



March 28, 2023

Karen G. Sabasteanski
1111 East Main Street, Suite 1400
P.O. Box 1105
Richmond, VA 23218

Re: "Repeal CO2 Budget Trading Program as required by Executive Order 9 (Revision A22)"

Dear Ms. Sabasteanski:

Thank you for the opportunity to comment on the Department of Environmental Quality's (DEQ) proposed repeal of regulations implementing Virginia's participation in the Regional Greenhouse Gas Initiative (RGGI). The James River Association (JRA) is a member-supported nonprofit organization founded in 1976 to serve as a guardian and voice for the James River. Throughout the James River's 10,000-square mile watershed, JRA works toward its vision of a fully healthy James River supporting thriving communities. Our thousands of members and supporters have important economic, professional, and personal interests in the health of the James River. We offer these comments for the benefit of the James River and the communities that rely on it.

Every two years, the James River Association releases a comprehensive assessment of the health of the river and the ongoing efforts to restore the James. Our 2021 State of the James report found that the effects of climate change, including heavier and more frequent rainfall, will increasingly impact the overall health of the James River and our watershed communities. Virginia's participation in RGGI plays a key role in addressing these impacts by reducing carbon emissions and helping communities prepare for flooding. Absent viable alternatives for an emissions reduction program and dedicated flood resilience funding, removing Virginia from RGGI would leave the James River and our communities at greater risk, and we urge you to abandon this proposed path forward.

Rising levels of greenhouse gas emissions are driving the acceleration of climate change. The primary purpose of Virginia's participation within RGGI is to reduce greenhouse gas emissions by setting limits on pollution allowances and reducing these allowances over time. As a market-based, cap and invest cooperative initiative, RGGI has produced results. DEQ's report to Governor Youngkin regarding the costs and benefits of the Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative Participation agrees that "the RGGI region has a long track record of emissions reductions."¹ "Since its inception, RGGI emissions have reduced by more than 50% -- twice as fast as the nation as a whole -- and raised over \$4 billion to invest in local communities."² While Virginia's participation within RGGI has

¹ *Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation, Costs and Benefits*, DEQ (Mar. 11, 2022), <https://www.deq.virginia.gov/home/showpublisheddocument/13813/637829669069026180> at 13.

² *The Regional Greenhouse Gas Initiative, an initiative of Eastern States of the US*, RGGI, Inc. (Sept. 2021), https://www.rggi.org/sites/default/files/Uploads/Fact%20Sheets/RGGI_101_Factsheet.pdf.

been proximately brief, we have already realized a 16.8% reduction in CO2 emissions relative to our pre-RGGI emissions in 2020.³ Further, modeling predicts that RGGI participation, coupled with closure of remaining coal electric facilities and renewable energy generation standards, will put the Commonwealth on a path to net-zero carbon emissions by 2045.⁴ Moreover, an emissions reduction program akin to RGGI is not simply complimentary but, in fact, necessary to meet our carbon free power sector targets. As DEQ's cost and benefit report makes clear, "[i]n the absence of any such program, emissions may not reduce sufficiently to achieve these goals."⁵

Removing Virginia from RGGI would not only cripple our ability to reach our emissions reduction needs, but it would significantly handicap the resources available for communities facing localized flood risks as a result of, or exacerbated by, climate change. Currently, 45% of the proceeds received from RGGI allowances are invested in the statewide Community Flood Preparedness Fund (CFPF), the only dedicated state funding for critical flood resilience planning and projects. To date, RGGI is the sole source of revenue for the CFPF and has successfully generated over \$203 million for the Fund since Virginia's first allowance auction. Of this amount, nearly \$96 million has been awarded to more than 40 localities -- \$56 million of which was to localities completely or partially within the James River watershed. This level of state investment, unheard of until now, is greatly needed by communities from our headwaters to our coastal regions.

CFPF, and the RGGI proceeds fueling its success, can unlock doors and remove obstacles for localities needing new sources of investment. For example, CFPF can be used for capacity-building and planning initiatives that most federal grant programs will not support. These planning initiatives will help to identify and prioritize where investments can be most impactful. Additionally, with these plans in place, localities can go on to pursue larger project implementation funds made available through other state and federal initiatives. CFPF dollars can also be used as a match for federal grant programs, increasing Virginia's competitiveness on the national stage. And one out of every four dollars invested in CFPF is set aside for low-income geographic areas. Gutting CFPF's sole source of funding without a viable, reliable alternative in place would make it much harder for localities, particularly low income communities, to address the current and future flood risks threatening their homes, businesses, and natural resources. As such this repeal will negatively affect many of the most vulnerable localities across the Commonwealth, both immediately, and into the future.

No feasible alternative to RGGI has been proposed that will maintain Virginia's trajectory toward a carbon-free future and guarantee much-needed state funding for local flood resilience efforts. Actions at the 2023 General Assembly continued to affirm the public's interest in maintaining Virginia's participation in RGGI. Ultimately, RGGI remains the Commonwealth's best bet for mitigating the impacts of and preparing localities for a changing climate, which will increasingly put our rivers and our watershed communities at risk. We urge DEQ and the Air Pollution Control Board to reconsider their proposed repeal and to maintain Virginia's participation within the Regional Greenhouse Gas Initiative.

Thank you for your consideration of these comments.

³ EPA's Clean Markets Air Program Data, <https://campd.epa.gov/data/custom-data-download> (comparing 2022 emissions to 2020 emissions).

⁴ *Achieving Clean Electricity Generation at Least Cost to Ratepayers by 2045*, VA Energy (Dec 11, 2021), <https://rga.lis.virginia.gov/Published/2021/SD17/PDF>.

⁵ *Virginia Carbon Trading Rule* at 14.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas Dunlap". The signature is fluid and elegant, with a prominent loop at the end.

Tom Dunlap
James Riverkeeper