

To:

June 12, 2017

Governor Baker, Massachusetts
Governor Carney, Delaware
Governor Cuomo, New York
Governor Hogan, Maryland
Governor LePage, Maine
Governor Malloy, Connecticut
Governor Raimondo, Rhode Island
Governor Scott, Vermont
Governor Sununu, New Hampshire

RGGI State Governors,

Since its inception, the Regional Greenhouse Gas Initiative (RGGI) has been a wide-ranging success. Carbon dioxide emissions from power plants in the region declined 45 percent from 2005 to 2015, while participating states' economies have grown by an average of six percent, outpacing the rest of the country on both fronts.ⁱ RGGI has added over 30,000 job-years to the regional workforce,ⁱⁱ and electricity prices have declined 3.4 percent in RGGI states since the program launched, compared with a 7.2 percent increase in electricity prices for states outside the program.ⁱⁱⁱ Declining CO₂ emissions have been accompanied by reductions in other hazardous pollutants, making the air cleaner and avoiding \$5.7 billion in harmful health impacts.^{iv}

The Trump Administration's detrimental decision to withdraw the United States from the Paris Agreement requires states and regions to assume leadership addressing the threats of climate change to the health, well-being and economic prosperity of their citizens. In Northeast and Mid-Atlantic states, this must include strengthening the effective RGGI program and developing a plan for clean transportation, such as through the Transportation and Climate Initiative.

RGGI states have a strong history of coordinated climate leadership. In the mid-2000s a bipartisan coalition of governors collaborated to create the nation's first carbon cap-and-invest program, and during the last Program Review in 2012 a new bipartisan grouping of Governors agreed to strengthen the RGGI cap by 45 percent. RGGI states must now take the next step to build on RGGI's effectiveness and ensure continuing success, including by applying lessons learned to the transportation sector. Specifically, the RGGI states must deliver a policy package that will set robust emissions reduction requirements and close program loopholes; the modest policy scenarios proposed to date^v fall short of the states' ambitious pledges of climate leadership. This package must include:

- A more ambitious cap than any of the policy scenarios proposed on April 20th; the new cap should reflect actual emissions levels and trends at its start, including emissions reductions that have outpaced earlier projections, and align with state and regional GHG targets in 2030 (the most cost-effective pathway to which would involve electric-sector emissions reductions on par with a 5% annual reduction in the RGGI cap from 2021 to 2030¹);
- A full adjustment for surplus allowances banked prior to the start of the new cap;
- A well-designed Emissions Containment Reserve (ECR) that enables RGGI to capture additional low-cost emissions reductions;²

¹ Synapse Energy Economics (2016), *The RGGI Opportunity 2.0: RGGI as the Electric Sector Compliance Tool to Achieve 2030 State Climate Targets*, available at http://www.synapseenergy.com/sites/default/files/RGGI_Opportunity_2.0.pdf.

² By reducing available allowances when allowance prices are low, the ECR should help the RGGI states maximize low-cost emissions reductions.

- An improved Cost Containment Reserve (CCR) that will not undermine the program's performance;³ and
- A higher auction reserve price to provide greater certainty for market participants, for clean energy developers and for state-run programs with budgets tied to auction revenue.⁴

In addition to these regional climate measures, the RGGI states must ensure that communities on the frontlines of the impacts of pollution and climate change have a say in how RGGI is implemented and how funds are distributed to ensure broad and equal opportunities to experience RGGI benefits. Strengthening the RGGI program in communities that bear the biggest burden of pollution is critical.

In November 2015, a simple question was posed to stakeholders: What does RGGI leadership mean? At the time, states across the country were developing means of complying with the Federal Clean Power Plan, and American climate negotiators were on their way to France to help draft the Paris Agreement. With the Federal government abdicating responsibility both for addressing one of the greatest threats of our time and for seizing a share of the estimated \$30 trillion of investment needed to achieve Paris targets, subnational leadership is now more important than ever. RGGI states have a combined economic output of \$2.8 trillion dollars, placing the region's economy 6th in the world – larger than France, India and Brazil, and just smaller than the United Kingdom. RGGI Governors must use this heft and lead for the benefit of their constituents, for the interests of their states' economies and for the health of the global climate.

Sincerely,

350 Maine
 Acadia Center
 Adirondack Council
 Appalachian Mountain Club
 Arise for Social Justice
 Audubon Connecticut
 Audubon New York
 Casco Baykeeper
 Center for Energy Security Solutions
 Chesapeake Physicians for Social Responsibility
 Clean Water Action
 Coalition for Social Justice
 Connecticut Roundtable on Climate and Jobs
 Conservation Law Foundation
 Efficiency For All
 Environment America
 Environment Connecticut
 Environment Maine
 Environment Maryland
 Environment Massachusetts
 Environment New Hampshire
 Environment New York
 Environment Rhode Island

³ The CCR has added 15 million allowances to the market despite the fact that the RGGI market has been chronically oversupplied. Substantial increases to the CCR trigger prices and reduction in the CCR size or restructuring the CCR to avoid the creation of new allowances would prevent this mechanism from undermining environmental performance under normal market conditions.

⁴ We also reiterate the request of several groups that the RGGI states fully account for carbon emissions from bioenergy production in their modeling to evaluate the effect of current and proposed bioenergy capacity on power sector emissions in the region.

Environmental Advocates of New York
Environmental Entrepreneurs (E2)
Environmental League of Massachusetts Action Fund
Greater Boston Physicians for Social Responsibility
Green Eco Warriors
Hampton Green Energy Committee
League of Conservation Voters
Maine Audubon
Maine Conservation Voters
Maine Lakes Society
Maine Public Health Association
Maryland League of Conservation Voters
Natural Resources Council of Maine
Natural Resources Defense Council
Pace Energy and Climate Center
Portland Clean Energy Task Force
Physicians for Social Responsibility
Physicians for Social Responsibility Maine
Sierra Club
Toxics Action Center Connecticut
Toxics Action Center Maine
Toxics Action Center Massachusetts
Toxics Action Center New Hampshire
Toxics Action Center Vermont
Union of Concerned Scientists
Vermont Energy Investment Corporation
Vermont Natural Resources Council
Vote Solar

ⁱ See comments from Katie Dykes, Chair of the RGGI, Inc. Board of Directors, in 'Mass. Joins Other States to Fulfill US Pledges on Carbon', David Abel, Boston Globe, June 2, 2017, available at:

http://www.bostonglobe.com/metro/2017/06/02/climate/qELM7JPNpKnORMMqkzi2XJ/story.html?s_campaign=8315.

ⁱⁱ *The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States*, Paul Hibbard et al., Analysis Group, November 2011, available at:

https://web.archive.org/web/20170313223228/http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/economic_impact_rggi_report.pdf and *The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States*, July 2015, available at:
https://web.archive.org/web/20170313223308/http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf.

ⁱⁱⁱ *The Regional Greenhouse Gas Initiative Status Report: Measuring Success*, Acadia Center, July 2016, available at:
<http://acadiacenter.org/document/measuring-rggi-success/>.

^{iv} *Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative, 2009-2014*, Michelle Manion et al., Abt Associates, January 2017, available at: <http://abtassociates.com/RGGI>.

^v *Proposed IPM Policy Cases and Next Steps*, RGGI, Inc., April 2017, available at:

http://rggi.org/docs/ProgramReview/2017/04-20-17/Proposed_Policy_Cases_Next_Steps_04_20_17.pdf.