



September 14, 2020

Dear Members of the Environmental Quality Board,

On behalf of Environmental Defense Fund (EDF) and its 75,000 members across Pennsylvania we respectfully urge the Environmental Quality Board (EQB) to advance the Pennsylvania Department of Environmental Protection (DEP) draft CO₂ Budget Trading Program rule. EDF is an international environmental advocacy organization with more than two million members nationwide dedicated to finding innovative solutions to some of the most difficult environmental challenges. Whenever possible, EDF aims to collaborate with private-sector partners, state and federal leaders, and other environmental organizations interested in capitalizing on market-based solutions to cost-effectively tackle environmental problems.

EDF strongly supports Executive Order 2019-07ⁱ signed by Gov. Wolf in 2019 to launch the regulatory process for Pennsylvania to move forward with its own program to establish a binding, declining limit on carbon pollution for the power sector that is compatible with the Regional Greenhouse Gas Initiative (RGGI). Pennsylvania has expansive authority to regulate carbon pollution pursuant to the Pennsylvania Air Pollution Control Actⁱⁱ and DEP's draft CO₂ Budget Trading Program rule is a prudent, cost-effective, and common-sense approach to ensuring durable, real, and sustained carbon pollution reductions in the power sector.

RGGI is a proven success with ten states currently in the program and Virginia joining in 2021. The program has been in effect over a decade and has continued to drive emissions reductions and economic benefit under Democratic and Republican governors alike. RGGI has returned nearly \$3 billionⁱⁱⁱ to participating states for investment while also reducing overall power sector carbon emissions by 40%.^{iv} According to electricity bill analysis^v from the Analysis Group, the average monthly residential electricity bill will be 35% lower in 2031 than it is today in the current RGGI states. Another analysis looking at employment impacts of RGGI found that "the net effect is that RGGI activity during the 2015-2017 period leads to over 14,500 new job-years, cumulative over the study period, with each of the nine states experiencing net job-year additions."^{vi}

Additionally, DEP found that joining RGGI would significantly improve air quality, reducing carbon pollution, nitrogen oxide pollution, and sulfur dioxide pollution by 188,000,000 tons, 112,000 tons, and 67,000 tons respectively. These air quality improvements translate significant health benefits, preventing up to 639 premature deaths from respiratory illnesses, 30,000 fewer hospital visits for respiratory illnesses, and 83,000 avoided lost workdays due to health impacts by 2030 in Pennsylvania. Together, these health benefits will save up to \$6.3 billion dollars by 2030.^{vii}

This program has the potential to address the historically disproportionate burden of air pollution on vulnerable communities, and we urge DEP to continue to partner with communities that have historically borne higher pollution burdens and face disproportionate risks from climate change. This can inform and help identify policies and programs that will further reduce air pollution and improve public health. Additionally, to help ensure protection of Environmental Justice and other communities, Pennsylvania's RGGI rule should require ongoing analysis and public input processes to assess potential localized environmental and economic impacts on communities, including identified Environmental Justice Areas, take appropriate action to mitigate any identified impacts, and provide for ongoing monitoring to evaluate local impacts of RGGI implementation.

There is no one-size-fits-all approach on how best to cost-effectively reduce carbon pollution. Market-based programs, like RGGI, recognize this and do not pick winners and losers in the energy sector. Instead, these programs let companies innovate to determine how best to reduce pollution. By developing a market-based program, as proposed by DEP's draft CO₂ Budget Trading Program rule, Pennsylvania can be part of a larger marketplace to buy and sell emission allowances, which will lower the cost of compliance in Pennsylvania. Analysis has shown that the market-based Acid Rain Program, for example, cost less than a non-market-based approach would have while achieving significant pollution reductions.^{viii}

Analysis by EDF and M.J. Bradley updated this summer found significant environmental benefits at low cost from Pennsylvania's plan to join RGGI.^{ix} The cap proposed by DEP would significantly reduce power sector emissions in Pennsylvania relative to the business-as-usual scenario – a RGGI-consistent cap goes far beyond what the state could achieve without a limit on carbon, taking into consideration emissions falling in the near-term. The analysis found that Pennsylvania's carbon limit will reduce carbon pollution across the region.

It is time to act and starting the regulatory process as soon as possible will ensure timely benefits for Pennsylvanians and provide regulatory certainty for power plants as they plan investments and operations for the future. EDF notes that, if the EQB votes to initiate a rulemaking, the public will have significant opportunity to engage in discussion on the draft rule, including through a formal comment period that DEP indicated would launch later this year and throughout a comprehensive, multi-year regulatory process.

DEP's draft CO₂ Budget Trading Program rule builds on a decade of experience by other states and planning already done in the state several years ago to implement the federal Clean Power Plan. The draft rule capitalizes on the power of markets to drive emission reductions and will ensure durable, significant cumulative reductions in carbon emissions compared to business-as-usual projections. Linking Pennsylvania to the Regional Greenhouse Gas Initiative is supported by a diverse set of major industry stakeholders in the energy sector, reflecting the real benefits that these stakeholders see from the program.

EDF commends the Governor and DEP for moving forward with a common-sense regulation that will benefit the climate and public health. By adopting a technology-neutral and outcomes-oriented approach, Pennsylvania can secure the emission reductions necessary at the lowest

possible cost and continue to meet the energy needs of the state, securing its role as a zero-carbon net energy exporter. Placing a firm limit on carbon pollution, as done in the draft RGGI rule, and then letting that carbon pollution “limit” drive a price in the energy market can help ensure the most cost-effective deployment of zero-emission resources and energy efficiency. By pairing this program with policies and protections for the communities that have historically borne the burden of air pollution, DEP can ensure equitable outcomes while securing the future of all Pennsylvanians.

EDF looks forward to having the opportunity to provide technical comments on the draft rule during a formal comment period this year.

Thank you for your consideration of these comments.

Sincerely,

Mandy Warner
Director, Climate & Clean Air Policy
Environmental Defense Fund

ⁱ <https://www.governor.pa.gov/newsroom/executive-order-2019-07-commonwealth-leadership-in-addressing-climate-change-through-electric-sector-emissions-reductions/>

ⁱⁱ 35 Pa. Stat. § 4001 et seq.

ⁱⁱⁱ https://www.analysisgroup.com/globalassets/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_april_2018.pdf

^{iv} The 10 initial RGGI states saw a 40% decrease in electric power sector greenhouse gas emissions between 2009 and 2017, according to EIA data. ([EIA State Carbon Dioxide Emissions From Fossil Fuel Consumption for Electric Power Sector - Downloaded 10/25/19](#))

^v https://www.rggi.org/sites/default/files/Uploads/Program-Review/9-25-2017/Customer_Bills_Results_Overview_09_25_17.pdf

^{vi} https://www.analysisgroup.com/globalassets/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_april_2018.pdf

^{vii} <https://www.dep.pa.gov/Citizens/climate/Pages/RGGI.aspx#:~:text=By%20participating%20in%20RGGI%20Pennsylvania,emissions%20will%20also%20drop%20significantly.>

^{viii} <https://pubs.acaweb.org/doi/pdfplus/10.1257/jep.27.1.103>

^{ix} See <http://blogs.edf.org/climate411/2020/08/13/updated-analysis-strengthens-the-case-for-pennsylvanias-cap-on-power-sector-emissions/>