RGGI Fall 2023 Third Program Review Comment Update – May2024
Update to Comments Submitted to RGGI for Third Program Review 11/7/23 comment categories

Biomass Considerations
PFPI and five comments from individuals in Vermont complained about biomass power plants and the existing provision for "eligible" biomass to be treated as having zero emissions. I have not followed RGGI biomass issues and the potential for offsets much so I cannot provide any context.

- Ashley Adams
- Bob Atchinson
- Pike Porter
- Peter Duval
- Nicholas Persampieri

Partnership for Policy Integrity

- Annual Compliance – change from existing 3-year
- RGGI Emissions Dashboard – does not provide enough information.
- Biomass is bad was the emphasis of most of the comments

Emission Traders
International Emissions Trading Association and independent energy marketing and trading firm Mercuria Energy provided comments that are self-serving. The Mercuria Energy America comments recommended the following:

- Implement the rule change as soon as possible
- Net-zero by 2035 is the best option
- Supply scenarios could be merged if needed
- Revise the Emissions Containment Reserve and Cost Containment Reserve trigger prices
- Caps should be aligned to the existing adjusted cap

All these recommendations have market implications that emission traders could exploit.

International Emissions Trading Association

Same comments as Mercuria

Supporting the Narrative
Originally two sets of comments generally followed the narrative provided by the RGGI States in their presentations. Three more comments also followed the narrative. The States want to tighten the allowance caps and incorporate an environmental justice component. All comments aligned with those preferences.

Comments from Business Leaders recommended aligning the caps with necessary climate ambition, incorporating input from environmental justice communities and EJ advisory groups, air quality monitoring, and investing at least 40% of revenues in EJ communities. The business leaders included: Autodesk, Inc; Ben & Jerry's; Char Magaro Designs; Danone North America; DSM Firmenich North America; Franklin Energy; Good Start Packaging; Habitus Incorporated; Haverford College; Miller/Howard Investments, Inc.; New Balance; New Jersey Sustainable Business Council; New York City

Office of the Comptroller; Oaktree Development; Sonen Capital; Steve Harvey Law, LLC; Studio G Architects; Sunowner Inc.; Sustainable Advisors Alliance LLC; The Green Engineer, Inc; The Stella Group, Ltd.; TripZero; Unilever United States; and Zevin Asset Management.

The Green Energy Consumer Alliance comments advocated for ambitious emission reduction targets and raised additional matters to consider in this program review requesting a presentation with sufficient time for public input on topics such as the cost containment reserve, emission containment reserve, allowance banking beyond 2035 in the zero by 35scenario, and environmental justice.

It is interesting to me that there are non-profit organizations who submitted comments. The "Business Leaders" comments were "organized" by Ceres who is "transforming the economy to build a just and sustainable future." Ceres managed to get funding to submit comments on RGGI from companies that are only peripherally affected. Their IRS Form 990 says that they have 221 employees, a $22 million payroll, and spent $2.3 million for fundraising in 2022. Apparently, they have a successful business model because they got 24 companies to sign the comment letter and presumably provide funding for the privilege. On the other hand, the Green Energy Consumer Alliance has only 23 employees, a $1.3 million payroll, and only spent $60K for fundraising. Their motivation for commenting was similar.

Conservation Law Foundation on behalf of:

Phelps Turner, Senior Attorney, *Conservation Law Foundation*
Priya Gandbhir, Senior Attorney, *Conservation Law Foundation*
Larry Chretien, Executive Director, *Green Energy Consumers Alliance*
Kyle Murray, Senior Advocate and Massachusetts Program Director, *Acadia Center*
Logan Malik, Interim Director, *Massachusetts Climate Action Network*
Roger Luckmann, MD MPH, Legislative Team Co-Chair, *Elders Climate Action Massachusetts*
Cathy Kristofferson, Co-Founder, *Pipe Line Awareness Network for the Northeast (PLAN-NE)*
Elena Weissmann, Northeast Regional Director, *Vote Solar*
John Carlson, Senior Manager, State Policy, *Ceres*
Jane Winn, Executive Director, *Berkshire Environmental Action Team*
Rosemary Wessel, Program Manger, *No Fracked Gas in Mass*
Eben Bein, Massachusetts Field and Education Manager, *Our Climate*
John Rogers, Senior Analyst, *Union of Concerned Scientists*
Carolyn Barthel, Executive Committee Member, *350 Mass*
Jennifer Wexler, President, *Canton Residents for a Sustainable Equitable Future*

Headings of comments

- **Modeling and Analysis in the Third RGGI Program Review Must Center on Equity**
- **Additional Modeling and Analysis Considerations**
  - **T**he RGGI emissions cap should be designed for a trajectory reaching zero percent electric sector emissions by 2035
  - When reviewing and finalizing the inputs and assumptions to be used in modeling for the Third RGGI Program Review, equity considerations need to be at the center of all decision-making. Modeling to develop upcoming programming and auction rules must not occur in a separate silo from review of equity issues; rather, equity must be woven throughout the modeling process.

Environmental Defense Fund

There are valuable insights from both RGGI Inc.'s modeling approach and EDF's own work that support high ambition for RGGI's budget trajectory and the need to think creatively to overcome some of these challenges.

In addition to prior comments on equity and Environmental Justice throughout the program review, EDF also notes that while we recognize and support the need for expedience in the RGGI program review to enable swift implementation and secure greater climate ambition at a crucial moment, we respectfully urge that expedience not come at the expense of fulsome stakeholder engagement. Ensuring ample time for comment periods, greater detail on the anticipated timeline for key milestones (e.g., development of a draft model rule, draft budget release) as much in advance as feasible would help better facilitate greater participation in the review process and ensure a more comprehensive and thoughtful evaluation of the program. **We believe that this thoughtful engagement is possible while facilitating conclusion of the program review with the requisite urgency.**

EDF's core recommendations are as follows:

1. RGGI's emissions cap should align with national and state climate commitments
2. RGGI Inc. should explicitly adopt at least an 80x30 interim target as part of setting an updated cap, particularly to help ensure the states deliver the near-term pollution reductions necessary to minimize cumulative emissions reductions from the power sector consistent with the budget trajectory for a 1.5-degree C pathway
3. RGGI Inc. should incorporate language providing a pathway to cover emissions associated with imported power into the model rule.

RGGI Advocates Coalition

Acadia Center on behalf of

Paola Moncada Tamayo, Policy Analyst, Acadia Center
Amanda Barker, Rhode Island Policy Advocate, Green Energy Consumers Alliance Priya Gandbhir, Senior Attorney, Conservation Law Foundation
Jeff Migneault, Climate Action Rhode Island
Terri Eickel, Interreligious Eco-Justice Network/Connecticut Interfaith Power & Light Rev. Cindy Davidson, Executive Director, Massachusetts Interfaith Power & Light, Inc.
Amy Boyd Rabin, Vice President of Policy, The Environmental League of Massachusetts
Ron McGarvey, Board President, Vermont Interfaith Power & Light
Rosemary Wessel, Project Director, No Fracked Gas in Mass
Jane Winn, Executive Director, Berkshire Environmental Action Team
Susan Purser, Coordinator, 35oMA-Berkshires
Mark A. Mitchell, MD, Mitchell Environmental Health Associates
Jack Shapiro, Climate & Clean Energy Director, Natural Resources Council of Maine Kathleen Meil, Senior Director of Policy & Partnerships, Maine Conservation Voters Erica A. Hammond, Organizer, Climate Jobs RI
Conor Bambrick, Director of Policy, Environmental Advocates NY
Vickash Mohanka, Acting Director, Sierra Club Massachusetts
Pat McDonnell, President and CEO, Citizens for Pennsylvania's Future

Headings of Comments

- Third Program Review Timeline- Asked for responses to previous comments and suggested another round of stakeholder outreach in the first quarter of 2024
- Ambitious Emission Reduction Targets – Set cap to zero by 2035
- Equity and Environmental Justice
- RGGI Dashboard
- CCR Market Stability
- Price Reserve and ECR

Supporting Advocacy

Seven organizations submitted comments under the banner Frontline Communities in the Commonwealth of Pennsylvania. Their letter made seven recommendations:

- Establish strong guidance and an implementable policy framework encouraging states to stablish, maintain, resource, and empower Equity Advisory Boards.
- Strongly encourage states to lead and complete equity analyses.
- Outline and encourage reinvestment priorities for frontline communities
- Improve public participation practices.
- Close loopholes that permit facilities with multiple small combustion turbines to avoid reducing overall emissions.
- Expand qualifying polluters and reject false solutions.
- Eliminate offsets in order to drive real emission reductions

I am not impressed with the content of these comments. The relevant RGGI issues are addressed last, almost as an afterthought. Moreover, they consist mostly of buzz words and slogans. There are *loopholes* foisted on unsuspecting innocents that surely have major impacts but they never document what they are. They reject false solutions like biomass, refuse-derived fuel, an trash incineration without acknowledging that there might be benefits associated with those technologies.

My impression is that their primary purpose for commenting is to plead for support for their organizations. The first four recommendations all are linked to advocacy support which I am sure they will be glad to provide. The comments go so far as to suggest that 100% of the revenues should be invested in front-line communities. My comments emphasized the point that future emission reductions in the RGGI states are going to have to rely on wind and solar resources displacing the affected source operations which is going to be hard enough to do without a limitation on where the auction revenues must go.

Class by Themselves Comments

Comments by the Nature Conservatory rate their own section. This is a global charity and their IRS Form 990 says that they have a total revenue of $1.3 billion, 4,052 employees, a $441 million payroll, and spent $146 million for fundraising in 2022. On the face of it, these comments follow the narrative spoused by CERES and Green Energy Consumer Alliance. Closer inspection shows that there is a self-serving exception to the points made by other advocates. The comments also show an amazing level of naivety and incompetence as shown below.

The Nature Conservatory comments addressed the "loophole" for generators greater than 25 MW which they said should be closed by expanding to all generators 10 MW and larger and requested additional modeling of carbon capture and storage rules to better understand CCS impacts to the RGGI program and affected communities.

The offsets that other organizations consider "false solutions" are lauded:

> TNC believes that the RGGI program could better utilize potential offset projects from natural climate solutions, helping achieve net-zero emissions while better valuing our natural environment on the pathway towards a clean economy.

Turns out that "TNC has more than 20 years of experience pioneering best practices for natural climate solutions and carbon projects around the world". Cynics like me think they want to expand their solutions to this market too.

The following comment was provided to address the proposal to change the compliance period:

> There is considerable flexibility in allowance compliance for participating entities, and we would recommend that this program review consider adjusting the compliance period language towards annual compliance. Annual compliance criteria would better account for annual fluctuations and market conditions in energy production, as well as create better stability in allowance prices and funding programs. Currently, compliance is evaluated at the end of each three-year control period by RGGI Inc through their CO2 Allowance Tracking System (COATS), with fines levied by participating states on facilities for non-compliance. RGGI states also have an interim control period compliance requirement, which requires each participating facility to hold allowances equal to 50 percent of their emissions by the end of the 2nd year of the compliance period. Such flexibility allows for secondary allowance markets to benefit from compliance requirements, but these benefits did not extend to participating states. During the RGGI September 26 public meeting, this was a topic supported by the RGGI states, and they concluded that the benefits of implementing annual compliance outweigh any loss of flexibility.

This word salad of regurgitated text from the RGGI documents is embarrassing. The first sentence just repeats the arguments in the Topics for Consideration document. The next sentence: "Annual compliance criteria would better account for annual fluctuations and market conditions in energy production, as well as create better stability in allowance prices and funding programs" is wrong on every count. Carbon dioxide emissions from RGGI affected sources are directly related to how much the plants operate and weather correlates strongly with electric load and plant operation. The three-year compliance period smooths out the annual fluctuations. An annual compliance period cannot account for annual fluctuations which means the market conditions will be more volatile. A market that bounces between annual deficits and surpluses is anything but stable. The paragraph goes on to accurately describe the flexibility mechanisms in the three-year compliance period approach. Then the author states: "Such flexibility allows for secondary allowance markets to benefit from compliance requirements, but these benefits did not extend to participating states". I think it is a mistake to disconnect the secondary allowance market from the market as a whole because the secondary and primary markets both have to be healthy for RGGI auction system to work well. The RGGI States certainly benefit from a healthy market unless the line of reasoning is that if the market is uncertain and causes higher allowance prices the RGGI States make more money. That would indicate a failure to understand that citizens of the RGGI states will pick up the tab.

Incredibly the comments get worse. Under the topic of "Environmental Justice Considerations" the recommendation is to "Increase funding for emission monitoring programs to install monitors for more participating generators." The rationale states:

> Participating generators are required to hold allowances equal to their CO2 emissions, as determined by the EPA's Clean Air Markets Program (CAMP) monitors or a calculation of heat rate and fuel consumption. However, over two-thirds of RGGI plants do not have any active air quality monitoring sites within a 3-mile radius, and miscalculation of emissions based on available data make accurate representation of actual emissions difficult.

This line of reasoning has been advocated by naïve environmental justice advocacy organizations but I would expect that an organization that employs thousands would have a better understanding of the basics of air quality reporting and permitting. All RGGI sources report their emissions to EPA in a system that meets the highest levels of transparency and accuracy. There is a red herring argument that implies that because there isn't an air quality monitor near the RGGI sources that they are getting away with disproportionate impacts. All RGGI sources have had to prove in their permit applications that their emissions will not contravene the National Ambient Air Quality Standards. The modeling and analyses associated with those demonstrations trace back to periods when there were air quality monitoring systems around many of the facilities. Once the ambient monitoring proved that there were no issues with the standards then the requirements were dropped. The last sentence displays a complete lack of understanding relative to emissions and air quality impacts. The phrase "miscalculation of emissions based on available data make accurate representation of actual emissions difficult" suggests that if ambient air quality measurement were available then better estimates of actual emissions would be possible. While it is possible to estimate emissions from air quality measurements the results, the methodology is loaded with uncertainty. In order to do the calculation, you must also monitor the meteorological conditions between the source and monitoring station. Given the variation in wind speed, wind direction, and stability those variations make this calculation approach likely to produce results laden with errors and uncertainty. Air quality monitoring in disadvantaged communities can address local emissions issues but I am confident that issues with the air quality standards due to the RGGI sources will not be found. Using air quality monitoring do estimate emissions from RGGI sources is an absurd proposition given that the RGGI sources directly measure emissions in the stacks themselves using equipment and standards that meet the very high standards of the EPA.

Industry Comments

There were four industry comments.

Tenaska, Inc. owns and operates gas turbines in MA, PA and VA. Their comments argued against an annual compliance period and they suggested adding an auction after the end of the year but before the compliance true-up date. Their comments on the Electricity Sector Analysis – Budget Cap and Allowance Supply Scenarios stated:

> RGGI is evaluating four budget cap/allowance supply scenarios, including two that would reach zero by 2035 and 2040. We strongly caution adoption of either of these scenarios given the strong uncertainty regarding availability of zero-carbon resources and the need for fossil-based, dispatchable resources to provide the required generation and to support certain electrification goals.
>
> We also point out the scope of the EPA's proposed CAA §111 rules for new and certain existing fossil fuel-fired electric generating units . The new source rule would not require emission reductions for units with annual capacity factors less than 20% and would not require 100% reductions from any new source. The existing unit proposal would cover only large, frequently operated units. The zero by 2035/2040 RGGI proposals would prohibit any of these units, new or existing, from operating after those dates. Several ISOs/RTOs expressed concern with resource adequacy regarding the CAA §111 proposal and would no doubt have serious concerns with the RGGI proposals. We recommend RGGI take a cautious approach when attempting to predict the power generation needs and resource-mix more than a decade into the future. RGGI need not be more stringent than the EPA.

The Environmental Energy Alliance of New York is an ad hoc, voluntary group of New York electric generating companies, transmission/ distribution companies and other providers of energy services that address environmental initiatives. In the interest of full disclosure, I was the Director of the organization from 2010 to 2017 and still provide technical support as needed. The comments from the Alliance addressed several issues. They argued that the flexibility inherent in the three-year compliance period was needed in the future because of upcoming changes to the RGGI allowance market and pointed out that the RGGI States rationale for changing was weak. A big concern of the New York affected sources is that changes to the allowance trajectory schedule should address the recent cancellations of substantial amounts of offshore wind. That affects the operations of RGGI-affected sources and should be considered by the RGGI modeling evaluation. Another component of the transition to "zero-emissions" resources is the need for a presently unavailable dispatchable emissions-free resource. Ignoring the need for this resource before 2035 risks underestimating the capacity of wind and storage required to maintain the grid so this should also be considered in the RGGI modeling evaluation.

Independent Power Producers of New York

> These comments address provisions of potential program changes discussed during the September 26, 2023, Regional Greenhouse Gas Initiative (RGGI) program review meeting. The Independent Power Producers of New York, Inc. (IPPNY) appreciates that the RGGI states are providing more time, beyond the initial October 24, 2023, date, to provide feedback. Our comments address the following topics: the need for more explicit modeling of the role of dispatchable emission free resources (DEFRs); factors that must be considered in determining the RGGI cap trajectory through 2040; the need for a safety valve based upon the provision of New York's Climate Leadership and Community Protection Act (CLCPA); the need for more justification for changing the RGGI compliance period; and the need for the RGGI Emissions

Dashboard to be consistent with information that is publicly available on the RGGI CO2 Allowance Tracking System (COATS).

New York State Reliability Council

- The NYSRC comments focus on the proposed change to the compliance period, a recommended sensitivity analysis that reflects delays in the buildout of renewables, and the treatment of dispatchable emissions-free resources (DEFR) by the IPM modeling software.
- Three-year compliance period has worked well and should not be changed
- Modeling to Account for Delays in Renewable Builds in 2025 – 2030
- Treatment of Dispatchable Emission-Free Resources in the Model
    - In order to eliminate fossil-fired emissions you need DEFR and it does not exist,
    - Zero Emissions by 2040 Gap Characterization