



CLEAN WATER ACTION

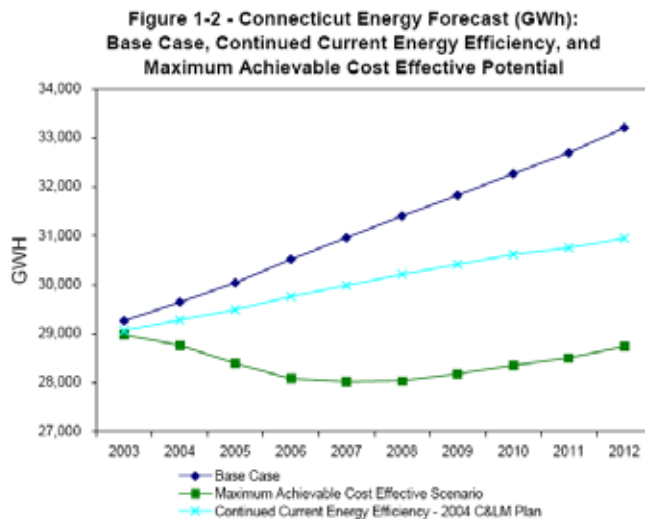
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Comments on the CT implementation of the Regional Greenhouse Gas Initiative
by Roger Smith, Campaign Director, Clean Water Action
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The primary goal of the Regional Greenhouse Gas Initiative is to enable Connecticut to meet state climate mandates by reducing greenhouse gas emissions from the electricity sector.

As the state moves to implement the state RGGI rule we should look to maximize the potential to reduce future greenhouse gas emissions. The largest opportunity we have to achieve this is to design RGGI to drive investments in energy efficiency and secondarily, clean renewable energy sources.

Connecticut is not currently capturing all cost-effective energy efficiency measures. Even if the raid on the energy efficiency fund were ended, it will not come close to eliminating the growth in electricity demand which the 2004 Energy Conservation Management Board “Maximum Achievable Potential” study demonstrated is feasible:



ECMB Maximum Achievable Potential Study 2004, page 6

Auctioning 100% of allowances under RGGI and reinvesting this money in additional energy efficiency would significantly benefit consumers, reduce future generation and transmission burdens on consumers while reducing CO₂ pollution and making more ambitious future CO₂ cuts both feasible and affordable. The New England Climate Coalition’s testimony by Marc Breslow analyzes modeling data to conclude that a 100% auction of permits, with revenue directed to efficiency, could reduce consumers bills between 8 and 15%. Directly rebating the auction revenue to consumers would diminish the projected savings as money saved from

reduced demand wouldn't accrue each year- each dollar of revenue would reduce only \$1 on a bill one time.

In addition to efficiency, if auction revenue is to be used to support low-carbon electricity generation projects, this money should be restricted to what the state defines as Class I renewable resources within the RGGI region. Sources with significant environmental damage including large-scale hydropower, unsustainably harvested biomass, trash incineration and nuclear power should not be recognized as a clean energy resource using the same standards as is used in the Class I RPS and by the state Clean Energy Fund. Efficiency and renewable energy investments must be additional to current programs.

Voluntary Clean Energy CO2 Reductions

Connecticut has successful voluntary clean energy programs where consumers pay more to support clean energy and reduce their environmental impact. For these reductions to be real and additional, CO2 associated with the clean energy REC purchase must be retired from the RGGI cap or it will just enable generators to meet the goals of RGGI. The 20% by 2010 town clean energy campaign and CT Clean Energy Options program have been tremendously successful in involving citizens in the fight for clean energy and against global warming, and retiring associated CO2 credits from RGGI is essential to the integrity of these programs.

RGGI and Federal Regulations

The Regional Greenhouse Gas Initiative must be assumed to be fully implemented at the state level. If it were merely symbolic, just announcing it would have had the desired effect. The goal is to help spur Federal policy and demonstrate how best to implement CO2 cap-and-trade programs. Valuable lessons will only be learned through experience.

While Federal programs may come into being in the next few years, it is not clear if Congress will act before the start of the RGGI program in 2009 or how robust a Federal program will be. It should also not be assumed that a Federal program will preempt state ability to set greenhouse gas standards. Federal standards should set a floor but states should be able to voluntarily adopt stronger, more protective standards, and standards best attuned to the needs of the state.