

October 26, 2022

Submitted via E-Mail

Karen G. Sabasteanski
Department of Environmental Quality
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Re: Comments on the Notice of Intended Regulatory Action (NOIRA) to Repeal CO₂ Budget Trading Program as required by Executive Order 9 (Revision A22)

Dear Ms. Sabasteanski,

The American Council for an Energy-Efficient Economy (ACEEE) welcomes this opportunity to provide comments to the Virginia Department of Environmental Quality (DEQ) in response to the above-referenced notice of intended regulatory action (NOIRA) to repeal the CO₂ budget trading program. ACEEE supports Virginia's participation in the Regional Greenhouse Gas Initiative (RGGI) and strongly requests that the Virginia Air Pollution Control Board does not withdraw the state from RGGI.

ACEEE is a nonprofit research organization based in Washington, D.C. that conducts research and analysis on energy efficiency. ACEEE is one of the leading groups working on energy efficiency issues in the United States at the national, state, and local levels. We have been active on energy efficiency issues for more than four decades. For many years, ACEEE has provided technical assistance on energy efficiency topics to various stakeholders in Virginia and recently offered comments on the 2022 Virginia Energy Plan.

Energy efficiency programs reduce energy costs and protect health, making them a powerful tool for mitigating longstanding inequities experienced particularly by marginalized and underserved communities. Proceeds generated from RGGI's quarterly auctions yield millions of dollars of funding that can be used to invest in energy efficiency programs in historically underserved communities. These investments can help ensure an equitable distribution of benefits and avoid placing disproportionate cost burdens on already disadvantaged communities.¹ In short, RGGI makes energy affordable for low-income Virginians, in alignment with the objectives of the 2022 Virginia Energy Plan.

In recognition of the importance of investing in energy efficiency for marginalized communities, the Clean Energy and Community Flood Preparedness Act requires Virginia to

¹ Nadel, S., Gaede, J., and Haley, B. 2021. State and Provincial Efforts to Put a Price on Greenhouse Gas Emissions, with Implications for Energy Efficiency. Washington, DC: ACEEE and Efficiency Canada. aceee.org/research-report/i2101.

allocate half of its RGGI proceeds to low-income energy efficiency housing programs. In 2021, these proceeds amounted to \$114 million.² Specifically, these funds are administered by the Department of Housing and Community Development and go towards the Housing Innovations in Energy Efficiency (HIEE) program. HIEE provides funding to the Weatherization Deferral Repair (WDR) program and the Affordable and Special Needs Housing (ASNH) program to tackle energy efficiency improvements for both new and existing housing.

The WDR program provides crucial health and safety repairs (new roofs, repairing mold and leak damage) for homes that have been deferred from the federal Weatherization Assistance Program (WAP).³ WAP provides funding to make low-income homes more energy efficient, but households are often deferred from the program due to health and safety hazards, such as severe moisture problems or structural damage, that make weatherization difficult or unsafe.⁴ Using WDR to address preexisting conditions that need to be remediated prior to weatherization lowers the energy burden⁵ for low-income households and allows them to reap the benefits of living in safe homes.

The ASNH program uses RGGI dollars to develop new affordable housing and renovate existing affordable housing units. Developers that receive this funding must work to greatly increase the energy efficiency performance of the units.

Virginia's participation in RGGI reduces energy bills for the state's most vulnerable residents by offering affordable, healthy, and efficient housing. From 2008–2017, other states that participated in RGGI saw a decline in electricity prices by 5.7% while other non-RGGI states saw electricity prices rise by 8.6% during the same time period.⁶ In addition to lowering energy bills and costs, RGGI is also a job creator and improves overall air quality and health from decreased pollution. In 2020 alone, investments in energy efficiency using RGGI proceeds created 1,400–1,500 job-years for states involved in the cap-and-invest program.⁷ Other analyses have shown that from 2009–2017, RGGI generated over \$4 billion in net economic benefits and resulted in more than 44,000 job-years.⁸ Virginians deserve to have these economic benefits of RGGI, and Virginia should avoid taking steps that will jeopardize these benefits. ACEEE urges

² Virginia. 2021. "Virginia Clean Energy and Community Flood Preparedness Act: A Joint Report to Governor Ralph Northam and the General Assembly of Virginia." rga.lis.virginia.gov/Published/2022/RD33/PDF

³ DHCD (Virginia Department of Housing and Community Development). "Weatherization Deferral Repair (WDR)". dhcd.virginia.gov/wdr

⁴ NASCSP (National Association for State Community Services Programs). "Deferrals." nascsp.org/wap/waptac/wap-resources/health-safety-resources/deferrals/

⁵ The term *energy burden* refers to the share of household income that is spent on energy bills.

⁶ The Acadia Center. 2019. *The Regional Greenhouse Gas Initiative: 10 Years in Review*. acadiacenter.org/wp-content/uploads/2019/09/Acadia-Center_RGGI_10-Years-in-Review_2019-09-17.pdf

⁷ RGGI, Inc. 2022. *The Investment of RGGI Proceeds in 2020*. www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2020.pdf

⁸ Hibbard, P., S. Tierney, P. Darling, and S. Cullinan. 2018. *The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States: Review of RGGI's Third Three-Year Compliance Period (2015 – 2017)*. Boston: Analysis Group.

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

the Air Pollution Control Board to reject any efforts to withdraw Virginia's participation in RGGI. We welcome the opportunity to provide further information.

Sincerely,

A handwritten signature in blue ink that reads "Sagarika". The signature is written in a cursive style with a small flourish at the end.

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