RGGI Will Cut Consumer Energy Costs and Drive Increased Federal Investment in PA

HOW DOES RGGI WORK?

The Regional Greenhouse Gas Initiative (RGGI) is a market-based collaboration between Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia aimed at reducing climate pollution in the power sector. RGGI is the first market-based emissions trading mechanism to be implemented in the United States. Under the program, power plants purchase allowances for each ton of carbon pollution emitted; proceeds from these auctions are in turn allocated to clean energy investments to further cut pollution and reduce energy costs. The program design is meant to ensure least-cost, economically efficient emissions reductions, providing strong incentives to power producers to reduce climate pollution.

New independent analysis from Synapse Energy Economics finds that RGGI would deliver

$1.5 BILLION

in reduced energy costs.

RGGI WILL LOWER ENERGY COSTS AND HOUSEHOLD UTILITY BILLS

The Synapse analysis finds that from 2025-2030 RGGI will:

- Generate $1.5 billion in reduced energy costs for Pennsylvania's residents, businesses, and industrial sector as the Commonwealth invests billions in auction revenues towards lowering electricity bills and funding clean energy programs.
- Decrease utility costs by $24 per year for the average household.
- Stabilize energy prices. From 2021 to 2022, residential electricity rates in Pennsylvania increased by 9 percent due in part to volatile gas prices.

Since the start of the program, each dollar of auction revenue in RGGI states has created almost four dollars of consumer energy bill savings on average.[1] An independent study in 2023 concluded that in 2018 to 2020, participating RGGI states gained $669 million in net economic benefits.[2]

Download the full report: evrgn.co/RGGI

1 — The Regional Greenhouse Gas Initiative. 2022. The Investment of RGGI Proceeds in 2020. Pages 14—15. Available at: https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2020.pdf.

2 — Analysis Group. 2023. The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States. Available at https://www.analysisgroup.com/globalassets/insights/publishing/2023-ag-rggi-report.pdf.

FEDERAL FUNDING AT RISK

The Inflation Reduction Act (IRA) extends the current federal investment and production tax credits (ITC and PTC) for solar and wind energy until 2025, and establishes a new technology-neutral ITC and PTC for all zero-carbon (and some very low-carbon) electricity generation technologies, from 2025-2032. Larger tax credits are available for projects utilizing American-made steel and iron and meeting strong labor standards like prevailing wage and apprenticeship utilization. Finally, Pennsylvania stands to particularly benefit from a 10% bonus tax credit for energy projects in communities that have historically been home to significant numbers of fossil fuel jobs.

RGGI makes clean energy even more competitive relative to fossil fuels because clean renewables like wind and solar have no fuel costs, produce no emissions, and therefore do not need to purchase allowances. Greater renewable deployment will bring in more federal tax credits, which can help power local economies and fund clean energy jobs while keeping consumer energy costs low.

The analysis from Synapse finds that from 2023-2039:

- Increased deployment of solar, wind, and battery storage due to Pennsylvania's participation in RGGI brings $930 million of additional IRA tax credits to Pennsylvania that would not be realized if Pennsylvania were to withdraw from the program
- By implementing RGGI, the Commonwealth will benefit from a total of $2.2 billion in IRA tax credits from the construction of in-state renewable energy