



**Comments to the Virginia Department of Environmental Quality Regarding the Proposed
Regulation for Emissions Trading Programs – 9VAC5-140**

April 9, 2018

On behalf of the Business Council for Sustainable Energy, I would like to commend the State Air Pollution Control Board and the Department of Environmental Quality for moving forward with regulation to reduce Virginia's carbon emissions through a market-based mechanism. 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 for Virginia.

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. Emissions trading programs offer a range of benefits, including emission reductions, clean energy development, and opportunities to utilize offsets and other mechanisms to lower compliance costs.

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 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 and lower compliance costs.

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, DEQ should consider the following:

- BCSE supports the DEQ's proposal to distribute allowances to sources using an updating output-based allocation structure.
- DEQ should encourage the use of set asides granted to DMME to support of the full suite of clean energy technologies, including both supply-side and demand-side energy efficiency measures.
- RGGI states have benefitted from investing the multiyear funding from auction proceeds in clean energy, and BCSE encourages DEQ to consider a larger set aside amount, if feasible.

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 [2018 Sustainable Energy in America Factbook](#) shows that since 2008, energy productivity across the U.S. has increased 17.3%, meaning the American economy is growing while keeping energy consumption level. Renewables and natural gas together also now make up half (50%) 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; household spending on energy as a percentage of total expenditure hovers near record lows. Additionally, according to the most recent Department of Energy jobs data, the clean energy economy supports over 3 million American jobs.

Virginia can follow these national trends with the implementation of an effective carbon trading scheme. Data from Bloomberg New Energy Finance shows that just 5% of Virginia's power generation comes from renewable sources, and state utility spending on energy efficiency remains low. However, DEQ's carbon standards will send signals to the market to utilize the broad portfolio of clean energy technologies that will allow these sectors to deliver the economic growth and job creation benefits they are capable of providing given the right market structures.

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 DEQ crafts a plan to reduce emissions and make Virginia trading-ready, the Council urges the Department to recognize the carbon reducing potential of energy efficiency, natural gas, and renewable energy.

Sincerely,

A handwritten signature in black ink that reads "Lisa Jacobson". The signature is fluid and cursive, with the first name "Lisa" being more prominent than the last name "Jacobson".

Lisa Jacobson
President, Business Council for Sustainable Energy