

September 28, 2018

Valerie Gray
DNREC – Division of Air Quality
100 W. Water Street, Suite 6A
Dover, DE 19904

Dear Ms. Gray,

I urge DNREC to work with Governor Carney to ensure that Delaware signs onto the recently revised regulations concerning the Regional Greenhouse Gas Initiative (RGGI) as soon as possible.

Global temperatures, which reached 1°C above pre-industrial levels in 2015,¹ are rising at a rate not seen in historical records going back 150,000 years.² Although the total temperature rise to date appears very small to most people, the rate of temperature increase has been sufficient to disrupt air and ocean currents and lead to chaotic weather patterns that have brought severe droughts to some areas and unprecedented levels of rain to others. These changes have already begun to disrupt agriculture and ocean life and bring severe economic losses from forest fires and hurricanes.

The increased temperatures have resulted in sea-level rise that would continue for centuries even if future temperature increases could be halted. The sea-level rise since 1700 has been about 25 cm (10 inches).³ This relatively small increase in the sea level is already seriously disrupting the lives of many who live in low-lying areas.

A vast number of studies have led to the conclusion that human activities, particularly the release of CO₂ from the burning of fossil fuels, have played a major role in this warming. therefore support programs that have demonstrated the ability to curb emissions of greenhouse gases without having a negative effect on the economy.

RGGI is an important example of such a program. Although, In the long run, a broader program, such as a nation-wide price on carbon, might bring more rapid increase in the use of renewable fuels, the RGGI program has demonstrated its ability to lower CO₂ emissions while increasing growth in RGGI states as compared to non-RGGI states.⁴

In Delaware in the period 2015-2017, the program was credited with bringing in \$1.4 billion in net increased economic activity, including 14,500 new job-years and \$43.4 million in funds from auction of our excess CO₂ allowances. Similar results were seen in the previous compliance period (2012-2014), when RGGI brought \$1.3 billion in net economic benefits.⁴

Along with the direct economic benefits, RGGI has brought huge savings in health costs. Replacement of coal-burning generators with gas combined heat and power generation (CHP) has helped to significantly cut emissions of SO₂ and NO_x. It is estimated that there were health savings of nearly \$11 billion between 2009 and 2014 just from reducing these contaminants in the RGGI states.⁵

Delaware will not benefit fully from cleaner air until Pennsylvania replaces its huge coal-fired generators with gas, or better yet, renewable sources. Governor Wolf had promised to join RGGI when he first ran for the office, but the strong influence of a conservative legislature has made this difficult.⁶

Funds from RGGI have been available through the SEU (Sustainable Energy Utility) for grants or loans to renovate older buildings for improved energy efficiency and/or installation of solar panels. These steps clearly benefit the owners or residents of these buildings, but they also benefit all Delawareans to the extent that they help keep our peak energy usage down, thus minimizing the amount of electricity we have to import when prices are at their maximum.

Funds from this source are also very important for helping Delaware's low-income population. RGGI provides funding for this group, in the form of the Weatherization Assistance Program and the Low Income Heating Assistance Program, as well as Pre-weatherization Assistance and Assisted Home Improvement with Energy Star. These last two programs are offered through the Delaware Sustainable Energy Utility. Poverty in Delaware grew two percent in 2017. We are one of only two states where this happened. With 39 percent of Delaware's children now living in low-income families, adequate funding from RGGI can make a significant difference in providing a healthy home for children to grow and thrive in.

Maximizing the use of the funds from RGGI for investment in energy-efficiency programs and clean energy has proved vital to the success of the program in decreasing CO₂ emissions. New Jersey was the only state out of the original group that used the bulk of its RGGI funds to fix budget deficits rather than putting it in programs that would decrease emissions. Their emissions did not decrease and they left the program. Delaware has invested our funds heavily in energy efficiency and renewable energy and should continue to do so.

As is true for all cap-and-trade programs, RGGI regulations need to be examined and updated regularly to ensure that they are working efficiently. The first meeting concerning updating the regulations for the 2018-2020 compliance period was held at the Chase Center in Wilmington on February 2, 2016, so Delawareans had a chance to learn more about the program and comment on it.

A continuing issue for Delaware and other RGGI states has been that, overall, our emissions of CO₂ have been well below the cap. This means the auction prices have been low, generally in the \$2-4/ton

range. This means that the program has not been as great an incentive as it could be for people to install solar panels.

Previously, adjustments have been made when necessary to keep the auction prices in an acceptable range. This is already being done through the Cost Containment Reserve (CCR). Starting in 2021 an Emissions Containment Reserve (ECR) will also be employed.⁷ This will provide an additional mechanism to keep the prices per ton of emissions at a high enough level to encourage businesses and home owners to invest in energy efficiency and solar panels.

In conclusion, I believe that participation in RGGI has been very effective in lowering Delaware's greenhouse gas emissions, bringing new jobs to the state and keeping our electric prices in check. Delaware should finalize its regulations based on the updated RGGI model, including the ECR, as soon as possible. Doing so will allow us to receive the maximum from this important program.

Respectfully yours,

Coralie Pryde

References

¹ <https://climateanalytics.org/briefings/global-warming-reaches-1c-above-preindustrial-warmest-in-more-than-11000-years/>

² <http://ossfoundation.us/projects/environment/global-warming/natural-cycle#section-3>

³ Figure 13.27 in https://www.ipcc.ch/pdf/unfccc/cop19/3_gregory13sbsta.pdf

⁴ The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States. RGGI's Third Three-Year Compliance Period (2015-2017)
http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_april_2018.pdf

⁵ The Regional Greenhouse Gas Initiative: A Fact Sheet (Ceres)
<https://www.ceres.org/sites/default/files/Fact%20Sheets%20or%20misc%20files/RGGI%20Fact%20Sheet.pdf>

⁶ <https://neep.org/initiatives/public-policies/pennsylvania>

⁷ <https://www.rggi.org/program-overview-and-design/elements>