NEWS RELEASE

ADIRONDACK COUNCIL

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REGIONAL GREENHOUSE GAS INITIATIVE STILL BEST PROGRAM IN AMERICA FOR CURBING CARBON EMISSIONS; STILL BEST HOPE FOR GLOBAL CLIMATE
New York was a Founding Member of 10-State RGGI Program & Should Remain Committed To Support and Strengthen Current Program, while Exporting it to the Rest of the U.S. & World

ALBANY, N.Y. – The Regional Greenhouse Gas Initiative is still America's best program for reducing carbon emissions from electric power plants and New York State should remain committed to it while seeking improvements, the Adirondack Council told the NYS Department of Environmental Conservation (DEC) today.

The Adirondack Council – an environmental organization – called for a 35- to 50-percent stricter cap on carbon emissions in the 10-state region, and an increase of 50 percent in the minimum price power plants must pay to emit a ton of carbon dioxide from their smokestacks (to about $3 per ton).

The organization made its statement following a meeting of Regional Greenhouse Gas Initiative (RGGI) stakeholders at DEC's headquarters here. The meeting included other environmental organizations, energy lobbyists and power plant owners.

"The first and most important thing we need to recognize is that this program is working and all 10 participating states are committed to its success," said Brian L. Houseal, executive director of the Adirondack Council. "It is the only government-sponsored, cap-and-trade carbon dioxide control program in the nation and it is working. It should be the model for a national program, and eventually a global carbon-reduction plan."

All of the proceeds from allowance sales to New York power plants are directed to the NYS Energy Research & Development Authority, which is using the money to invest in energy conservation and clean energy production projects around the state. To date, RGGI has provided more than $35 million to NYSERDA projects.

In addition, the RGGI is proving that cap-and-trade works to reduce carbon emissions, while keeping the price of emissions reductions affordable for power plants and their customers, Houseal said. The goal of the program is a 10 percent reduction in carbon emissions by 2018, based on 2000 levels.

Under the RGGI, each state sets an emissions cap for its power plants. Plants must purchase a carbon allowance for each ton of carbon they emit. Those that reduce their carbon emissions below the allowable levels can avoid buying one allowance for every ton of carbon reductions. Those that cannot meet the carbon cap can buy additional allowances. The higher the allowance price, the greater the incentive for cleanup becomes.

"However, like all new programs, it could use a slight adjustment here and there," Houseal explained. "As we predicted at the start of the RGGI program, the regional pollution limit – or cap – is too modest. Power companies had insisted on easy-to-reach goals and lobbied hard to increase the total number of pollution allowances each state would sell to its power plants.

“There are so many allowances on the market right now, the price keeps falling below $2 per ton of carbon emitted,” Houseal said. “At the last two auctions, more than 100 million carbon allowances went unsold in the 10-state RGGI region. That’s because the abundance of allowances has depressed the price. The low price induced companies to purchase more than they needed and bank the leftovers for the future.”

Once they are purchased, carbon allowances never expire, so allowing power plants to build up huge banks of allowances will allow them to avoid cuts in future years, when the cap is expected to be lower than today. That would allow pollution levels to remain higher than the actual cap until the bank is used up.

“We propose that the RGGI reduce the carbon pollution cap for all 10 states by 35 to 50 percent,” Houseal said. “That will help to eliminate the huge bank of unused allowances by requiring companies to purchase and use more of them. At the same time, RGGI should increase the minimum bid price to $3 per ton or higher from the current minimum of $1.89 per ton.”

The market-based RGGI was first proposed in 2003 by New York Gov. George Pataki as a Northeast-based multi-state partnership, modeled after a very successful 1984 New York cap-and-trade program to control acid rain. That program was the model for the national acid rain program, established by the Clean Air Act Amendments of 1990. Stakeholders met to design the RGGI program between 2004 and 2007. The first carbon allowances were auctioned in September 2008.

Monday’s meeting was part of the stakeholder process as the RGGI states prepare for a formal RGGI program review in 2012. Any changes adopted would be implemented in 2013. RGGI is comprised New York, New Jersey, Connecticut, Vermont, New Hampshire, Maine, Massachusetts, Rhode Island, Delaware and Maryland.

The Adirondack Council is a privately funded, not-for-profit organization dedicated to ensuring the ecological integrity and wild character of the 9,300-square-mile Adirondack Park. Founded in 1975, the Council carries out its mission through research, education, advocacy and legal action. The Council’s members live in all 50 United States.

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