November 29, 2016

VIA ELECTRONIC MAIL

Governor's Council on Climate Change
Email: deep.climatechange@ct.gov

RE: Comments of the Sierra Club to the Governor's Council on Climate Change

Dear Members of the Governor's Council on Climate Change:

On behalf of the Sierra Club and its more than 8,000 members in Connecticut, thank you for the opportunity to provide comments regarding the November 14, 2016 meeting of the Governor's Council on Climate Change (GC3). As the greenhouse gas emissions (GHG) profile for Connecticut that was presented illustrates, transportation and electric power generation are responsible for well over half of Connecticut's total GHG emissions. At the same time, when it comes to reducing Connecticut's GHG emissions, the fates of these sectors are inextricably linked. The primary strategy to drive deep emission reductions from the transportation sector—electrifying the transportation fleet in Connecticut—depends for its effectiveness on continued aggressive decarbonization of the electric sector. With this in mind, the Sierra Club offers the following recommendations. First, we reiterate our call for Connecticut to extend and increase its renewable portfolio standard in the years beyond 2020. Increasing the share of the state's electricity consumption that comes from low- and zero-carbon emission sources will produce direct emission reductions, and will also increase the reductions achieved by shifting from oil to electricity as a transportation fuel. Second, we urge Connecticut to pursue more ambitious energy savings consistent with the deeper reduction scenarios discussed in the GC3's October 19th presentation. Avoided energy consumption produces no emissions, and energy savings from investments in energy efficiency programs continue to be highly cost-effective to achieve, with significant potential for further GHG emission reductions. Third, we are sensitive to the importance of identifying mid- and long-term funding sources for transportation infrastructure in light of declining gas tax revenues identified in the REMI modeling and in light of the ambitious spending plan envisioned in the GC3's October 19th slide presentation. Consistent with its recent commitments together with other Transportation Climate Initiative states, we encourage Connecticut to explore pricing carbon in the transportation sector as a means to provide the funding needed to invest in electric vehicles and transportation infrastructure.

Finally, we note that there is a significant near-term funding source available to Connecticut to achieve reductions in nitrogen oxide emissions, with significant GHG co-benefits, through the Volkswagen settlement. The Sierra Club will be submitting recommendations on the use of these funds shortly and will be sharing a copy of those comments with the GC3.

(1) Sierra Club Renews Its Request that the GC3 Recommend an Expeditious Extension and Increase of Connecticut's Renewable Portfolio Standard

As discussed in Sierra Club's September 29th comments to the GC3, a critical strategy for achieving emission reductions both directly from the power sector and indirectly from electrification of transportation and heating/cooling is to move expeditiously to extend and increase the Connecticut RPS. Currently, Connecticut's RPS plateaus at 20% of electricity consumption in 2020. However, all of the scenario modeling conducted by the GC3 to date shows a clear need to rapidly decarbonize the electric sector in order to put the state on a path to achieving its 2050 climate goals. Other states in the region have recently established aggressive renewable portfolio standards through at least 2030. New York this fall formalized its goal of achieving 50% renewable generation by 2030.[1] Rhode Island this summer legislated an RPS extension that will achieve 40% renewable generation by 2035.[2] And the District of Columbia has moved forward with a 50% renewable requirement by 2032.[3] Connecticut should follow the example of these states and update and expand its own RPS.

The RPS represents a straight-forward mechanism for assuring that Connecticut's desired power sector decarbonization will actually occur on a prescribed timeline. It will provide guideposts to developers regarding the type of generation that the state is looking to promote and help avoid inefficient investment in resources that are incompatible with Connecticut's climate mid- and long-term climate targets. We urge the GC3 to recommend that the legislature move forward with legislation that will lock in an RPS extension and increase this coming legislative session.

(2) Robust Investment in Deeper Energy Efficiency Measures is a Critical Complement to Increasing Connecticut's RPS

Energy efficiency is an essential complement to strengthening Connecticut renewable portfolio standard. Energy efficiency decreases load, which decreases the cost of achieving a given fraction of renewable generation. At the same time, energy efficiency continues to be the least cost energy resource,[4] with significant untapped potential.[5] In its October 19th slide presentation, the GC3 identified strategies for achieving deeper energy efficiency measures,[6] and modeled scenarios in which total loads were reduced by 3.5 and 4.5% respectively.[7] Implementation of these scenarios was projected to result in significant additional GHG emission

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[1] *See* Order Adopting a Clean Energy Standard, PSC Case No. 15-E-0302 (Aug. 1, 2016).

[2] *See* S.B. No. 2185 SUB A, available at http://webserver.rilin.state.ri.us/BillText/BillText16/SenateText16/S2185A.pdf. The bill was signed by Governor Raimondo on June 27, 2016. *See* http://status.rilin.state.ri.us/ (providing bill status).

[3] *See* B21-0650, available at http://lims.dccouncil.us/Legislation/B21-0650?FromSearchResults=true.

[4] CT DEEP, Meeting of the Governor's Council on Climate Change (Oct. 19, 2016), at Slide 35.

[5] Measures & Technologies for modeling in the Long range Energy Alternatives Planning System (LEAP) (May 5, 2016) (identifying numerous categories of electric and building efficiency measures—including deep envelope retrofits for existing residential and commercial buildings, expanded high-efficiency lighting for commercial and industrial buildings, expanded renewable thermal technologies for residential, commercial and industrial buildings, and expanded district heating/cooling for commercial and industrial buildings—as having "large" potential for further climate benefits).

[6] CT DEEP, Meeting of the Governor's Council on Climate Change (Oct. 19, 2016), at Slides 34 & 43.

[7] *Id.* at Slide 47.

reductions in 2030 and 2050.[8] Given the cost-efficacy of implementing additional energy efficiency measures and their potential to offset the need for other more costly measures, Connecticut should pursue increased levels of energy savings going forward.

(3) Connecticut Should Explore Mid- and Long-Term Funding Sources for Transportation Infrastructure

While electrification of transportation (coupled with expanded public transit ridership, increased carpooling, and promotion of walkable and bikeable communities) is critical to achieving Connecticut's climate goals, as the GC3's REMI modeling highlights, a vehicle fleet in Connecticut comprising a large fraction of electric vehicles creates a significant shortfall in fuel tax revenues[9] as they are presently collected. We are sensitive to the issues raised by declining gas tax revenue, including the challenges in creating an alternative revenue stream that incentivizes desired purchasing and commuting behaviors without having a disproportionate or regressive effect on those with limited means and constrained transportation options. Declining gas tax revenues are of particular concern in light of the ambitious vision and strategy for a transportation future laid out in the "Let's Go CT" presentation at the October 19th GC3 meeting. Pursuant to this vision, Connecticut seeks to invest $100 billion in a wide range of transportation measures including modernizing aging transportation infrastructure, expanding and improving urban bus service throughout the state, promoting bike and pedestrian programs, and preserving and enhancing rail lines.

The Let's Go CT vision is laudable, but it will require a significant revenue stream, one that will be increasingly challenging to generate from the existing gas tax. The recent GC3 presentation identifies tolling as a potential longer-term mechanism to offset lost revenue, as well as increases in the per-gallon fuel tax in the near term. We urge Connecticut to explore pricing carbon in the electric sector as a potential source of revenue to fund investments in electric vehicles and transportation infrastructure. Connecticut has already committed to working with other states in the Transportation and Climate Initiative (TCI) on new policies to cut GHG emissions from the transportation sector, including potential market-based mechanisms similar to the highly successful Regional Greenhouse Gas Initiative (RGGI). As part of that work, the TCI has outlined a number of different mechanisms that could be used to reduce GHG emissions from transportation while raising revenue to fund transportation initiatives.[10] In addition, a comparable program to RGGI for transportation, which would instead apply aggregate limits for pollution to "prime suppliers" of petroleum fuels[11] to Connecticut, could provide long-term funding for many of the Let's Go CT initiatives. We look forward to working with Connecticut as it evaluates these pricing policy options to craft a revenue mechanism that incentivizes continued investment in electric vehicles without sacrificing needed transportation funding or disproportionately impacting individuals with limited transportation options.

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[8] *Id.* at Slide 48.

[9] The GC3 presentation indicates that "[a]nnual transportation fuel taxes revenues in reference case fall 41% from 2016 to 2050." CT DEEP, GC3 Meeting November 14, 2016 PowerPoint presentation at Slide 27.

[10] Georgetown Climate Center, Reducing Greenhouse Gas Emissions from Transportation: Opportunities in the Northeast and Mid-Atlantic (Nov. 2015), at 25.

[11] *See* http://www.eia.gov/petroleum/marketing/prime/.

Thank you for your consideration.

Respectfully submitted,

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