, applauded Governor Wolf's executive order. The Pennsylvania Chamber of Commerce noted that "climate change is real" and that the business community needs to be "at the table to discuss solutions." I might add that in addition, the finance community must also be at the table to offer consideration of risk presented by investments in fossil projects moving forward.

The time for action is now

It is becoming increasingly urgent to address climate change. That means it is critical for Pennsylvania to move forward without delay, and put in place an ambitious program to secure carbon pollution reductions and lock in public health benefits at the lowest cost.

ABT Associates conducted one of the first studies to investigate the public health benefits of RGGI. Researchers used historical data to:

Estimate annual changes in electric generation and emissions of air pollutants at power plants as a result of RGGI from 2009--2014

Estimate annual changes in air quality at the county level associated with changes in SO₂, and NO_x emissions from power plants by year, and

Assess public health impacts associated with changes in air quality due to RGGI implementation from 2009 -2014.

ABT analysis indicated that RGGI significantly reduced air pollution from fossil fuel power plants improving the health of people in the Northeast. Residents are now experiencing significantly fewer premature deaths, heart attacks, and respiratory illnesses. Moreover, residents of neighboring states not specifically part of RGGI have also seen health benefits of the program.

Key findings from the report include:

300-830 lives saved

More than 8,200 asthma attacks avoided

39,000 lost work days averted

\$5.7 billion in health savings and other benefits.

The report provides rigorous, independent evidence that RGGI has been an economic and environmental success with direct benefits to human health and to states' economies.

<https://www.abtassociates.com/sites/default/files/files/Projects/RGGI%20improves%20health%20in%20the%20northeast.pdf>

Co-benefits to children's health of the US Regional Greenhouse Gas Initiative is in an article published in Environmental Health Perspectives, No 7, Vol 128, July 30, 2020.

(<https://ehp.niehs.nih.gov/doi/full/10.1289/EHP6706>). ABT was contracted by Columbia University to determine how RGGI might benefit children specifically. The estimated avoided cases of adverse child health outcomes included:

537 asthma cases

112 preterm births

98 cases of autism spectrum disorder, and

56 cases of low birth weight.

The estimated savings ranges from \$191 to \$350 million.

European investigators from the World Resources Institute investigated RGGI early on in 2009 and learned that

RGGI provides a powerful example of how simple action on climate change can make a real

difference – generating emissions reductions, training and new jobs, and most importantly political confidence in action.

RGGI's approach has quietly provided a pilot for the rest of the US, by learning lessons from Europe and improving on the policies adopted there.

RGGI generated close to half a billion dollars in its first year, for investment in energy efficiency, clean energy programmes, and new jobs.

(<https://www.wri.org/blog/2010/02/synchronized-swimming-regional-greenhouse-gas-initiative>)

I urge that RGGI be adopted post haste.

Additional information:

These northeastern states¹ have tried to keep it simple and transparent by starting with the power sector. The cap on emissions has not been very ambitious – and in my interviews I heard criticism of this caution. But the states have been bold in adopting significant auctioning of carbon allowances from the start – close to 100%. This approach has paid real dividends, with proceeds from the auctions transforming state investments in energy efficiency and helping RGGI states improve their competitiveness. The success of RGGI's cap-and-trade has also given states the political confidence to tackle other sectors outside of electricity generation.

I spoke to state administrations, NGOs and utilities, to find out more about their approach and the feedback from the first year. There were some common themes. State officials were clearly proud of their achievement, particularly the successful auctions and the effective use of auction revenues to create jobs, reduce demand for energy, save households money and invest in clean energy.

Establishing RGGI

RGGI was initially conceived in 2003, around the same time Europe was finalizing legislation for its own cap-and-trade program. RGGI sought a slower timetable, hoping to learn lessons from both the federal Acid Rain program that introduced trading of SO₂ (sulphur dioxide) in the US and the development of the European Emissions Trading System. This strategy worked well; RGGI's adoption of full auctioning is one example of their improvement on the European trading system.

In the absence of federal legislation, RGGI required voluntary cooperation from states. Brokering agreements between 10 states and getting them moving at roughly the same pace has proved tricky. One interviewee described the process to me as "synchronized swimming".

RGGI's program design is very different from recent proposals for federal cap-and-trade. While on the federal level there is much debate about how many carbon credits to allocate for free and how many to auction away at a price, the RGGI states each decided to auction close to 100% of allowances.

Whilst recent Congressional legislation has looked at economy-wide cap-and-trade, RGGI limited itself to the power sector only – where emissions can be most easily be monitored, and where there are limited competitiveness issues.

Reaping the was to turn a system with a relatively weak cap into a meaningful initiative that could pave the way for others. By adopting high levels of auctioning the Benefits of Auctioning This RGGI system is simple and, because of the auctioning, avoids much of the lobbying that can happen when government gives allowances away. Free allocation is not a perfect science.

Businesses lobby to get as many free allowances as they can (and as many as their competitors might get), which means there is always pressure to soften the carbon limit or "cap".

In addition, if companies can pass on costs to customers, then free allocation can result in windfall profits to the company. This was an early lesson from Europe. Auctioning, on the other hand, provides a clear incentive to reduce emissions, ensures that those who have taken early action will be better placed than their competitors and can provide resources for governments to reinvest in energy efficiency and clean energy.

New Revenue

While the cooperation between states was voluntary, it was difficult to set a tough cap on CO2. The challenge for RGGI system has generated enough revenue to make a difference to clean energy and energy efficiency programs, even though the initial carbon price has been low. Even at the very low prices (see below), the auctions have generated close to half a billion dollars in RGGI's first year, for investment in energy efficiency, clean energy programmes, and new jobs.

Results By Auction: This chart displays clearing prices, allowances sold and proceeds yielded across all ten states in each RGGI CO2 Allowance Auction held to date.

<https://www.wri.org/blog/2010/02/synchronized-swimming-regional-greenhouse-gas-initiative>

CO2 on the rise: <https://www.climatecentral.org/gallery/graphics/carbon-dioxide-on-the-rise>

No attachments were included as part of this comment.

Please contact me if you have any questions.

Sincerely,
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