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CONSERVATIVES FOR RESPONSIBLE STEWARDSHIP

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Ms. Karen G. Sabasteanski
Virginia Department of Environmental Quality
P.O. Box 1105
Richmond, Virginia 23219
E-mail: karen.sabasteanski@deq.virginia.gov

Dear Ms. Sabasteanski:

On behalf of our members and supporters in Virginia, Conservatives for Responsible Stewardship (CRS) 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). CRS is a Virginia-based national organization of more than 20,000 conservatives who care about conservation and take our energy policy cues from current market trends.

CRS strongly urges the Board to reject the administration's market-defying effort to remove Virginia from the Regional Greenhouse Gas Initiative (RGGI). Beyond the Board's clear lack of authority to repeal existing law (*Virginia Code Section 10.1-1330 requires the Commonwealth's executive branch and agencies to implement the state's RGGI program*), pulling out of RGGI would most certainly lead to higher energy bills for Virginians.

The reason is that RGGI encourages utilities to diversify their energy mix with sources—such as wind, solar, and nuclear—that are trending cheaper and, unlike natural gas, are not vulnerable to price spikes due to events overseas.

Overreliance on natural gas is the [leading cause of higher energy bills](#) nationwide. Utilities across the nation are [hiking electric bills](#) to recoup costs they incurred when natural gas prices spiked last year, due to higher demand for U.S. liquefied natural gas (LNG) exports.

As conservatives, we believe in following the market, and in today's energy market coal and natural gas have become the most expensive sources of energy. Electricity generation from coal is more expensive due to the high operating and maintenance cost of aging plants. The price of electricity from older natural gas plants is also rising due to higher operation and maintenance costs.

With few exceptions, electricity generated by gas and coal is currently selling for between \$45 and \$100 per megawatt hour (MWh), while solar generated electricity combined with battery storage is selling in some states for less than \$20 per MWh. The price of wind and nuclear power is also beating out the price of electricity from coal and gas.

This is the energy market we live in today, and ignoring it does a great disservice to Virginia ratepayers. With the price of electricity from natural gas and coal rising, and the price of renewables and nuclear falling, this price disparity is only going to increase. That means the longer utilities rely primarily on coal and gas, the more Virginians' electric bills will rise.

Without RGGI, which is patterned after the successful Reagan/Bush program to address acid rain, Virginia's monopoly utilities have less incentive to transition to cheaper, more price stable energy sources that are also carbon free. They can simply pass along the higher costs onto their customers.

While some have suggested that RGGI results in higher bills, nothing could be further from the truth. In fact, states participating in RGGI have lower energy prices than non-RGGI states.

The one issue that needs to be fixed in Virginia, is that monopoly utilities should not be allowed to pass regulatory compliance costs onto their customers. Those costs, if born by the utility and its shareholders, provide extra incentive for them to diversify more quickly with cheaper and cleaner energy sources.

Furthermore, pulling out of RGGI will not only increase electric bills, it will also increase the tax burden for Virginians. Funds generated by RGGI are used for necessary flood control and other resilience projects. Without RGGI, tax dollars will have to fund those projects, which will ultimately require increasing state or local taxes.

The kneejerk opposition to RGGI is baseless and there is nothing conservative about it. This market-friendly program is proven to reduce energy costs for utility customers while also providing important funding to protect communities from flooding and improve energy efficiency.

We believe, as do our fellow conservative Virginia members, that RGGI helps keep electricity prices low and provides other important benefits for the state. We also believe that Virginia's participation in RGGI is required by law, and as such, only the General Assembly has the power to withdraw Virginia's participation.

For all of these reasons, we urge both the Board and DEQ to reject efforts to permanently repeal the program.

Thank you for your consideration of these comments.

Sincerely,


David Jenkins
President