

Economics and Politics: The Drivers of RGGI's Future

Status and Future of Energy Efficiency Funding Sources - A Regional Forecast

AESC-NEEC Annual Conference

November 1st, 2011

Peter Shattuck

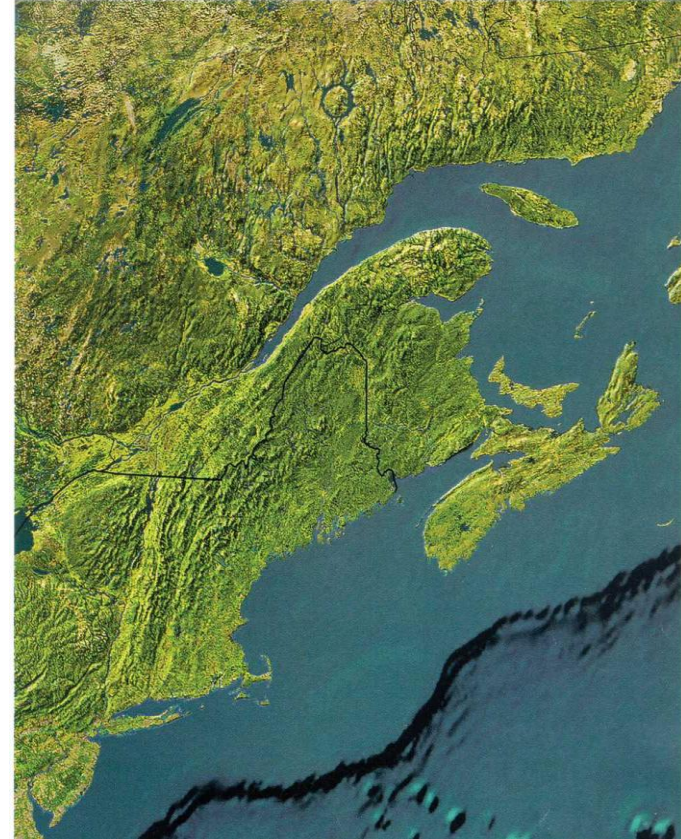
Carbon Markets Policy Analyst

(ENE) Environment Northeast



Environment Northeast (ENE)

- Environmental Policy, Research, and Advocacy
 - Northeastern Based Non-profit NGO
 - Boston, MA / Providence, RI / Rockport, ME / Portland, ME / Hartford, CT / Ottawa, ON, Canada
- Program Areas
 - Energy Policy
 - Climate Change
 - Transportation and Diesel
 - Forest Practices and Land Use

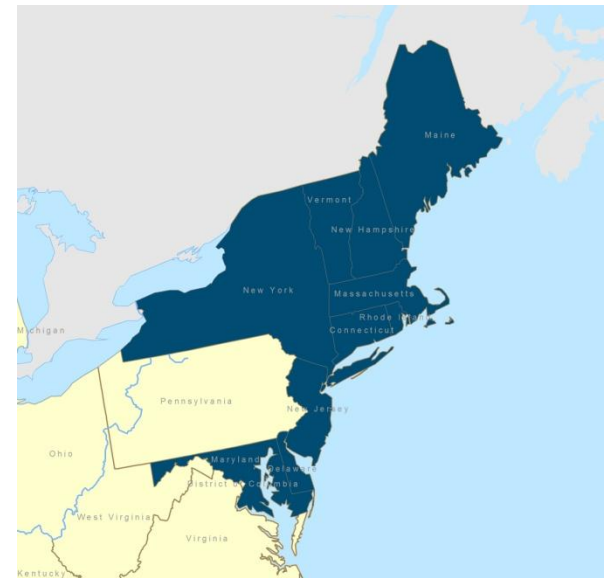


Outline

- RGGI at a glance
- How its working
 - Emissions
 - Economics
- Political challenges
 - New Jersey
 - New Hampshire
 - Maine
- Path Ahead
 - Program Review
 - Federal Interplay

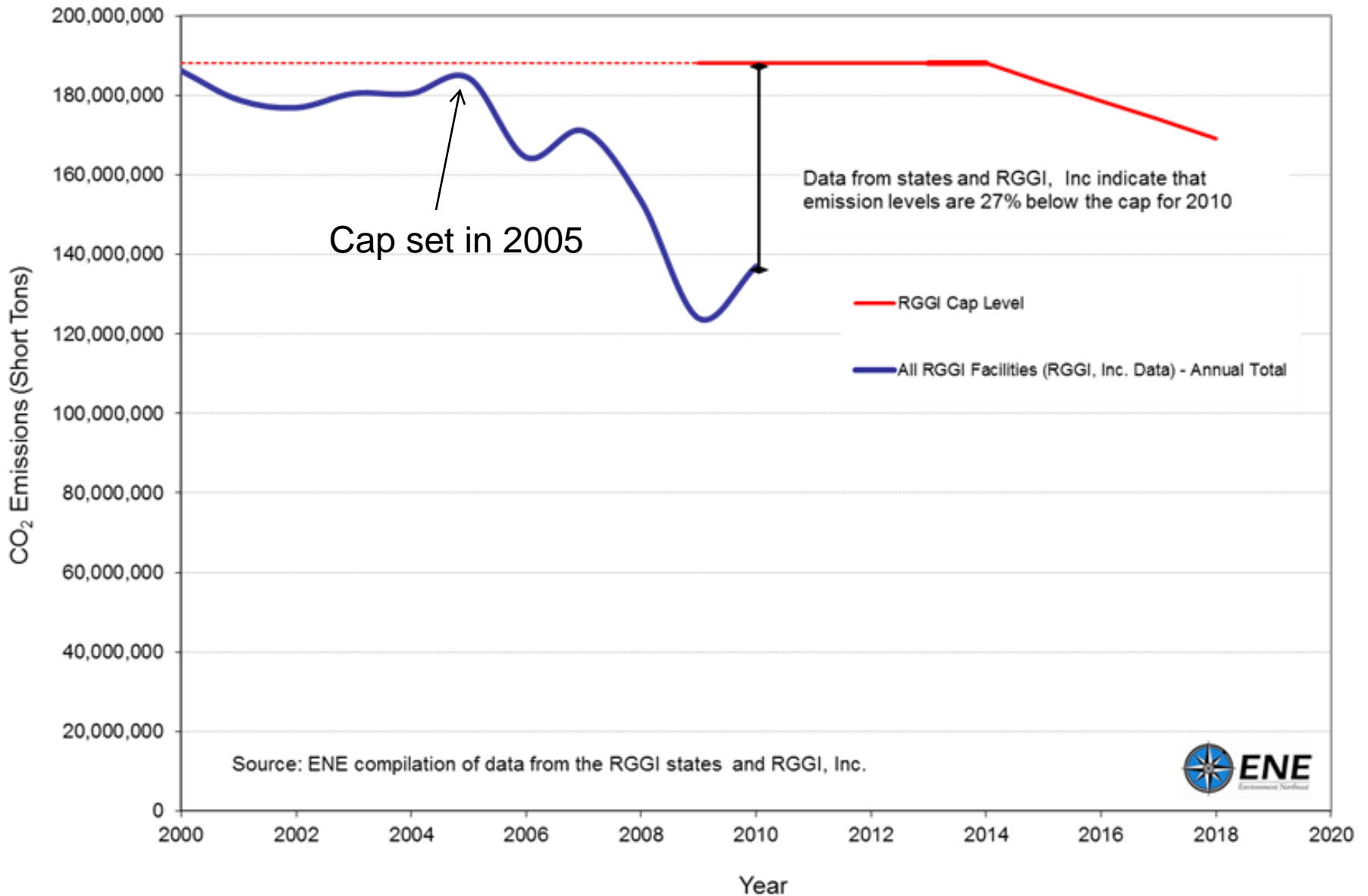
Regional Greenhouse Gas Initiative (RGGI)

- First mandatory carbon cap and trade program in the US
- 10 states: CT, DE, MA, ME, MD, NH, NJ, NY, RI, VT
- Electric power units over 25 MWs
- Reduce emissions 10% below 2009 levels by 2019
- 3.3% offset usage
- First compliance period: 2009-2011
- Penalty 3x market price



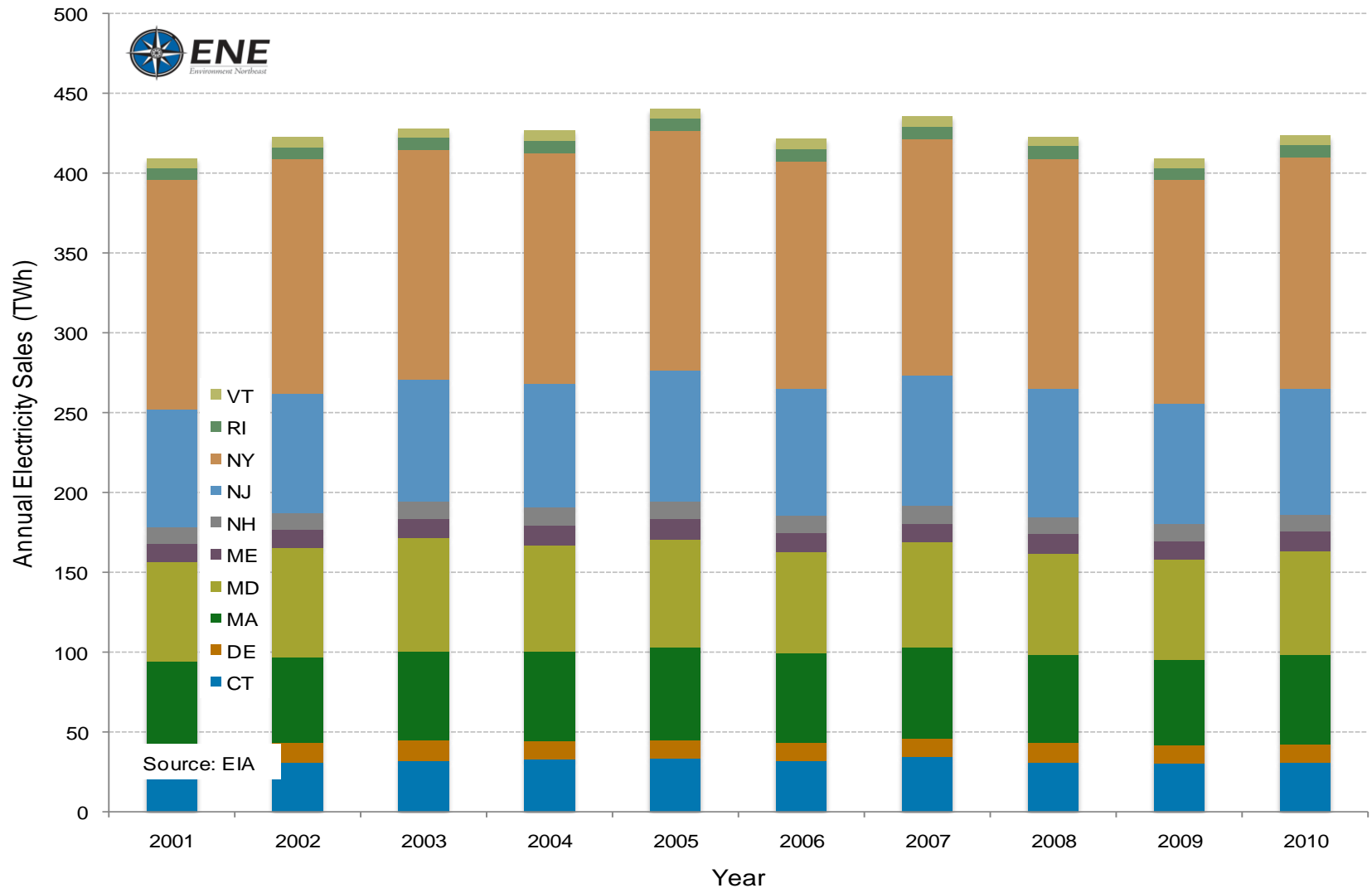
RGGI Cap Level:

More Modest by the Day

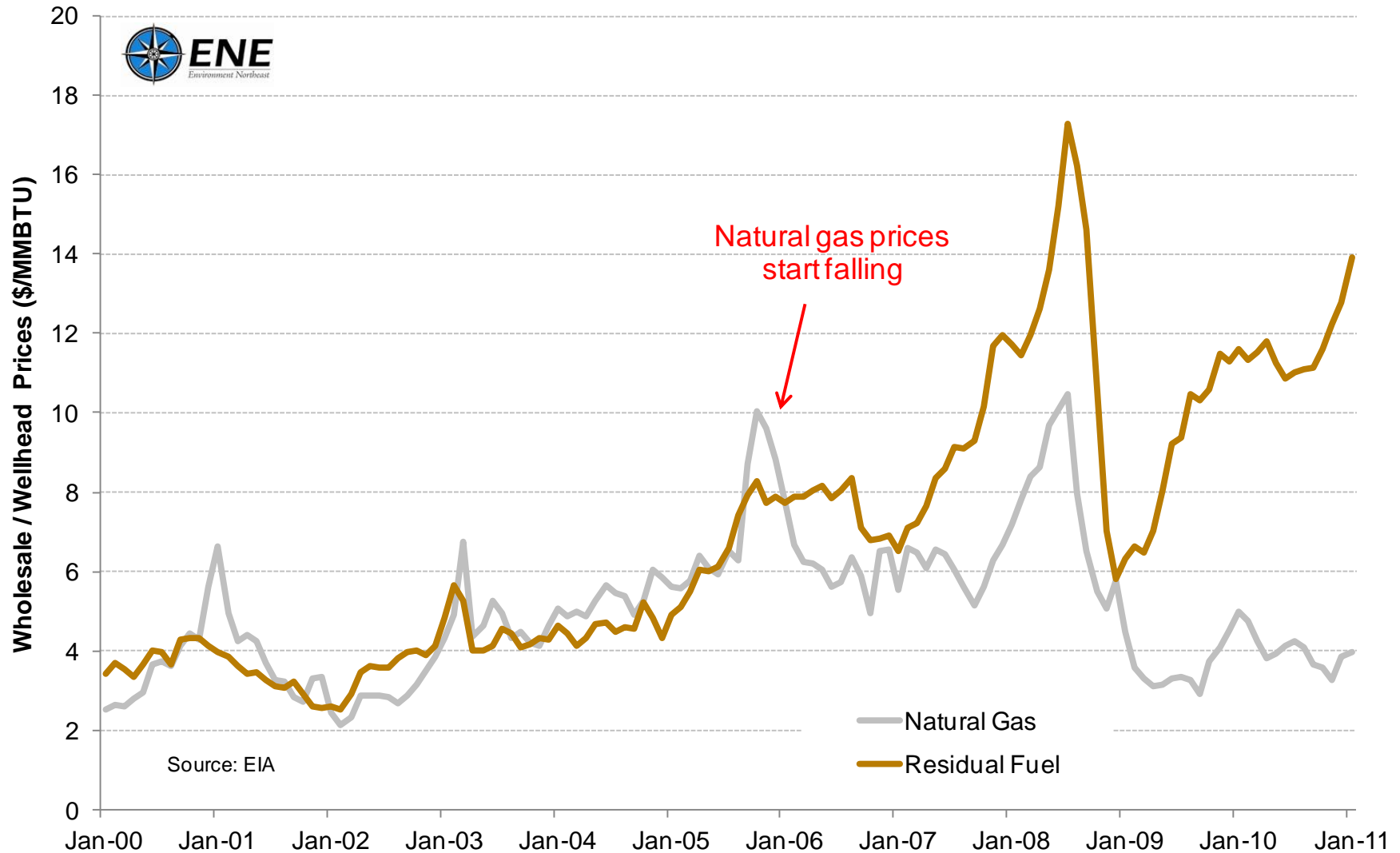


Energy Consumption in New England

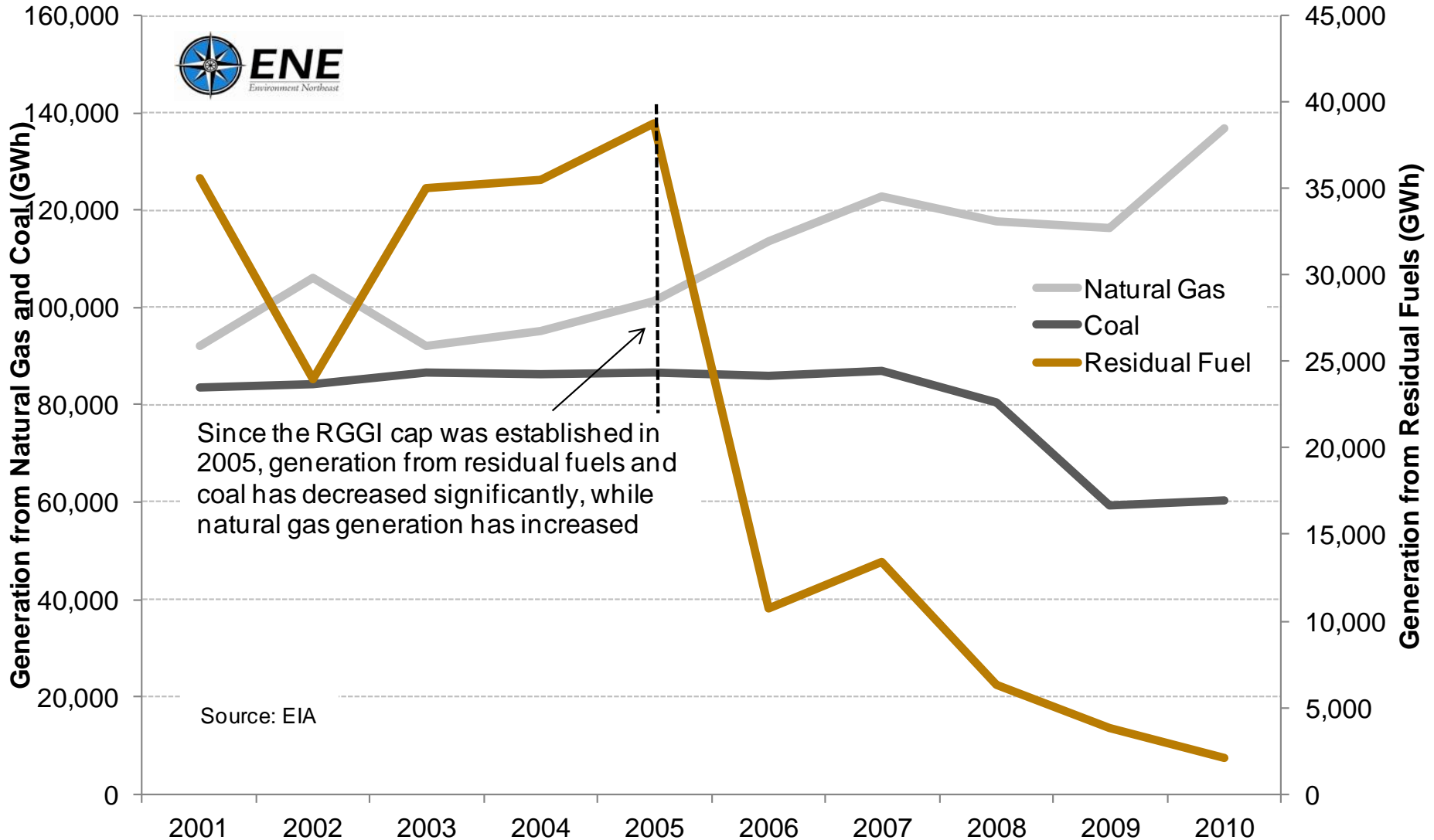
Had anticipated 1+% load growth – instead flat



Natural Gas vs. Oil Prices




Natural Gas Usage on the Rise



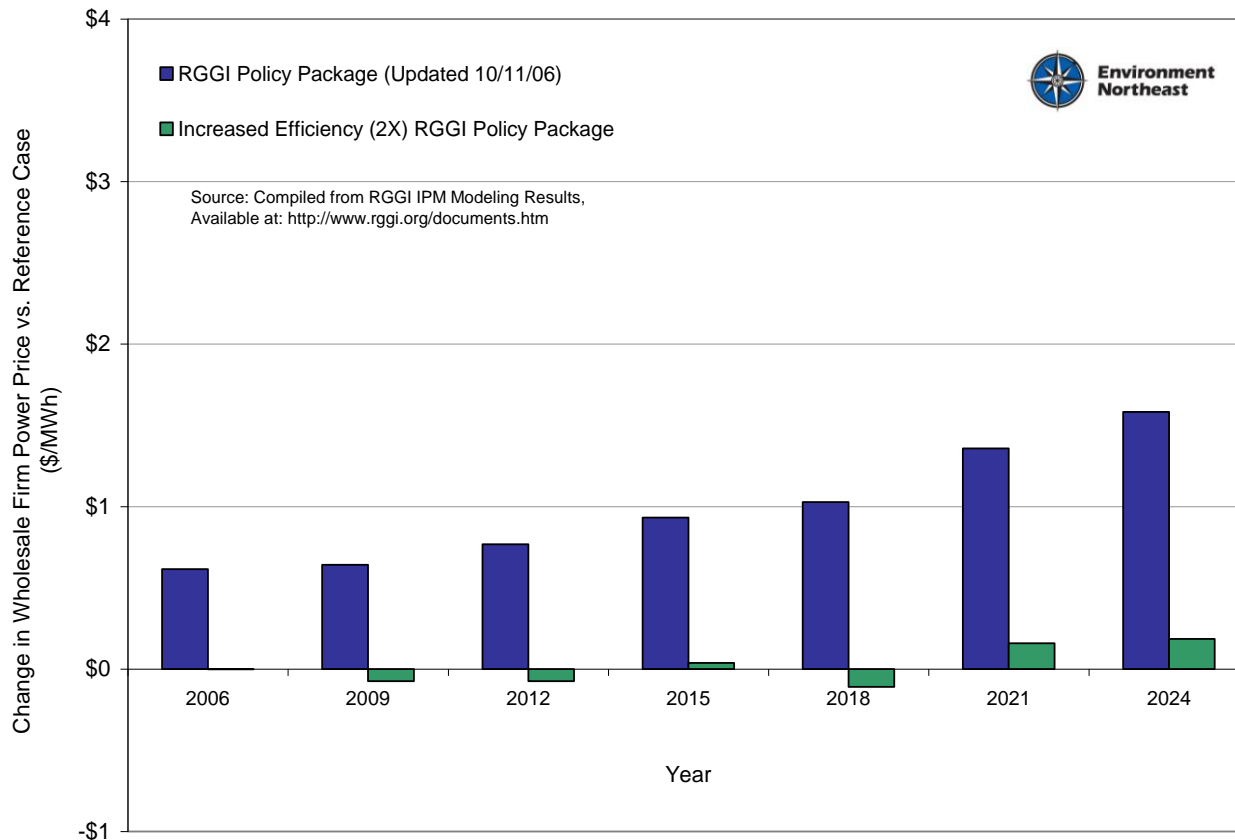
RGGI Revenue

- 87% of allowances auctioned (RGGI average)
- >50% of proceeds dedicated to energy efficiency (~\$466m to date)

 ENE	Auctions 1-12	Auction 13	Total to-date
Connecticut	\$ 50,894,256	\$ 836,992	\$ 51,731,248
Delaware	\$ 22,045,976	\$ 404,804	\$ 22,450,780
Maine	\$ 26,808,854	\$ 421,663	\$ 27,230,517
Maryland	\$ 167,075,238	\$ 2,525,186	\$ 169,600,424
Massachusetts	\$ 140,301,058	\$ 2,204,014	\$ 142,505,072
New Hampshire	\$ 32,436,967	\$ 498,745	\$ 32,935,712
New Jersey	\$ 116,441,549	\$ 1,852,998	\$ 118,294,547
New York	\$ 321,611,071	\$ 5,082,495	\$ 326,693,567
Rhode Island	\$ 14,048,789	\$ 220,748	\$ 14,269,538
Vermont	\$ 6,496,658	\$ 102,786	\$ 6,599,444
Total	\$ 898,160,418	\$ 14,150,430	\$ 912,310,848

Role of Energy Efficiency

- \$3 savings for every \$1 invested in Energy Efficiency




← Estimated cost without new efficiency

← Estimated allowance cost with expanded efficiency

...In the Wider Economy

Macroeconomic Benefits

	Revenue (\$ millions)	EE Funding (\$ millions)	Savings (\$ millions)	Jobs Multiplier (Job Years/\$1m EE Funding)	Jobs (Job Years)	GSP Multiplier (GSP increase/ \$1 in EE)	GSP Growth (\$ millions)
Connecticut	\$51.7	\$36.0	\$129.4	41.2	1,481	5.7	\$204.9
Delaware	\$22.5	\$9.5	\$25.9	45.5	434	5.9	\$56.3
Maine	\$27.2	\$25.4	\$119.4	58.1	1,476	4.9	\$124.5
Maryland	\$169.6	\$39.5	\$109.4	45.5	1,796	5.9	\$232.9
Massachusetts	\$142.5	\$126.1	\$390.8	43.4	5,472	6.4	\$806.9
New Hampshire	\$32.9	\$29.0	\$99.3	52.7	1,531	5.9	\$171.4
New Jersey	\$118.3	\$39.2	\$98.5	45.5	1,785	5.9	\$231.4
New York	\$326.7	\$146.5	\$145.1	45.5	6,667	5.9	\$864.5
Rhode Island	\$14.3	\$8.2	\$26.1	48.7	399	5.4	\$44.3
Vermont	\$6.6	\$6.5	\$24.0	49.6	321	4.3	\$27.8
Total	\$912.3	\$465.9	\$1,167.9	45.8	21,361	5.9	\$2,764.8

<http://env-ne.org/resources/open/p/id/1089/from/331>

Politics

■ New Jersey

- ❑ Christie wants out
- ❑ Legislature wants in => potential override
- ❑ Elections this year

■ New Hampshire

- ❑ Assembly wants out
- ❑ Senate wants reform
- ❑ Lynch vetoes, not seeking reelection in 2012

■ Maine

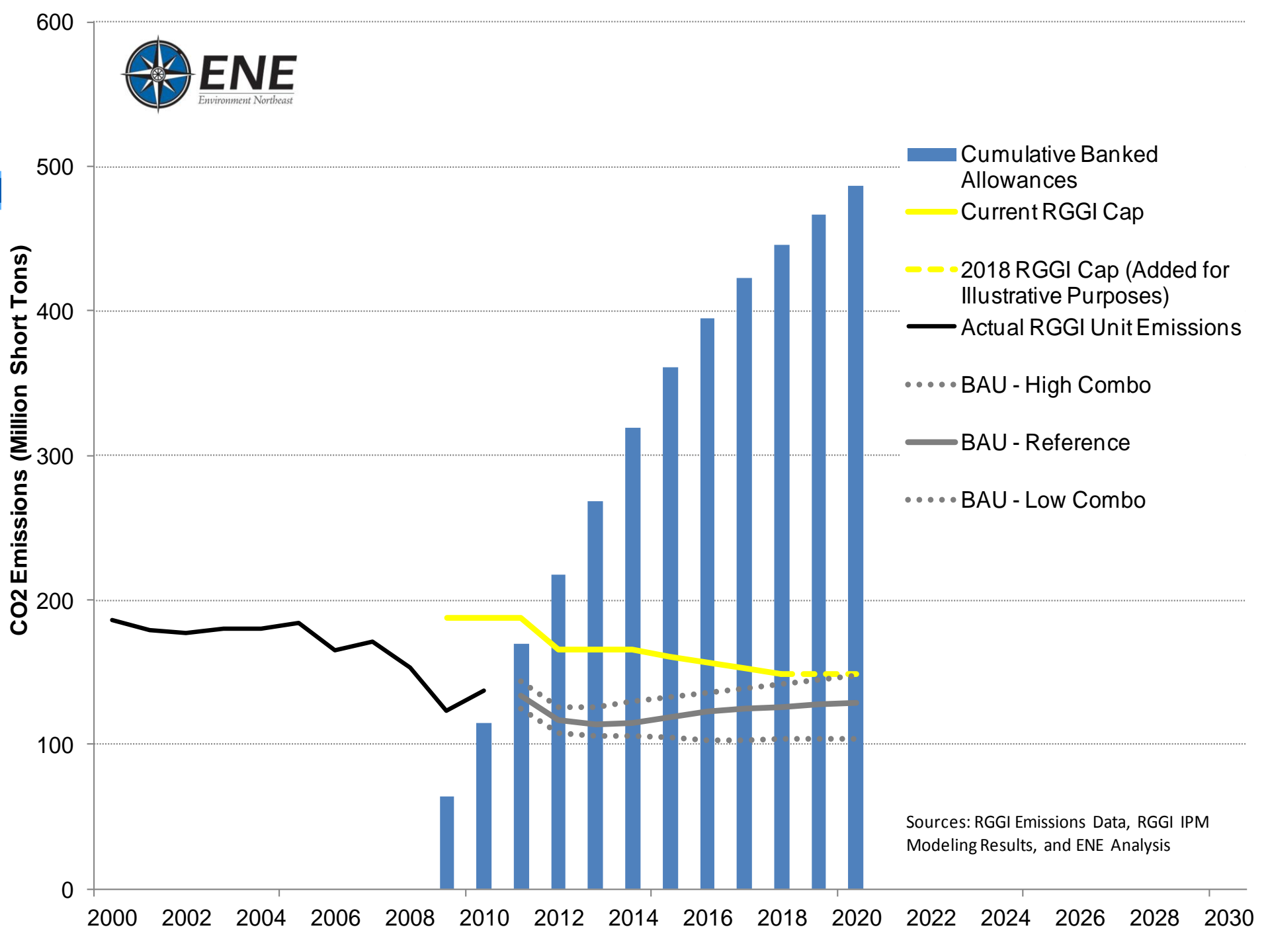
- ❑ Fringe wants out
- ❑ Business wants in

■ Other states strong

- ❑ Business support
- ❑ Americans for Prosperity (Koch) opposition

RGGI Program Review

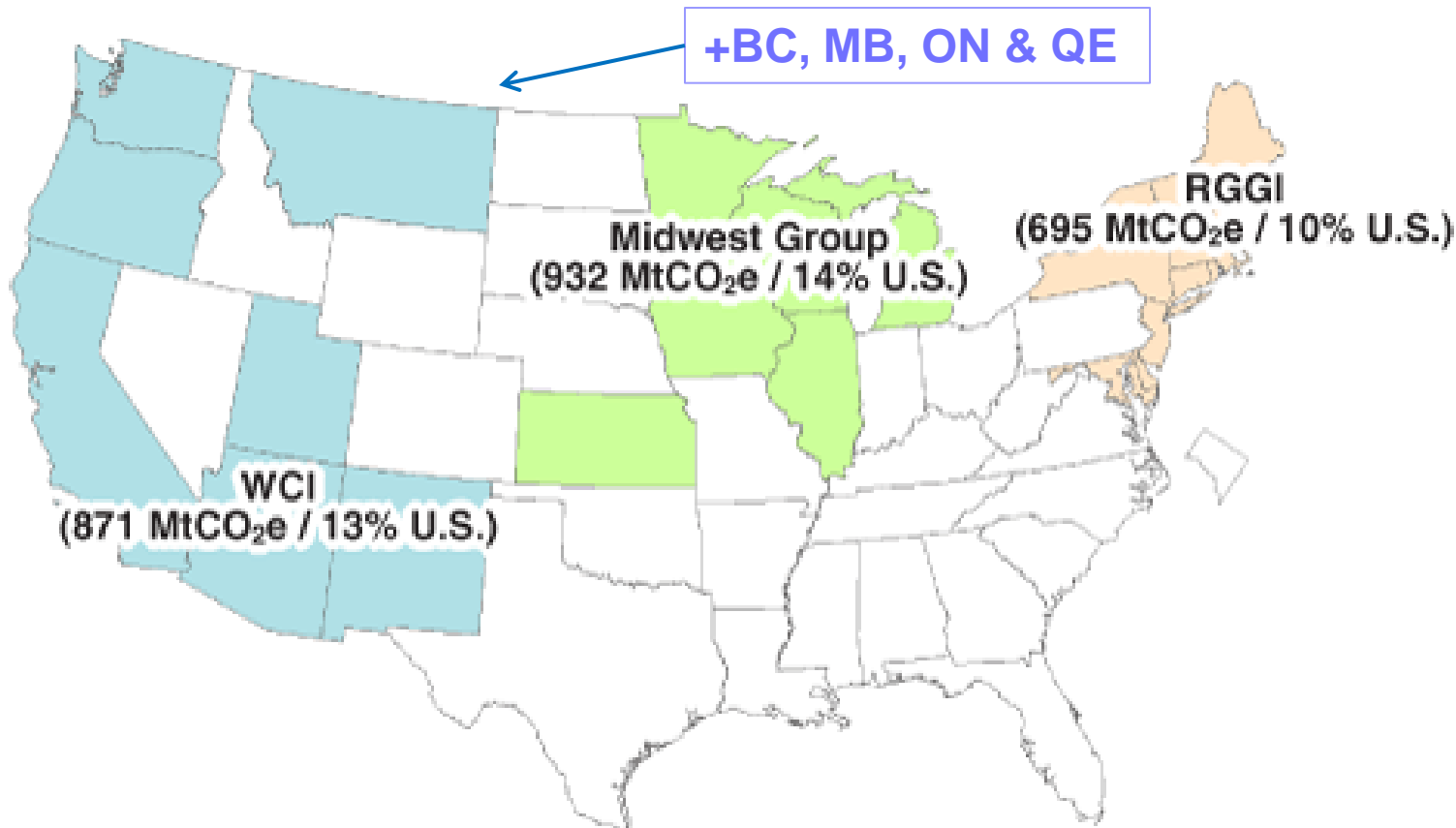
- 2012 comprehensive review established in implementing regulations
- Everything on the table
 - Cap level and duration
 - Scope – imports, smaller sources, other GHGs
 - Price controls
 - Offsets



Sources: RGGI Emissions Data, RGGI IPM Modeling Results, and ENE Analysis

Going Forward?

- Federal regulation of GHGs under Clean Air Act
- State laboratories back to work...



Contact Information

Peter Shattuck

Carbon Markets Policy Analyst

(617) 742 0054 x103

pshattuck@env-ne.org

Environment Northeast

Rockport, ME / Portland, ME / Boston, MA

Providence, RI / Hartford, CT / Ottawa, ON, Canada

www.env-ne.org

