

**Rhode Island General Assembly
Senate Committee on Environment and Agriculture
Testimony on S 2747, An Act Relating to State Affairs and Government –
Rhode Island Global Warming Solutions Act**

The New England Power Generators Association (NEPGA)¹ appreciates the opportunity to provide testimony on S 2747, *An Act Relating to State Affairs and Government – Rhode Island Global Warming Solutions Act*. NEPGA applauds Rhode Island’s goal to address carbon dioxide (CO₂) emissions reductions from all sectors of the economy. In order to avoid the unintended consequences of increased greenhouse gas emissions (GHG), NEPGA urges the Committee to recognize the regional nature of power plant operations and emissions, and strongly encourages Rhode Island to work with other New England states on a regional carbon pricing solution.

NEPGA’s member companies represent approximately 25,000 megawatts (MW) of generating capacity throughout New England, and more than 1,375 MW of generation in Rhode Island, or 76% of the state’s electric generating capacity. NEPGA’s mission is to support competitive wholesale electricity markets in New England. NEPGA’s Rhode Island companies provide power for consumers from a portfolio of plants. Overall, these companies pay over \$9 million annually in state and local taxes, while providing approximately 80 well-paying and skilled Rhode Island jobs. NEPGA members are good corporate neighbors, contributing to the civic and charitable endeavors of their host communities, donating more than one hundred thousand dollars annually to charitable causes throughout the State.

Power Generators Are Reducing Emissions in Rhode Island

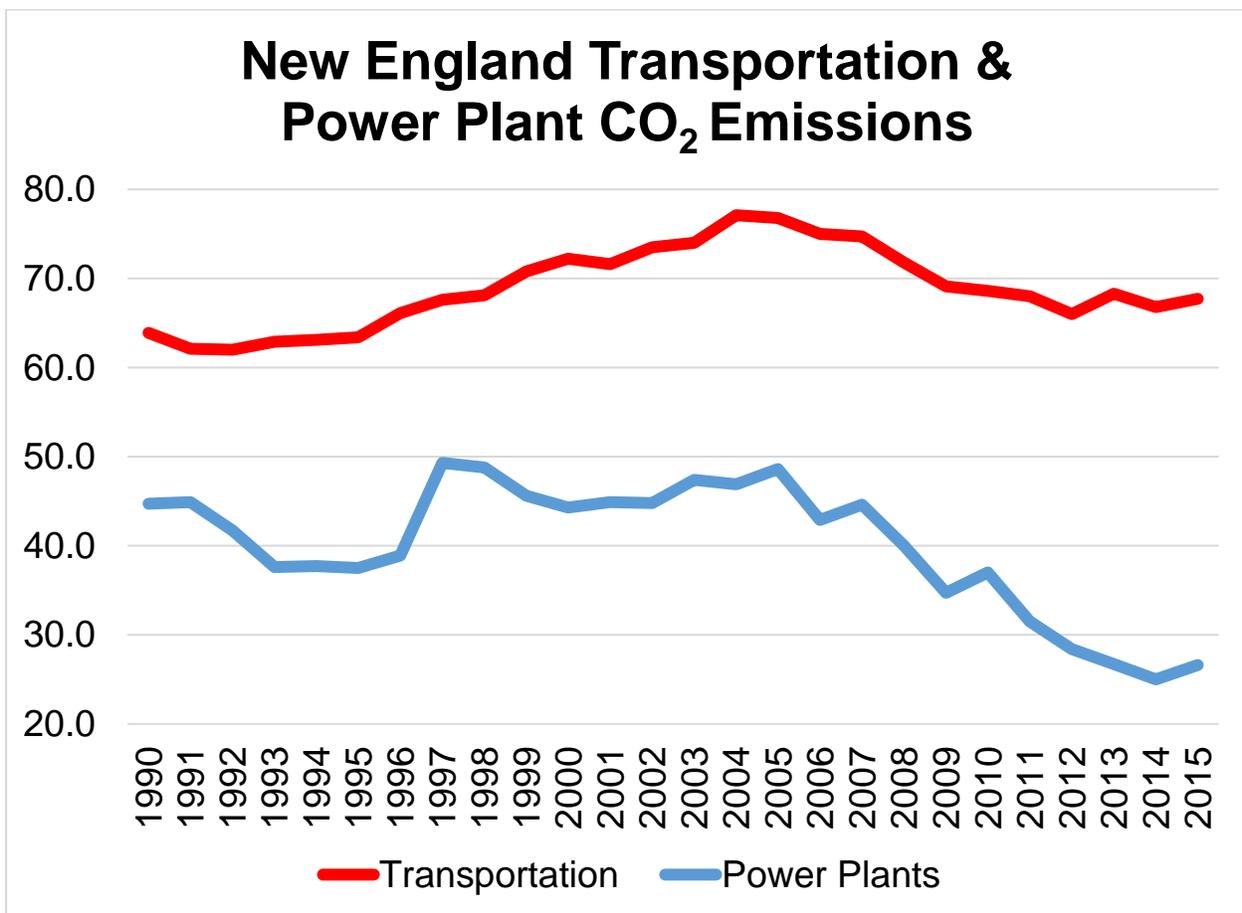
Today, facilities in Rhode Island and the other New England states that generate electricity using a carbon-based fuel participate in the Regional Greenhouse Gas Initiative (RGGI). Participation in RGGI, however, is limited exclusively to the electricity sector. Although the legislation recognizes this by allowing for a credit for a company’s RGGI payments, the bill still adds an additional burden on this sector, which has already made far greater investments to improve environmental performance than other sectors of the region’s economy. RGGI’s impact on energy savings, program rebates and emissions cannot be overstated: RGGI has already resulted in more than \$154 million in annual energy bill savings and is on track to return more than \$2.3 billion through the lifetime of the program. Most importantly, investments in RGGI are projected to reduce carbon emissions by 5.3 million short tons of CO₂ over the program’s lifetime.² Recently,

¹ The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular member.

² https://rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2015.pdf

the nine RGGI states proposed an additional 30% reduction in the regional GHG emissions cap from 2020 to 2030.³

In addition to programs like RGGI, New England and Rhode Island have already seen significant reductions in carbon emissions because of greater efficiencies following the restructuring of the region’s electricity industry. Since 1999, the efficiency (measured in heat rate) for power plants in New England improved by 22%. This means that the electricity output that used to take four plants to produce, today takes only three. According to recent data released by the U.S. Energy Information Agency (EIA), the New England electricity sector has reduced carbon emissions by 40% between 1990 and 2015.⁴ By contrast, CO₂ emissions from the transportation sector actually *increased* by more than 6% over the same period.



NEPGA appreciates S 2747’s aim to address GHG emissions from all sectors of the economy, particularly transportation, which is the largest source of emissions and is not currently subject to a regional carbon reduction policy.

³ https://rggi.org/sites/default/files/Uploads/Press-Releases/2017_08_23_Announcement_Proposed_Program_Changes.pdf

⁴ <https://www.eia.gov/environment/emissions/state/>

A State-Specific Carbon Price on Electric Generation Would Increase Regional Carbon Emissions and Put Rhode Island at a Competitive Disadvantage

NEPGA particularly appreciates recognition in the legislation of the regional nature of both emissions and the electricity market. Rhode Island power plants participate in a regional system that is designed to efficiently dispatch the lowest cost resources to reliably meet consumer demand. A state-specific price on carbon would mean that Rhode Island-based power plants would run less (because their production would be more expensive than other regional generators), yet electricity demand in the state must still be met. This means that plants outside of Rhode Island, which would not otherwise run as much if not for the Rhode Island-specific carbon price, would have to increase production to make up for the shortfall. ISO New England, the region's grid operator, recently conducted an analysis of a Massachusetts emissions regulation that imposes state-wide emissions limits on the state's power generators.⁵ That analysis showed that if Massachusetts' plants were compelled to run less often to comply with the recent regulations, emissions would increase region-wide by 34,000 to 136,000 tons of CO₂ per year.⁶ NEPGA does not believe that supporters of S 2747 intend to create a scenario that would increase overall emissions in New England in the name of reducing them in Rhode Island. If Rhode Island is committed to pricing carbon as means of reducing economy-wide CO₂ emissions, the most efficient method for doing so would be the state's participation in a regional program that spans the New England-wide electricity market, not by a patchwork of state-specific programs.

S 2747 acknowledges these leakage concerns by including an abrogation section that would repeal the legislation one year after the enactment of similar CO₂ emissions reductions programs in at least five states or by federal law. While this is a good start, the electricity market in New England is region-wide and NEPGA strongly encourages Rhode Island to work on such a regional basis. To do otherwise would impose a requirement on Rhode Island that would put these generators, their employees and the state's overall economy at a competitive disadvantage.

NEPGA thanks the Committee for the opportunity to provide testimony on this important legislation.

Sincerely,



Dan Dolan
President

⁵ 310 CMR 7.74, *Reducing CO₂ from Electricity Generating Facilities*

⁶ https://iso-ne.com/static-assets/documents/2017/02/iso_dep_comments_022017_submit.pdf