

Ms. Karen G. Sabasteanski
Virginia Department of Environmental Quality
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Dear Ms. Sabasteanski:

October 26th, 2022

On behalf of our over 83,000 members and supporters in Virginia, Environmental Defense Fund (EDF) appreciates the opportunity to comment on the Virginia Department of Environmental Quality's (DEQ) Notice of Intended Regulatory Action for the State Air Pollution Control Board (Board). EDF is a leading international, non-partisan, nonprofit organization dedicated to protecting human health and the environment by effectively applying science, economics, law and innovative private-sector partnerships.

EDF urges the Board to reject attempts to remove Virginia from the Regional Greenhouse Gas Initiative (RGGI) – a multi-state initiative to reduce carbon pollution – through regulatory action, particularly because the Board does not have the authority to do so.¹ We support Virginia's continued participation in RGGI, and we urge the Board to reject efforts to permanently repeal the program and defer to the General Assembly on this question as the Board does not have the legal authority to end Virginia's participation in this program. Our comments are organized as follows:

- I. Introduction**
- II. Virginia's Participation in RGGI is Clearly Required by Law**
- III. Virginia is Being Impacted by Climate Change Now**
- IV. RGGI has a Long History of Providing Economic Benefits to Participating States**
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- VI. RGGI Yields Critical Emissions Reductions**
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- VIII. Public Support**
- IX. Conclusion**

I. Introduction

The Regional Greenhouse Gas Initiative (RGGI), a market-based, multi-state climate program throughout the Northeast and Mid-Atlantic, has been driving progress towards a cleaner power sector for over a decade now. In 2020, Virginia's General Assembly passed Senate Bill 1027 titled the Clean Energy and Community Flood Preparedness Act which outlined details related

¹ Schneider, G. S. (2022, September 9). Democrats accuse Youngkin of sidestepping state law on environmental plan. The Washington Post. <https://www.washingtonpost.com/dc-md-va/2022/09/09/virginia-youngkin-rggi-democrats-greenhouse/>

to RGGI.² Participation in this program is yielding progress in reducing climate pollution³ as well as providing bolstered funds for existing programs that help protect Virginians from devastating floods. Participation in RGGI has also helped save electric ratepayers money by lowering their energy usage through low-income energy efficiency and weatherization programs.⁴

II. Virginia's Participation in RGGI is Clearly Required by Law

Virginia Code Section 10.1-1330 requires the Commonwealth's executive branch and agencies to implement the state's RGGI regulation. Indeed, the General Assembly ratified the RGGI regulation,⁵ with certain specified changes, when it enacted the Virginia Clean Energy and Community Flood Preparedness Act in 2020. Va. Code § 10.1-1330(A).⁶ The agencies could not at that time seek to rescind a regulation ratified by the legislature, and there is no basis in the statute for revisiting the legislature's decision. On the contrary, other provisions in this section confirm an ongoing obligation to carry out the RGGI regulation.

Section 10.1-1330(B) authorizes the Executive Director (Director) of the Department of Environmental Quality (DEQ) to "establish, implement, and manage an auction program to sell allowances into a market-based trading program consistent with the RGGI program and this article" and then requires the Director to "seek to sell 100 percent of all allowances issued each year through the allowance auction." Thus, the statute requires the sale of allowances "each year," which assumes the state's ongoing participation in RGGI.⁷

The statute also requires allowance sale revenue to be used to fund specific programs such as flood prevention and low-income energy efficiency programs. Va. Code § 10.1-1330(C). This allocation of funding further emphasizes that participation in RGGI is required because the legislature intended that auction revenue from participation in RGGI fund specific programs enumerated in the statute.⁸

² *SB 1027 Clean Energy and Community Flood Preparedness Act; definitions, funds, report*. Virginia Legislative Information System. (2020).

<https://lis.virginia.gov/cgi-bin/legp604.exe?201+sum+SB1027>

³ DEQ. (2022). *Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation, Costs and Benefits*, <https://www.deq.virginia.gov/home/showpublisheddocument/13813/637829669069026180>.

⁴ The Regional Greenhouse Gas Initiative. (2020). *The Investment of RGGI Proceeds in 2020*, https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2020.pdf

⁵ VII of 9 Va. Admin. Code § 5-140

⁶ The bill's patron in the Senate described it as "essential to the battle against climate change." Hearing of the Senate Agriculture, Conservation and Natural Resources Committee on SB1027, at 3:00:33 (Feb. 4, 2020) (statement of Sen. Lewis).

⁷ Members of the Senate Agriculture, Conservation and Natural Resources Committee emphasized that "implementation of this bill is going to cost Dominion and other utilities money" and that "it's not a confusion. We're taxing the ratepayers \$100 million a year, and that money is going into a fund for other purposes. There ain't no confusion about it. That's the bottom line." Hearing of the Senate Agriculture, Conservation and Natural Resources Committee on SB1027, at 3:06:12 & 3:44:36 (Feb. 4, 2020) (statements of Sen. Obenshain & Sen. Stuart).

⁸ The bill's patron in the Senate noted that it "gives us some significant resources to battle the results of climate change and flooding, which is of tremendous importance to us." Hearing of the Senate

Finally, § 10.1-1330(D) requires an annual report “describing the Commonwealth’s participation in RGGI, the annual reduction in greenhouse gas emissions, the revenues collected and deposited in the interest-bearing account maintained by the Department pursuant to this article, and a description of each way in which money was expended during the fiscal year.” If participation in RGGI were optional, this annual reporting requirement would be superfluous. Yet the General Assembly chose to include this reporting requirement, further indicating that Virginia’s participation in RGGI is required by statute.

Given the many ways the statute makes it clear that participation in RGGI is required by Virginia law, neither the Board nor DEQ has the legal authority to end participation in RGGI. The agencies’ authority and actions are bound by Virginia’s statutory requirements—requirements that only both houses of the General Assembly and the Governor, acting in concert, may alter.

III. Virginia is Being Impacted by Climate Change Now

RGGI has a long-proven record of emission reductions since the beginning of the program. A fact that DEQ acknowledged in its own report to the Governor about the proposed withdrawal from RGGI.⁹ Continuing in this program would help Virginia achieve its stated goal of achieving a net-zero carbon economy by 2050.¹⁰

With unprecedented droughts, wildfires, floods and heat waves impacting communities nationwide, it’s clear to Virginians that climate change is no longer a distant threat. The state has experienced eight different billion-dollar disaster events (three tropical cyclones, four severe storms, and one winter storm) in 2021 alone.¹¹ It’s not just storms threatening Virginia; August 2022 was the hottest August recorded in North America and the second warmest August globally.¹² Historic flooding is happening across the country and new data reveals the emergence of an “extreme heat belt” from Texas to Illinois, where the heat index could reach 125°F at least one day a year by 2053.¹³ By 2030, some coastal areas in the Southeast and Mid-Atlantic may also experience days with a heat index above 125°F.

Agriculture, Conservation and Natural Resources Committee on SB1027, at 3:01:56 (Feb. 4, 2020) (statement of Sen. Lewis).

⁹ DEQ. (2022). *Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation, Costs and Benefits*, <https://www.deq.virginia.gov/home/showpublisheddocument/13813/637829669069026180>

¹⁰ Reuters Staff. (2020, March 6). *Virginia passes bill to achieve 100% carbon-free power by 2045*. Reuters. <https://www.reuters.com/article/us-usa-virginia-renewables/virginia-passes-bill-to-achieve-100-carbon-free-power-by-2045-idUSKBN20T2OF>

¹¹ NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2022). <https://www.ncei.noaa.gov/access/billions/>, DOI: 10.25921/stkw-7w73

¹² Rosenthal, Z., & Patel, K. (2022, September 15). *Earth just experienced one of its warmest summers on record*. The Washington Post. Retrieved October 20, 2022, from

<https://www.washingtonpost.com/climate-environment/2022/09/15/hottest-summer-august-world/>

¹³ Wilson, B., Porter, J. R., Kearns, E. J., Hoffman, J. S., Shu, E., Lai, K., Bauer, M., et al. (2022). High-Resolution Estimation of Monthly Air Temperature from Joint Modeling of In Situ Measurements and Gridded Temperature Data. *Climate*, 10(3), 47. MDPI AG. Retrieved from <http://dx.doi.org/10.3390/cli10030047>

These climate-powered disasters are a national security concern as well as an environmental one. The Hampton Roads area in southern Virginia is home to dozens of military installations, including Naval Station Norfolk, the world's largest naval facility which supplies 46% of the regional economy¹⁴; in the 2020 fiscal year alone, the Navy spent nearly \$15.8 billion in Hampton Roads¹⁵. Secretary of Defense Lloyd J. Austin III visited the Naval Station Norfolk in 2021 and reiterated the national security sector's worries that the planet's changing climate will have a dramatic effect on their missions, plans and installations, especially on the Atlantic coasts. Over the last 100 years, average sea level — as measured by a National Oceanic and Atmospheric Agency (NOAA) tide gauge that has been in place for a century at Naval Station Norfolk — has risen 18 inches. According to NOAA projections, it is expected to rise a further one to three feet by 2050. Funds brought in from RGGI auctions go towards bolstering Virginia's coastal resilience and flood preparedness, ensuring military operations can continue to be run smoothly in the Hampton Roads region and defense communities continue to thrive.¹⁶

Withdrawing from RGGI would mean removing the only existing source of funds for programs that help Virginian communities build resilience in the face of flooding and other climate threats. Only the General Assembly has the authority to cut off this vital funding source.

IV. RGGI has a Long History of Providing Economic Benefits to Participating States

Virginia is ranked 10th in the nation for clean energy employment with 88,370 jobs.¹⁷ Clean energy industries are poised for growth as Virginia continues to invest in its clean energy economy through RGGI. Analyses of the RGGI program have shown that growing jobs in the clean energy economy, reducing pollution, and investing in workers and local communities has substantial net benefits. One analysis found that over its first three compliance periods, RGGI created nearly 16,000 job-years in the region and in that same period added \$1.4 billion of value to the economy.¹⁸ According to a new analysis of RGGI through 2017, the program has created over \$4 billion in net economic gains and over 44,000 job-years of employment.¹⁹

¹⁴ *Modeling and simulation in Hampton Roads - Old Dominion University*. Old Dominion University . (2012). Retrieved October 26, 2022, from <https://www.odu.edu/content/dam/odu/offices/economic-forecasting-project/docs/2012-sor-modelsim.pdf>

¹⁵ Navy's economic impact in Hampton Roads nearly \$15.8 billion as global pandemic took hold. (2022, February). <https://cnrma.cnmc.navy.mil/>. Retrieved from [https://cnrma.cnmc.navy.mil/Portals/81/CNRMA/Documents/Economic_Impact/economic_impact_\(FY2020\).pdf](https://cnrma.cnmc.navy.mil/Portals/81/CNRMA/Documents/Economic_Impact/economic_impact_(FY2020).pdf)

¹⁶ DOD Navy confront Climate Change Challenges in southern Virginia. U.S. Department of Defense. (2021). <https://www.defense.gov/News/News-Stories/Article/Article/2703096/dod-navy-confront-climate-change-challenges-in-southern-virginia/>

¹⁷ E2. (2021). E2 - good for the economy. good for the environment. E2. <https://e2.org/wp-content/uploads/2021/04/E2-2021-Clean-Jobs-America-Report-04-19-2021.pdf>

¹⁸ Analysis Group. (2018). *The Economic Impacts of the Regional Greenhouse Gas Initiative on nine Northeast and Mid-atlantic states*. <https://www.analysisgroup.com/Insights/cases/the-economic-impacts-of-the-regional-greenhouse-gas-initiative-on-northeast-and-mid-atlantic-states/>

¹⁹ Acadia Center, *The Regional Greenhouse Gas Initiative 10 Years in Review*. (2019). https://acadiacenter.org/wp-content/uploads/2019/09/Acadia-Center_RGGI_10-Years-in-Review_2019-09-17.pdf

Virginia has received approximately \$452 million in cumulative proceeds since its first auction in March 2021. The Virginia Code mandates that 45% of those funds for their statewide Community Flood Preparedness Fund and 50% supports low-income energy efficiency programs.²⁰

Program-wide, 18% of 2020 RGGI investments and 14% of cumulative RGGI investments went to clean and renewable energy projects across all participating states, which are expected to return over \$600 million in lifetime energy bill savings while also avoiding the release of over 1.7 million short tons of CO₂. Direct bill assistance programs, also a priority investment area for RGGI, received 19% of 2020 RGGI investments and 16% of cumulative RGGI investments, and have returned over \$37 million in credits or assistance to consumers. Investments from RGGI have saved money for participants on energy bills, while creating jobs and reducing carbon emissions. These investments are projected to save participants an estimated \$2 billion over their lifetime on energy bills, while also avoiding the emission of 6.7 million short tons of CO₂.²¹

Federal Investment Opportunity

Virginia also stands to receive historic investments from the passage of the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA). The BIL allocated approximately \$65 million for weatherization and \$5.5 million to help prevent outages and make the power grid more resilient in Virginia. The IRA helps consumers by making it more affordable for Virginia families to purchase energy efficient appliances, make repairs around their homes, and save money on their utility bills each month through new tax credits and rebates.

RGGI's policies work in tandem with federal investment programs and indeed Virginia will miss out on being a leader in the clean energy economy if it goes backward on state policy at the very moment that the federal government and businesses are injecting hundreds of billions into spurring the clean energy economy. Analysis from EDF also shows that federal programs will catalyze hundreds of billions of dollars in clean energy investment from the private sector.²²

Virginia Electricity Bills

As of this summer, about 1 in 6 American households were behind on utility bills, as energy prices rose to the highest level in nearly 15 years.²³ Gas provides about 37% of electricity in the US and the price of gas has *tripled* since the middle of last year. The U.S. Energy Information Administration (EIA) also forecast in the September report that average residential electricity

²⁰ Virginia DEQ. Carbon Trading. (n.d.). <https://www.deq.virginia.gov/our-programs/air/greenhouse-gases/carbon-trading>

²¹ Regional Greenhouse Gas Initiative, Inc. (2022). *The Investment of RGGI Proceeds in 2020*. https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2020.pdf

²² Environmental Defense Fund. (2022), *Private Investment Leveraging Provisions in the Inflation Reduction Act of 2022*. https://www.edf.org/sites/default/files/documents/IRA_Private_Equity_Leverage_Brief.pdf

²³ Wade, W. (2022, August). As price of natural gas surges, so do household energy bills. PBS. <https://www.pbs.org/newshour/show/as-price-of-natural-gas-surges-so-do-household-energy-bills>

prices for this year would be 7.5% higher than in 2021, largely due to high natural gas prices.²⁴ Virginians have the 10th highest average monthly residential electricity bills in the country. In 2022, Virginians paid on average \$148.15 per month for residential electricity – \$11 above the national average. In 2022, Virginia's electricity price was 13.53 cents/kWh compared to 12.02 in 2020.²⁵

Renewables like solar panels can deliver power to 650 homes for one hour at \$31 to \$111 a megawatt-hour, according to Lazard, a financial investment firm. By comparison, natural gas peaking plants deliver power at \$122 to \$162 a megawatt-hour.²⁶ In Virginia in 2020, natural gas accounted for 61% of Virginia's utility-scale electricity net generation, nuclear supplied 29%, renewables, mostly biomass, provided 6%, and coal fueled less than 4%.²⁷

There are many factors that contribute to the price of wholesale electricity, but the cost of fuel for fossil-fuel generators is an important driver.²⁸ As noted by the EIA:

“Wholesale prices are especially tied to natural gas prices because natural gas-fired units are often the most expensive (marginal) generators dispatched to supply power. The natural gas price at the Henry Hub averaged \$8.14/MMBtu in May 2022, 180% higher year on year, according to the EIA, which expects the price of natural gas delivered to electric generators to average \$8.81/MMBtu this most recent summer, a jump of 124% from summer 2021.”²⁹

Rising natural gas prices is one reason Dominion and Appalachian Power customers should expect a cost increase. In September 2022, the State Corporation Commission approved the increase for Dominion, which went into effect provisionally on July 1.³⁰ According to estimates, the average residential customer, defined as a household using 1,000 kilowatt-hours of

²⁴ Bond, C. (2022, September). E&E News: Electricity prices take biggest leap in 41 years. <https://subscriber.politicopro.com/article/eenews/2022/09/14/electricity-prices-take-biggest-leap-in-41-years-00056421>

²⁵ The saveonenergy.com electricity bill report: Who paid the most, least? Electricity Bills By State Monthly Report - October 2022| SaveOnEnergy®. (2022, October). <https://www.saveonenergy.com/resources/electricity-bills-by-state/>

²⁶ Singh, D. pal. (2020). *Levelized cost of energy and of storage 2020*. Lazard.com. <https://www.lazard.com/research-insights/levelized-cost-of-energy-levelized-cost-of-storage-and-levelized-cost-of-hydrogen-2020/>

²⁷ U.S. Energy Information Administration - EIA - independent statistics and analysis. EIA. (2021). <https://www.eia.gov/state/?sid=VA>

²⁸ EIA expects significant increases in wholesale electricity prices this summer. Homepage - U.S. Energy Information Administration (EIA). (2022). <https://www.eia.gov/todayinenergy/detail.php?id=52798>

²⁹ Robinson, J. (2022, June 13). *Henry Hub Cash nears \$9/MMBTU as heat wave extends into Central US*. S&P Global Commodity Insights. <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/061322-henry-hub-cash-nears-9mmbtu-as-heat-wave-extends-into-central-us>

³⁰ Carson, F. (2022, September 16). SCC approves fuel rate increase for Dominion Energy. Virginia SCC - New Releases. <https://www.scc.virginia.gov/getattachment/2c0187d7-230d-404f-8367-eb6cbf7bd7fe/2022.pdf>

electricity per month, will see their monthly bill increase by \$14.93. Dominion says this is due to the increase in its fuel factor.

It is clear that RGGI is not the driver of the rising electric prices we have seen in Virginia and elsewhere – rather, it is our current, fossil-fuel dependent system that is one of the major drivers. Cleaning up our grid by deploying generation that does not have volatile fuel prices, like wind and solar, is a critical part of the solution to clear our air, protect our climate, and benefit consumers. If the administration is concerned about customer costs, we respectfully recommend that, instead of pursuing a misguided repeal of the RGGI rule, it develops a comprehensive plan that both achieves emission reductions to decarbonize the power sector and moves the Commonwealth to cost-effective, clean energy.

V. Community Flood Preparedness Fund & Long-term Funding

In Virginia, 45% of RGGI auction proceeds go to the statewide Community Flood Preparedness Fund (CFPF).³¹ RGGI is the sole source of revenue for the statewide CFPF, which is the only dedicated state funding source for critical flood resilience planning and project implementation for localities, tribes, and soil and water conservation districts across Virginia. RGGI has generated \$203.5 million for the CFPF since Virginia started receiving auction proceeds in 2021. Of this, nearly \$46 million has been awarded to more than 40 localities, from Buchanan County in Southwest Virginia to Petersburg, Alexandria, and the Eastern Shore.

The CFPF funds capacity-building initiatives that most federal grant programs do not, providing critical planning resources that allow localities to pursue larger project implementation requests. The CFPF can also be used as a local match for federal grant programs, making Virginia applicants more competitive for national programs. Without a reliable, adequate, and long-term funding source like RGGI to keep money flowing in the CFPF, localities will be unable to complete necessary flood resilience planning, studies, and implementation they need to address current and future flood risk.

Notably, 25% of CFPF monies are set aside for low-income geographies and the CFPF prioritizes implementation of nature-based solutions. Low-resourced communities already experiencing increasing flood risk can't afford to leave this money on the table. Pulling Virginia out of RGGI would strip away critical funding that local governments need, disproportionately harming under-resourced, small and rural communities who do not have the capacity to address flood risk on their own.

VI. RGGI Yields Critical Emissions Reductions

Across the RGGI region, CO₂ emissions have dropped dramatically, thanks in large part to fuel-switching (away from the dirtiest power plants), improved energy efficiency, and growing renewable energy output.

³¹ DCR. (2022). Community Flood Preparedness Fund Grants and Loans DCR. Community Flood Preparedness Fund grants and loans <https://www.dcr.virginia.gov/dam-safety-and-floodplains/dsfpm-cfpf>

A 10-year report from The Acadia Center says emissions from the plants covered by RGGI are down 47% since 2009, when the program launched – outpacing the rest of the nation by 90%. Even while cutting emissions, the gross domestic product of RGGI states still grew by 47%, faster than the rest of the country, which grew by 31%.³²

In Virginia specifically, the data is clear that RGGI reduces emissions: RGGI cut Virginia power-plant carbon emissions by 13% in its first year alone.³³ In 2020, carbon emissions in RGGI-covered units reached 32,755,842 short tons of CO₂ and declined to 28,623,530 short tons of CO₂ in 2021 even while demand increased. As carbon pollution from power plants decreases, Virginia is seeing co-benefits from the reduction of co-pollutant emissions like nitrogen oxide (NO_x) and sulfur dioxide (SO₂): in-state SO₂ emissions fell by 204 tons (13%), and in-state NO_x emissions fell by 1,608 tons (19%) between 2020 and 2021. The Youngkin administration has even admitted the importance of RGGI in a recent report,³⁴ concluding that RGGI “has a long track record of emission reductions since the beginning of the program.”

Participation in a state or regional carbon market with an overall cap on emissions, like RGGI, provides a high degree of certainty and durability that emissions reductions will be achieved year-over-year. As stated by Virginia’s DEQ, “an emission reduction program or combination of programs will be required to meet the Commonwealth’s climate goals of the [Virginia Clean Energy Act] and the 2045 net-zero carbon emissions goal. In the absence of any such program, emissions may not reduce sufficiently to achieve these goals.”³⁵

The RGGI program sets annual emissions caps ensuring a gradual decline in emissions across the participating states. Because emissions are not allowed to exceed the allotted amount, the cap creates a high level of certainty that emissions are reduced consistent with program design. Since the beginning of the program through 2020, RGGI has avoided more than 49.5 million short tons of carbon emissions in participating states.³⁶ By remaining in RGGI as a participating state, Virginia will be able to drive down overall emissions by an additional 30% from 2020 to 2030.³⁷ Participating in RGGI means that Virginia can achieve its clean energy economy set forth in the Virginia Clean Economy Act of 2020. The act requires that Virginia transition its utilities to renewable energy by 2050.

³² Spiegel, J. E. (2021, April 1). Power Plant emissions down 47% under the Regional Greenhouse Gas Initiative " Yale climate connections. Yale Climate Connections. <https://yaleclimateconnections.org/2020/01/power-plant-emissions-down-47-percent-under-the-regional-greenhouse-gas-initiative/>

³³ Clean Air Markets Program Data (2022). U.S. Environmental Protection Agency. <https://campd.epa.gov/>

³⁴ Virginia Department of Environmental Quality (2022, March 11). Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation Costs and Benefits. <https://www.deq.virginia.gov/home/showpublisheddocument/13813/637829669069026180>

³⁵ *Ibid.*

³⁶ The Regional Greenhouse Gas Initiative, Investments of RGGI Proceeds in 2020. (2022). https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2020.pdf

³⁷ See RGGI, Summary of RGGI Model Rule Updates (Dec. 19, 2017), *available at* https://www.rggi.org/sites/default/files/Uploads/Program-Review/12-19-2017/Summary_Model_Rule_Updates.pdf

Participation in RGGI gives Virginia the greatest certainty that the state will reach its emission reduction goals. A declining limit on greenhouse gas emissions, alongside other essential emission reduction regulations, provide the most reliable pathway for Virginia to meet its goal of net-zero emissions by 2045. Meeting this target is essential for Virginia to avoid the worst impacts of climate change, such as coastal flooding, displacement of up to 400,000 homes due to sea level rise,³⁸ and billions of dollars to repair and replace homes and roads destroyed by increasingly frequent and intense storms.³⁹ By participating in RGGI, Virginia can mitigate these impacts along with the other participant states.

When well-designed, a firm, declining cap on emissions provides the greatest possible certainty of meeting greenhouse gas reduction targets. This pollution limit, set by the emissions budget for covered sources, is the most essential feature of the cap-and-trade program. The relative role of the cap-and-trade program compared to sector-based policies as the “primary driver” for emission reductions is less important than the role the cap plays in ensuring that emissions do not exceed the allotted budget, and the stringency of the budget itself. The cap should act as the backstop to keep Virginia on track to its climate goals. If other state programs help achieve greater reductions than expected, then there is less pressure on the cap; but if other programs deliver fewer reductions, the cap remains the state’s “insurance policy” to make sure emissions continue to decline at the pace required.

VII. RGGI Provides Health Benefits to Virginians

Virginia currently has 10 cities and counties not meeting national health-based standards for ground-level ozone pollution⁴⁰ (see figure 1), impacting 2.3 million Virginians.⁴¹ When carbon pollution is reduced, there are often significant reductions of other health-harming pollution, including ground-level ozone (smog) and soot. Power plants, transportation, industrial, and other sources contribute to emissions that impact air quality. According to EPA data, the power plants in Virginia covered by RGGI were responsible for 1,228 short tons of SO_x and 6,125 short tons of NO_x pollution in 2021.⁴² As RGGI reduces carbon pollution across the region, communities will also benefit from declining levels of soot and smog. DEQ’s analysis of the final RGGI rule showed reductions of NO_x, SO₂, and PM_{2.5}, amounting to tens of millions in monetized benefits over the life of the program.

Figure 1

³⁸ Commonwealth of Virginia, *supra* note 3; Howard Botts, Thomas Jeffery, Wei Du, Morgan Suhr, 2014 CoreLogic Storm Surge Report, 5 (July 2014), https://www.eenews.net/assets/2014/07/10/document_cw_01.pdf.

³⁹ *Ibid.*

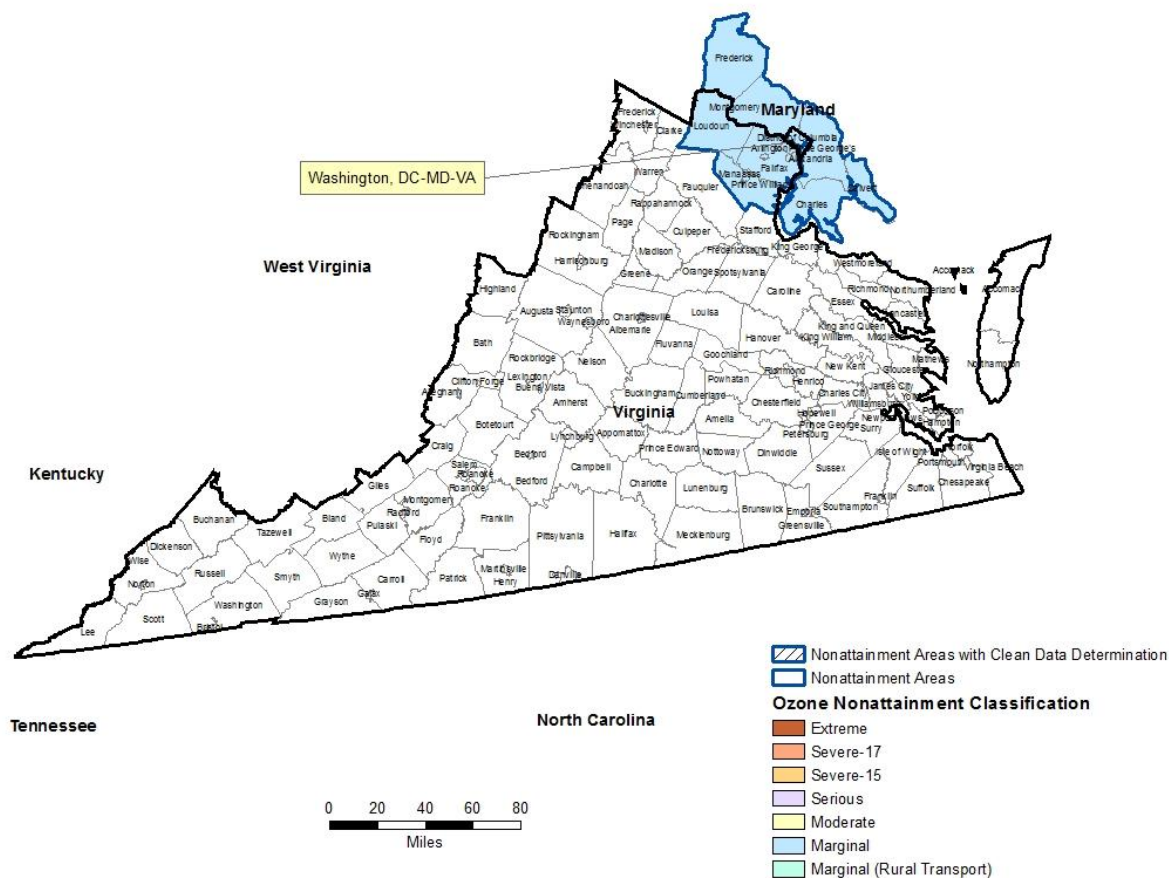
⁴⁰ U.S. EPA (2022), Current Nonattainment Counties for All Criteria Pollutants, <https://www3.epa.gov/airquality/greenbook/ancl.html#VA>

⁴¹ U.S. EPA (2022), 8-Hour Ozone (2015) Nonattainment Areas by State/County/Area, <https://www3.epa.gov/airquality/greenbook/jncty.html>

⁴² U.S. EPA (2022), Clean Air Markets Program Data, <https://campd.epa.gov/data/custom-data-download>

Virginia 8-hour Ozone Nonattainment Areas (2015 Standard)

09/30/2022



Source: U.S. EPA⁴³

A study by leading scientists found that reduced levels of soot pollution due to RGGI from 2009-2014 benefited children's health, including avoiding cases of asthma, preterm births, cases of autism spectrum disorder and more harmful health impacts. The avoided costs of these health impacts on children are estimated at \$191-350 million.⁴⁴

Additionally, the Administration should consider the Environmental Justice impacts of its plan to roll back RGGI and the emission reductions that would be lost as a result. As previously noted by DEQ:

“[n]ew laws passed by the General Assembly and signed by the Governor established that it is the policy of the Commonwealth to advance environmental justice. Further,

⁴³ U.S. EPA, Virginia 8-Hour Ozone Nonattainment Areas. https://www3.epa.gov/airquality/greenbook/va8_2015.html

⁴⁴ Perera, F., Cooley, D., Berberian, A., Mills, D., & Kinney, P. (2020, July). Co-benefits to Children's health of the U.S. Regional Greenhouse Gas Initiative. National Institute of Environmental Health Sciences. <https://ehp.niehs.nih.gov/doi/10.1289/EHP6706>

DEQ's statement of policy (§10.1-1183, Code of Virginia) was amended to make environmental justice an explicit part of DEQ's mission."⁴⁵

VIII. Public Support

Virginians, like others across the country, are increasingly concerned about climate change and expect their leaders to act. A 2022 poll from Christopher Newport University showed that about 67% of Virginia voters want to stay in the RGGI program.⁴⁶

The Commonwealth joined RGGI after a lengthy round of public comment periods and public meetings where hundreds of concerned Virginians showed their support for reducing carbon emissions. Once the public comment period ended, the Virginia General Assembly held a vote that catalyzed RGGI into law. The State Senate voted 22-18 and the House of Delegates voted 51-47 to successfully pass the legislation. Recently, 61 state legislators, more than a third of the General Assembly, signed onto a letter addressed to the Board opposing Gov. Glenn Youngkin's proposed withdrawal of Virginia from RGGI.⁴⁷

IX. Conclusion

Ending Virginia's participation in RGGI will have a cascading effect that will derail the progress that the State has made in reducing carbon emissions and endanger the 2050 net-zero carbon economy goal that the Commonwealth has set. Leaving RGGI would strip away critical funding that local governments need and disproportionately harm under-resourced, small and rural communities who do not have the capacity to address flood risk on their own.

Virginia's participation in RGGI is required by law. As such, only the General Assembly has the power to withdraw Virginia's participation. Consistent with DEQ and the Board's responsibility to uphold the Constitution of the Commonwealth of Virginia, we urge both the Board and DEQ to reject efforts to permanently repeal the program.

Thank you for your consideration of these comments.

Sincerely,

Caroline Jones
Mandy Warner
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⁴⁵ Virginia DEQ, <https://www.deq.virginia.gov/home/showpublisheddocument/1813/637425424131330000>

⁴⁶ Bromley-Trujillo, D. R. (2022, October 12). *State of the Commonwealth 2022*. Christopher Newport University. <https://cnu.edu/wasoncenter/surveys/archive/2022-02-21.html>

⁴⁷ Woods, C. R. (2022, September 8). 61 Dems say Virginia's participation in RGGI is up to Legislature. Richmond Times-Dispatch. https://richmond.com/news/state-and-regional/govt-and-politics/61-dems-say-virginias-participation-in-rggi-is-up-to-legislature/article_86e0f575-2dc6-5e30-9b39-fa056de7a9f2.html