The Future of the Regional Greenhouse Gas Initiative

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Who We Are

The Independent Power Producers of New York, Inc. - “IPPNY”

• Founded in 1986
• IPPNY represents companies including: electric generators, power marketers, and suppliers of goods and services to the power industry, such as law firms and energy consultants that represent energy companies in state and federal proceedings.
• IPPNY Members generate approximately 75 percent of New York’s electricity, comprising over 29,000 megawatts (MW).
• Our Members produce power from natural gas, hydro, nuclear, wind, coal, biomass, waste-to-energy and oil.
IPPNY’s View of RGGI

- IPPNY supports the original **GOALS** of the program.
- IPPNY supports the ongoing development of a properly structured national greenhouse gas program.
- New York should not be competitively disadvantaged by RGGI.
- RGGI should not narrow its regional focus and instead should be expanded to other states.
- IPPNY is concerned about how RGGI allowance auction proceeds have been allocated.
- The RGGI program does not include other sectors that have higher emissions than the electricity sector.
Is RGGI Achieving Its Purpose?

Power Plant Emissions

- Emission rates reduced
  - \( SO_2 \) -- 86%
  - \( NOX \) -- 76%
  - \( CO_2 \) -- 36%

*All 2011 data is preliminary.
• The electricity sector in New York has reduced emissions 40.8 percent from 1990 – 2010.
• The transportation sector’s emissions increased 17.4 percent.
• RGGI should be expanded to other higher emitting sectors.
Use of RGGI Auction Proceeds by New York

• The cost of RGGI’s CO₂ allowances is significant, totaling over $395 million to date for New York – a cost akin to a hidden energy tax paid directly by power plant owners and eventually translated to and borne by the state’s energy consumers.

• From 2009 until 2015, only $30.6 million in funds are being provided for the power supply sector.

Data from NYSERDA’s 2012 RGGI Operating Plan for the use of RGGI proceeds
RGGI Allowance Costs

• RGGI is looking at potential new emission caps with projected allowance prices that could cost more than $10 per ton in 2020 – more than double the costs originally predicted when RGGI first was established.

• An allowance price cap is needed.
RGGI Into the Future

- Allowance prices must not exceed original RGGI modeling projections.
- Current commitments for existing program compliance should be maintained for regulatory certainty.
- The offset program should be expanded and made less cumbersome.
- RGGI should be designed to minimize leakage.
- RGGI should be expanded to other higher emitting sectors, given that electricity sector emissions are way down.
- RGGI allowance auction proceeds should be used to reduce emissions further directly from electric generating facilities.
THANK YOU!

IPPNY
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