



**JUST
THE
FACTS**



Regional Greenhouse Gas Initiative: Executive Power Grab = Devastating Policy for Pennsylvania Energy Producers & Communities

The fight over Gov. Tom Wolf's unilateral efforts to force Pennsylvania into the 11-state Regional Greenhouse Gas Initiative (RGGI), first announced in October 2019, enters an important new phase in the near future, with a September 1 meeting of the Independent Regulatory Review Commission (IRRC) to consider the regulation, as well as potential legislative action and legal action to block or slow Gov. Wolf's rush to join RGGI.

PIOGA has joined a strong coalition of RGGI opponents and consistently spoken out against this proposal, which will have a devastating impact on fossil-fuel electricity generators, including natural gas-powered facilities. The process used by the Wolf Administration to force the state into RGGI is counter to the state constitution, and the negative effects it will have on electricity rates and jobs – especially in the western part of the state – make it a disastrous policy for the Commonwealth.

Here are the brief facts about RGGI, what is ahead in this battle and actions we encourage members to take at this time:

Gov. Wolf is proposing to join RGGI through regulation, without legislative authorization, which other RGGI states sought before joining the regional collaboration of states. The CO₂ emission allowance fees are, in fact, a tax, and legislative approval is required for any new taxes in Pennsylvania. If Pennsylvania was to join RGGI, it would be the only participating state that skirted legislative approval.

Pennsylvania's Air Pollution Control Act and the Uniform Interstate Air Pollution Agreements Acts do not allow the state to regulate CO₂ as an air pollutant.

The Wolf Administration has hid behind the COVID-19 pandemic and refused to hold in-person hearings in the state on RGGI, including hearings in communities that will be devastated economically by the program. Further, the Environmental Quality Board excluded the public from its July 2021 meeting where it approved joining RGGI, despite the fact that Pennsylvania's COVID emergency ended weeks earlier.

With the use of more natural gas for electricity, Pennsylvania reduced its CO₂ emissions between 2005-2018 by 33 percent without joining RGGI, well ahead of Gov. Wolf's previously stated goal of reducing CO₂ levels by 26 percent between 2005-2026.

Electricity costs in Pennsylvania will increase significantly under RGGI, as shown on the graph on page 2 with states currently in the program. Another example: the average residential electricity rate in six New England/RGGI states in 2019 was 20.72 cents/kWh. The average rate paid by consumers in Pennsylvania was about 34 percent less, at 13.96 cents/kWh.

A carbon tax will result in the rapid closure of many of Pennsylvania's coal-fired power plants, while electricity demand will remain. The void will be filled by plants in states to the south and west that will never join RGGI, and CO₂ emissions from those plants will drift east into the Commonwealth, negating air quality benefits achieved by Pennsylvania's growing reliance on shale gas as a source for electric generation.

A carbon tax will also tip the scales against developing new natural gas power plants for a long time. Investors can build facilities with ample supplies of natural gas in Ohio and West Virginia to improve the economics of those plants, avoid Pennsylvania's carbon tax and send electricity east into the Commonwealth and beyond.

What's Next

The next steps in what is emerging as an administrative vs. legislative review and enactment process are two-fold: IRRC will consider the RGGI regulation at its September 1 meeting, and the General Assembly will pursue its available legislative options by issuing formal comments to the IRRC in opposition to the regulation as well as taking up legislation to block its implementation. The House Environmental Resources and Energy Committee urged IRRC to reject the regulation in a letter following a vote during a July 28 meeting.

IRRC previously called for a one-year moratorium on joining RGGI in February. The panel's nine-page comment document requested that DEP provide additional justification for Gov. Wolf's unilateral decision to join RGGI, as well as explain how it was empowered to advance it following the rejection of the proposal at the time by DEP's Air Quality Technical Advisory Committee, Citizens Advisory Council, and Small Business Compliance Advisory Committee.

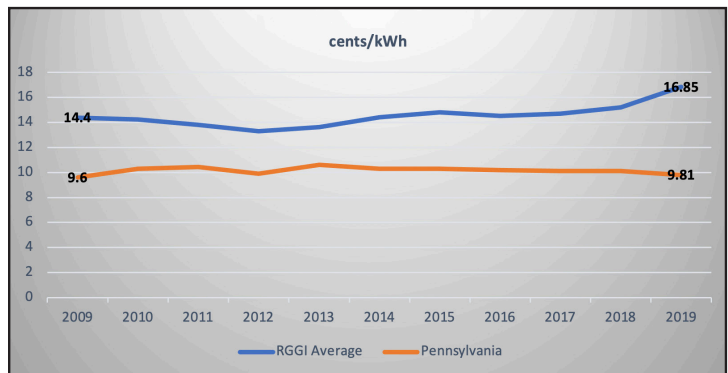
Watch for an additional email from PIOGA later this month on the September 1 IRRC meeting as we monitor developments leading up to that meeting.

The Facts are Clear:

Pennsylvania's oil and natural gas industry would feel significant and lasting negative effects if the Commonwealth joins RGGI. Legislators in the state's energy-consuming and more populated counties – primarily in the southeast and southcentral regions – appear willing to acquiesce to Gov. Wolf's efforts to force the state into RGGI without the General Assembly's concurrence. It is essential that members of the General Assembly representing energy-producing regions hear from their constituents.

PIOGA will continue its efforts fighting this proposal, and we thank you for your assistance in those efforts.

Retail Electricity Prices: RGGI State Average vs. Pennsylvania (2009-2019)



The Regional Greenhouse Gas Initiative held its first auction of carbon dioxide emissions allowances in 2008. The average price of electricity in those states steadily increased during the decade that followed. Pennsylvania's electricity costs were almost 42 percent below the average among RGGI-participating states in 2019.

Source: Energy Information Administration

Urge Legislators to Continue the Fight Against RGGI

The legislature's path to formally oppose and successfully challenge Gov. Wolf's proposal is currently less than certain, given the General Assembly's summer recess and upcoming committee and session votes, and also bears monitoring and taking action in a timely manner in the weeks ahead. At this time, PIOGA is strongly encouraging members to contact their state representative and senator to ask them to keep fighting against the adoption of RGGI, by both legislative and potential legal action, if necessary.

If you need assistance finding your state representative or senator, [click here](#) and enter either your personal or business address.



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