

Senate Environmental Resources & Energy Committee

Testimony by Secretary Dennis Davin on Economic Impact of Pennsylvania's Participation in the Regional Greenhouse Gas Initiative (RGGI)

Tuesday, August 25, 2020

Good afternoon Chairman Yaw, Chairman Santarsiero and distinguished members of the Senate Environmental Resources & Energy Committee. My name is Dennis Davin, and I have the pleasure of serving as the Secretary of the Pennsylvania Department of Community and Economic Development (DCED). Thank you for the invitation to speak about the economic and employment impacts of Pennsylvania's participation in the Regional Greenhouse Gas Initiative (RGGI). Unfortunately, I am unable to attend today's discussion, so I appreciate you allowing my submission of written testimony on the topic.

For the Committee's background, DCED's mission is to encourage the shared prosperity of all Pennsylvanians by supporting good stewardship and sustainable development initiatives across our commonwealth. With a keen eye toward diversity and inclusiveness, we act as advisors and advocates, providing strategic technical assistance, training, and financial resources to help our communities and businesses flourish. My comments today are reflective of DCED's mission as it relates to RGGI.

RGGI is the nation's first regional cap-and-invest program for greenhouse gas emissions, which caps and reduces carbon dioxide (CO₂) emissions from fossil-fuel fired power stations in ten Northeastern and Mid-Atlantic states. The initiative's two-pronged approach is intended to reduce emissions and create investments in energy efficiency, clean energy technologies, and greenhouse gas abatement. RGGI was established in 2005 and administered its first auction of CO₂ emissions allowances in 2008. The annual average CO₂ emissions from RGGI electric generation sources decreased by 45 percent between the base period of 2006 and 2017^(a).

Hearings like this are important because legislative and stakeholder input are crucial to ensuring RGGI in Pennsylvania is developed in a manner beneficial to our communities, businesses, workers, and citizens. Since Governor Wolf announced the commonwealth's intent to join this initiative, the Department of Environmental Protection (DEP) has conducted significant outreach with the legislature, business and environmental communities, partners and advisory boards. There have been and will continue to be opportunities to formally comment on policy and rulemaking as RGGI moves through the regulatory process.

What can we expect when RGGI is implemented and Pennsylvania becomes a participant in the initiative? We will see a decrease in air pollution, a reduction in healthcare costs, improved quality of life for our residents, and positive economic outcomes.

In my role as secretary, I have spent the past six years traveling across this commonwealth, hearing from dedicated community leaders about their efforts to bring new vibrancy to their hometowns. I have spoken to business owners that work tirelessly to employ happy, healthy workers and provide meaningful services and products to consumers. Economic, community, and workforce

development are critical to supporting new opportunities and growth. All three must be developed in unison, providing the necessary support to ensure our commonwealth's continued prosperity.

What's more, Pennsylvania has seen declining populations during the last few years. Communities are losing residents, and in turn, their tax base, and businesses are struggling to find workers and remain competitive. We need to keep young, talented, and hardworking individuals in our communities, but we can only do so if Pennsylvania is a place people want to stay and live – especially in the eyes of the next generation. They expect us to take active steps to mitigate climate change. If we don't do something now, they stand to leave Pennsylvania – and our future - behind.

In 2019, Governor Wolf set a goal to limit greenhouse gas emissions by 26 percent by 2025 and 80 percent by 2050. Implementing RGGI means that Pennsylvania takes a leadership role in accounting for our share of CO₂ in the atmosphere by participating in a market-based initiative that will help us reach our greenhouse gas emissions goals. While doing so, we also – over time – will help to curb some of the negative economic impacts to our residents, communities and industries that result from emissions.

RGGI includes proceeds to the commonwealth that are generated by facilities and investors who buy carbon allowances in the RGGI auctions. This will result in a new source of investment funding for the commonwealth. DEP has proposed that the proceeds generated by RGGI be allocated to investments in renewable energy, energy efficiency, and greenhouse gas abatement.

To help ensure the investments are the most impactful, the Governor has tasked DCED with looking at other potential investment scenarios more specifically targeted at workforce and community and economic development. These investments, however, would require action by the legislature to implement.

It is our shared responsibility, as elected and appointed public officials, to ensure that our commonwealth is home to thriving communities where people want to live, work, and play. RGGI presents us with an opportunity to turn our vision to the future. Thank you again for the opportunity to provide comment for today's hearing. I look forward to continuing the dialogue on this important initiative.

Dennis M. Davin

Secretary

PA Department of Community and Economic Development

^(a)<https://www.c2es.org/>