



# The Regional Greenhouse Gas Initiative (RGGI)

## What is RGGI?

- RGGI is the nation's first regional program that sets a declining limit on carbon dioxide pollution, and generates funding for clean energy by requiring owners of fossil fuel power plants to pay for their climate changing pollution.
- This is not a carbon tax — it is a fee that will be paid by power plant polluters
- Based in the Northeast and Mid-Atlantic, it is a cap-and-invest system\* that applies to CO2 emissions from electric power plants that produce 25 megawatts of power or more.
  - The amount of carbon pollution that plants can emit declines 3% per year from 2020-2030.
  - Pollution permits (called 'allowances') are regularly auctioned to power plants. One allowance is equivalent to one ton of CO2.
- RGGI provides the framework for Pennsylvania to invest in clean energy and energy efficiency programs to save people money, and create homegrown jobs with family-sustaining wages all while addressing a changing climate by cutting carbon pollution.
- Ten states currently participate in RGGI: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont (Virginia will officially begin participating in 2021).

## What are the benefits of RGGI?

Pennsylvania's participation in RGGI was common sense before the pandemic, and it makes even more sense now amidst the COVID crisis as it creates a path toward a more stable climate, healthier air, a robust energy economy, and lower electricity bills.

A poll conducted last year found that 79 percent of Pennsylvanians support a proposal to zero out carbon pollution from power plants, with Pennsylvanians overall preferring lawmakers who support strong action to combat climate change.

## Acting on Climate

- We need to cut greenhouse gas emissions in half by 2030 and eliminate them from our economy by 2050. RGGI is a critical first step Pennsylvania must take to do our fair share to address and mitigate a changing climate.
- A changing climate will not wait for us to act sometime in the future. We must act and implement RGGI now to prepare ourselves against the most severe impacts. The longer we wait, the more challenging the changes that we need to make will become.
- RGGI states have been able to successfully reduce emissions while growing the region's economy. Over the period 2005-2013, RGGI states experienced a carbon reduction of over **40% from electricity generation** while the regional economy grew by 8%.

\* A cap-and-trade system: is a type of carbon price that is used to reduce GHG emissions. A market-based mechanism, this system provides a financial incentive for electricity providers to dispatch cleaner, lower-emission sources of energy. Cap-and-trade systems place an overall limit (cap) on GHG emissions from an emission source(s), which is partitioned into emission allowances that may be bought and traded.

## Health impacts

- As a result of the state's polluting power plants, Pennsylvanians are exposed to high levels of air pollution. These plants spew carbon dioxide as well as dangerous sulfur dioxide, smog-forming nitrogen oxides, and particulates. Reducing carbon pollution from these plants will also clean up the air we breathe.
  - Asthma, cardiovascular disease, COPD, and other respiratory diseases impact PA residents by the thousands, lead to premature deaths, make people more likely to die if they contract COVID-19, and create millions in annual healthcare costs. Cleaner air will reduce these impacts.
- RGGI creates incentives for cleaner energy generation significantly reducing emissions from SO<sub>2</sub>, NO<sub>x</sub>, and mercury — resulting in nearly **\$5.7B in health benefits**, including healthcare savings since 2008.

## Clean Energy Economy

- Participation in RGGI will bring in hundreds of millions of dollars per year from fossil fuel polluters to Pennsylvania for investment in energy efficiency programs and local renewable energy. Both offset energy costs for families and create good-paying jobs that will improve our economy across the board.
- Investing in clean energy through climate action like RGGI increases local job growth and keeps energy production right here in our state — without the cost of pollution!
- The Department of the Environmental Protection projects that RGGI revenues for Pennsylvania will total \$2.4 billion by 2030.
- From **2015-2017**, RGGI led to \$1.4B in net economic benefits across the region. Since the program began, RGGI states have experienced increased jobs, long-run electricity cost reductions, and decreased emissions.
- **GDP of the RGGI states has grown by 47%**, outpacing growth in the rest of the country by 31%.
- In that same time period, New York received \$345 million in RGGI auction proceeds. These funds have been reinvested in efforts to improve residential energy efficiency, reduce greenhouse gas emissions, promote renewable energy projects, assist low-income consumers in paying their electricity bills, and train workers for jobs in green collar careers.

- Studies have shown that the most cost-effective investment of RGGI dollars is investment in energy efficiency programs. In 2008, **RGGI states invested just \$575 million** in energy efficiency programs; by 2014, the RGGI states were investing \$1.74 billion annually, meaning lower bills, more efficient appliances and increased job growth in the industry.
  - RGGI accumulated more than **\$2.5 billion in revenue** over the first 8 years. From 2008-2013, 67% of the RGGI proceeds were used for efficiency, greenhouse gas reductions, renewable energy, or electricity bill assistance.

## Affordability

- A stronger RGGI will fund programs that help families use less energy, therefore spending less on housing and electricity costs and keeping people from having to choose between spending money on energy, food and medical care.
  - A nonpartisan firm, Resources for the Future, found if proceeds are invested in a combination of energy efficiency projects and customer bill rebates, the average residential bill is projected to decrease by \$1.45 per month, saving customers about \$17 a year.
- From 2008-2017 **electricity prices dropped by 5.7%** in the RGGI states as they went up by 8.6% throughout the rest of the country. Electricity *bills* can be reduced even more by investing in efficiency and reducing the *amount* of electricity consumed.

**We know it works:** Using data from other states as examples, we know that RGGI works! With ten other states participating in the program now, there have been proven economic, and pollution-reducing benefits in each of the states where it has been implemented.

## What can I do to support RGGI?

- Sign our petition telling Governor Wolf you support his effort to cut carbon pollution and join RGGI
- Sign up to speak at a virtual public hearing
- Write a Letter to the Editor of your local paper
- **Contact:** Tom Schuster, Clean Energy Program Director, Sierra Club Pennsylvania Chapter, [tom.schuster@sierraclub.org](mailto:tom.schuster@sierraclub.org) (814) 915-4231

## Sources

Analysis Group, [The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States](#)

Acadia Center, [The Greenhouse Gas Initiative: 10 Years in Review](#)

Ceres, [The Green Gas Initiative: A Fact Sheet](#)

PA Department of Environmental Protection: [Interstate Pollution Transport Reduction Subchapter E. CO<sub>2</sub> Budget Trading Program](#)

Sierra Club National  
2101 Webster Street, Suite 1300  
Oakland, CA 94612  
(415) 977-5500

Sierra Club Legislative  
50 F Street, NW, Eighth Floor  
Washington, DC 20001  
(202) 547-1141

[sierraclub.org](http://sierraclub.org)  
[facebook.com/SierraClub](https://facebook.com/SierraClub)  
[twitter.com/SierraClub](https://twitter.com/SierraClub)

