



Comments to the Virginia Air Pollution Control Board on Regulation for Emission Trading

To: Virginia Air Pollution Control Board
From: Business Council for Sustainable Energy
Re: Regulation for Emissions Trading
Date: July 26, 2017

On behalf of the Business Council for Sustainable Energy, I would like to commend Governor McAuliffe for taking definitive action to reduce Virginia's carbon emissions through his Executive Directive 11, "Reducing Carbon Dioxide Emissions from Electric Power Facilities and Growing Virginia's Clean Energy Economy." The Business Council for Sustainable Energy (BCSE) strongly supports this effort and has long advocated for the benefits that energy efficiency, natural gas and renewable energy can provide in fostering a low-carbon, clean energy economy.

The Business Council for Sustainable Energy, founded in 1992, is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors. It includes independent electric power producers, investor-owned utilities, public power, manufacturers, commercial end users and service providers in energy and environmental markets. The Council advocates for policies that expand the use of the broad portfolio of commercially available, market-ready clean energy technologies, products and services. The coalition's diverse business membership is united around the continued revitalization of the economy and the creation of a secure and reliable energy future for America.

The Council has long supported market-based approaches to addressing climate change and applauds Virginia's leadership in moving forward with a trading program to reduce greenhouse gas (GHG) emissions. Establishing a regulation to reduce and cap carbon dioxide through a multi-state trading program makes sense for Virginia citizens and businesses. Capping carbon from generation facilities will incentivize the use of cleaner, cheaper energy resources that promote economic development and job creation in the Commonwealth. Additionally, trading within a larger group of states will allow for greater market efficiency.

For Virginia to create a trading ready program that will enable the use of market-based mechanism and to establish limitations on CO₂ emissions, the Commonwealth will need to use the full portfolio of available clean energy technologies and services. These include energy efficiency programs that reduce energy consumption overall, cleaner burning natural gas, and incorporating the full range of renewable energy resources.

Specifically, Virginia should consider the following:

- Allow the full portfolio of clean energy technologies and resources to be utilized for compliance with carbon targets.
 - This includes rate-payer and non-rate payer programs and actions, including third party delivered energy efficiency.

- If Virginia chooses to allocate or auction allowances under its plan, it should provide allowance value to clean energy technologies and resources to spur further investment and provide clean energy market signals.
- Offsets can be used as an effective market-based flexibility mechanism to reduce costs. Existing programs should be considered for approval for use in the Virginia carbon trading market.

Initiating an emissions trading program will help continue the trend of increasing efficiency programs, renewables and natural gas and level or decreasing prices and emissions that is playing out in Virginia and across the country. The [2017 Sustainable Energy in America Factbook](#) shows that since 2007, energy productivity across the U.S. has increased 10%, meaning the American economy is growing while keeping energy consumption level. Renewables and natural gas together also now make up almost half (49%) of US electricity generation, and have accounted for over 90% of capacity build in the last 25 years. As the energy sector changes rapidly, prices are not increasing; customers across the U.S. are spending the lowest percentage of household income on energy ever recorded. Additionally, according to the most recent Department of Energy jobs data, the clean energy economy supports over 3 million American jobs.

The [2017 Virginia Energy Factsheet](#) shows that since 2010, the share of electricity generation provided by renewables and natural gas in the commonwealth has increased from 26.6% to 44.6%. At the same time, power prices in Virginia have remained below PJM and US averages, and the commonwealth has maintained a “cleaner than average” generation profile in terms of carbon emissions. DEQ’s carbon standards will send signals to the market to utilize the broad portfolio of clean energy technologies that will continue these trends and will to economic growth and job creation in these sectors.

The Council believes it is important for DEQ to be clear in deciding which technologies can be used to meet whatever carbon goals are established. It recommends that energy efficiency (including combined heat and power, waste heat to power, and utilization of waste heat recovery), the full set of renewable energy options, as well as natural gas and propane be made eligible as options for limiting of carbon dioxide (CO₂) emissions from existing power plants.

Successful reduction of Virginia’s carbon emissions will require embracing the full portfolio of clean energy and energy efficiency technologies, products and services. As the State Air Pollution Control Board crafts a plan to reduce emissions and make Virginia trading-ready, the Council urges the Air Board to recognize the carbon reducing potential of energy efficiency, natural gas, and renewable energy.

Sincerely,



Lisa Jacobson
President, Business Council for Sustainable Energy