RGGI and Energy Efficiency: Modeling/Program Administrator Perspective

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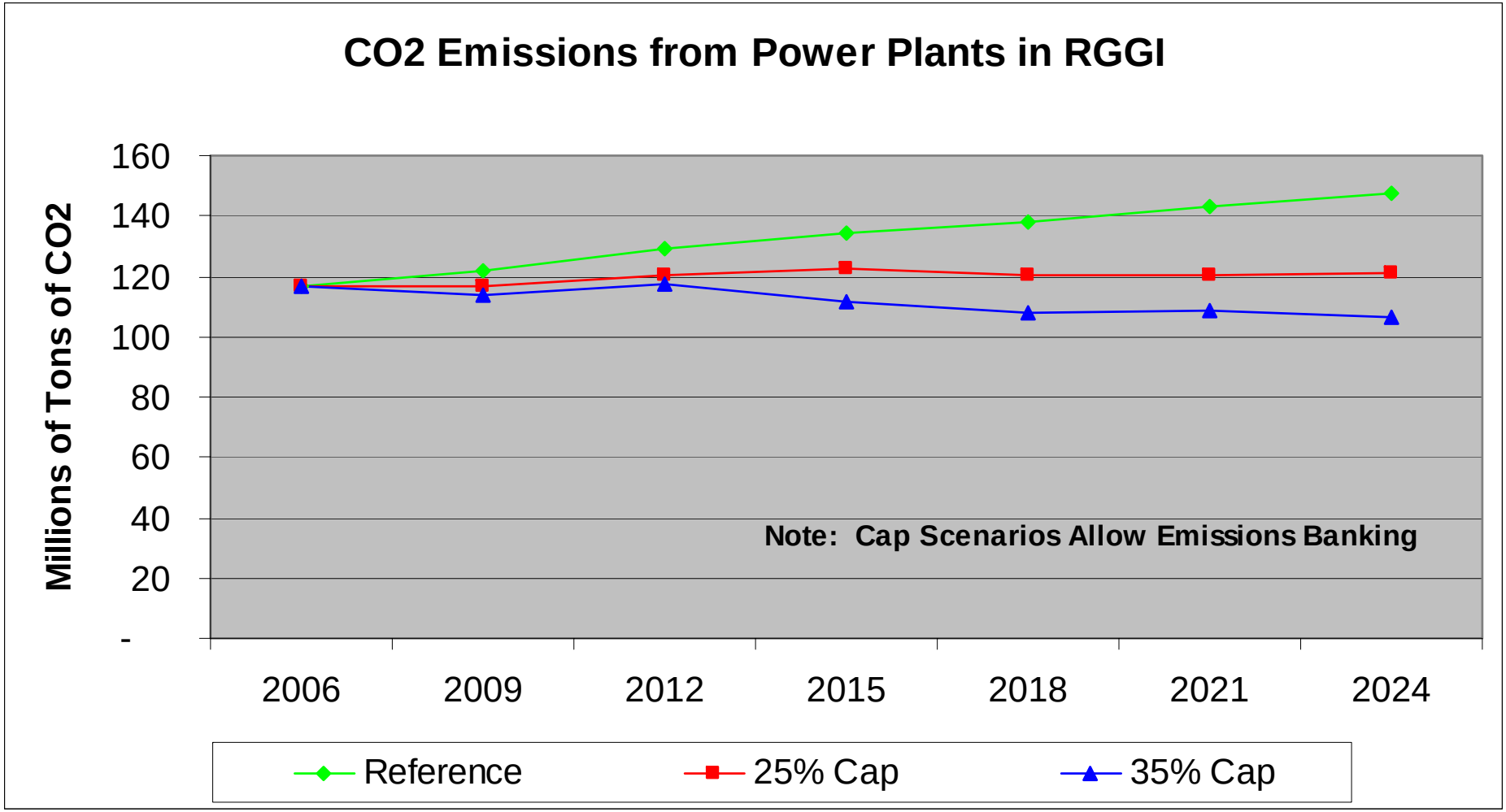
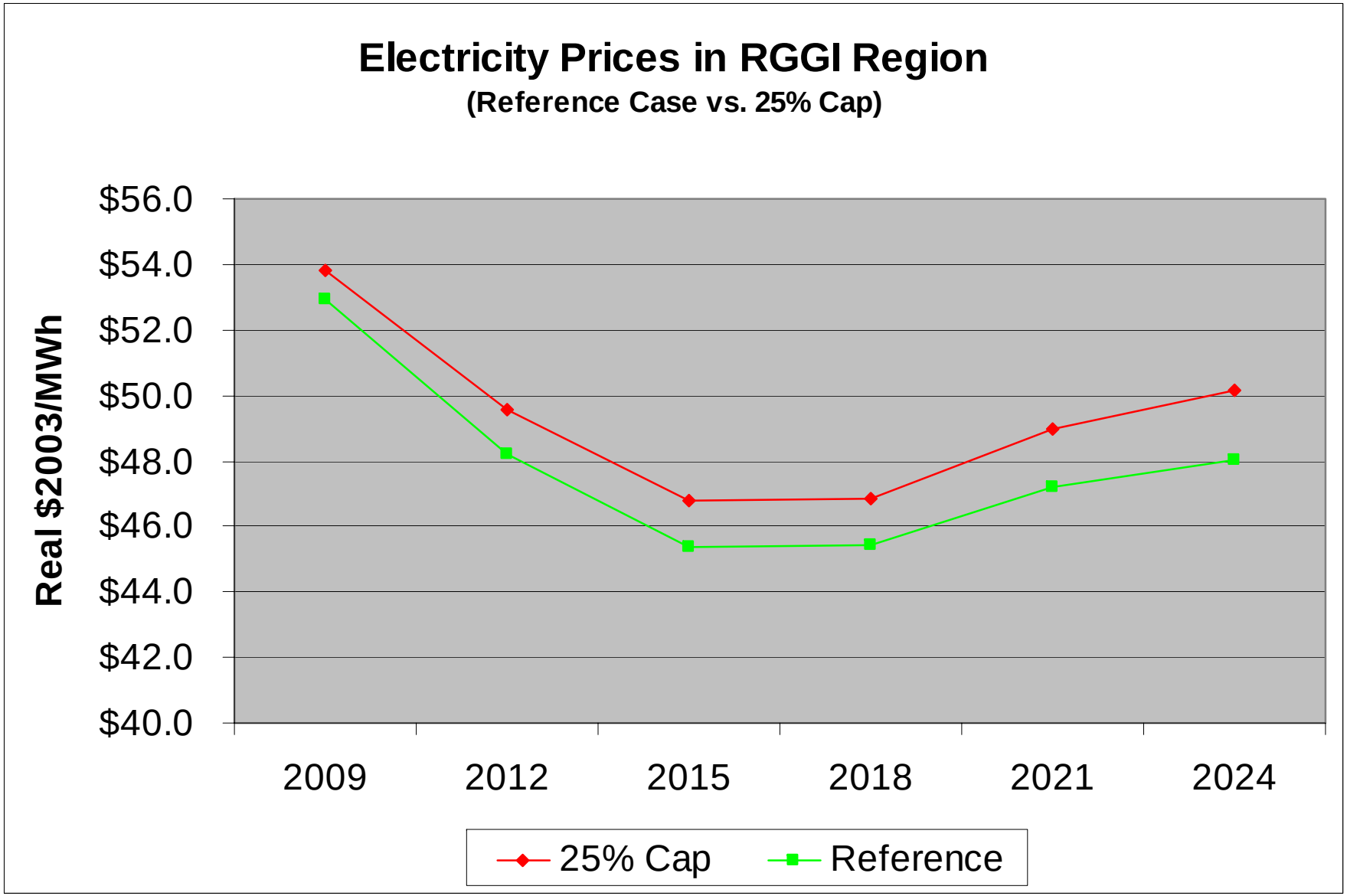
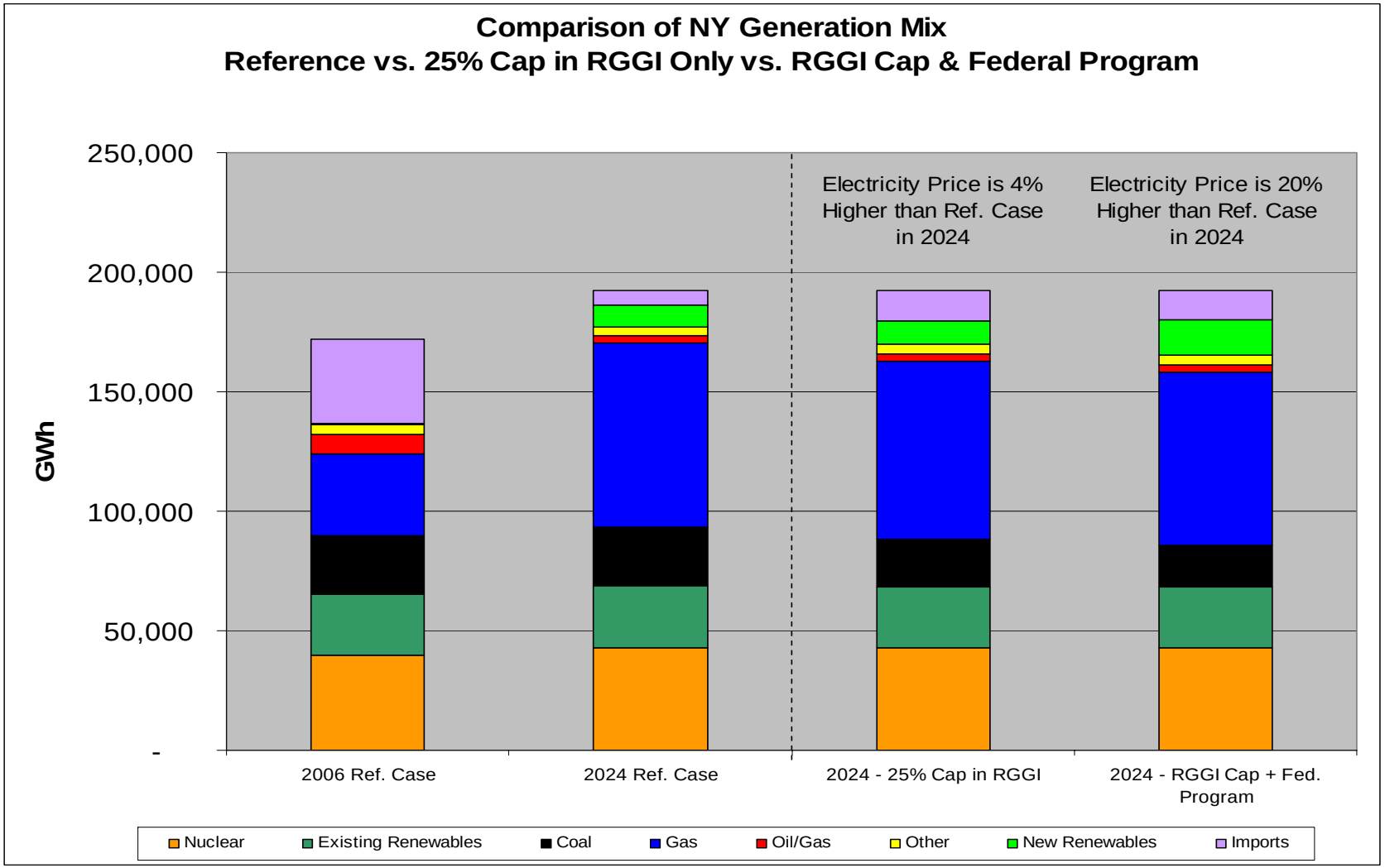
Initial SWG Recommendation is a Carbon Cap of 25-35% Below 1990 Levels . . .

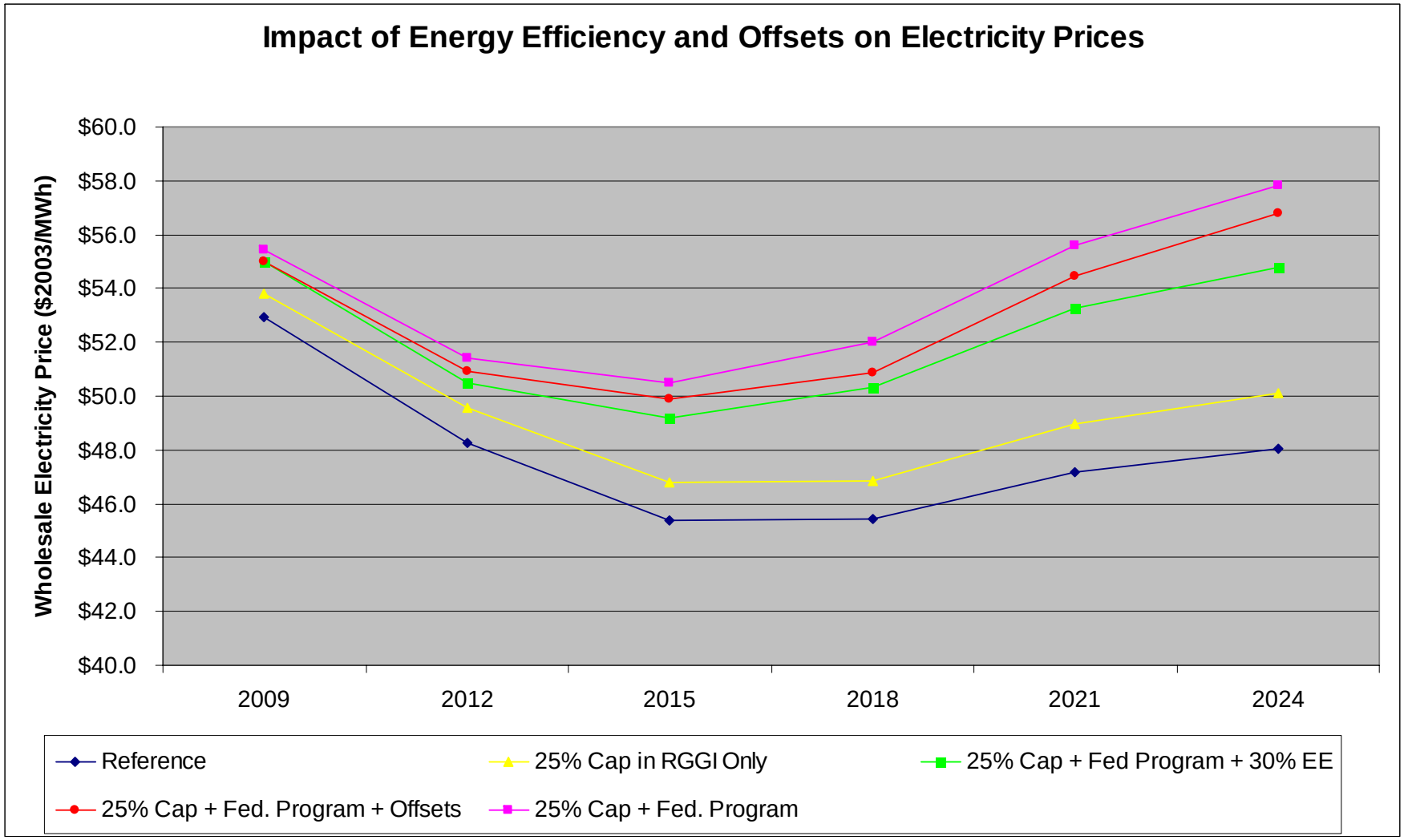


A Cap Set at 25% Below 1990 Levels is Approximately Equivalent to Permanently Stabilizing Emissions at Current Levels


Electricity Prices in RGGI Region
(Reference Case vs. 25% Cap)
Real $2003/MWh
$56.0
$54.0
$52.0
$50.0
$48.0
$46.0
$44.0
$42.0
$40.0
2009
2012
2015
2018
2021
2024
25% Cap
Reference



- **Federal Program Eliminates Emissions Leakage, but Price Impacts are Larger**
- **Expansion of Natural Gas Infrastructure Needed Under All Scenarios**


Impact of Energy Efficiency and Offsets on Electricity Prices
Wholesale Electricity Price ($2003/MWh)
$60.0
$58.0
$56.0
$54.0
$52.0
$50.0
$48.0
$46.0
$44.0
$42.0
$40.0
2009
2012
2015
2018
2021
2024
Reference
25% Cap in RGGI Only
25% Cap + Fed Program + 30% EE
25% Cap + Fed. Program + Offsets
25% Cap + Fed. Program

What role should energy efficiency play in a cap and trade program?

- Independent/complementary policies
- Offsets – Natural gas end-use
- Offsets – Electricity end-use
- Public benefit allocation

How should the model rule and/or MOU be set up to best implement energy efficiency as part of the carbon reduction strategy?

- RGGI should not be expected to single-handedly solve all our energy issues
- “Don’t let the perfect get in the way of the good.”