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EDITORIAL: Virginia voters' $6 billion decision

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ON Sept. 16, Gov. Ralph Northam signed an executive order directing all executive branch agencies to "develop a plan of action to produce 30 percent of Virginia's electricity from renewable energy sources by 2030 and 100 percent of Virginia's electricity from carbon-free sources by 2050."

That's a tall order, considering that the bulk of Virginia's electricity currently comes from natural gas (53 percent), nuclear (31 percent), and coal (9 percent). According to the U.S. Energy Information Administration, only 6.8 percent of the electricity generated in the commonwealth in 2018 came from renewables, and the bulk of that was from burning biomass (mostly wood, hardly a carbon-free source of energy).

Getting from here to 30 percent carbon-free renewables in the next decade, and to 100 percent by 2050, is going to cost utilities—and consumers—a lot of money.

To achieve the governor's goals, the Air Pollution Control Board issued a regulation to join the Regional Greenhouse Gas Initiative, a non-profit corporation that administers a regional cap-and-trade system in the Northeast. The regulation went into effect June 26—after RGGI membership was defeated by Republicans in four consecutive legislative sessions.

GOP legislators inserted language in the current budget to delay Virginia's entrance in the RGGI, but that would undoubtedly change if Democrats take control of the legislature next year.

That would also mean higher electricity bills, according to the State Corporation Commission, which estimated that full membership in RGGI would cost Dominion Energy Virginia customers up to $5.9 billion in the first 10 years.

Under RGGI, utilities are given a certain amount of "free" carbon allowances (cap). But when emissions exceed the cap, which decreases every year, they have to buy more (trade) from investors at RGGI-sponsored auctions, who then "offset" them by planting trees or building solar facilities.

Cap-and-trade schemes are supposed to provide utilities with a financial incentive to decrease carbon dioxide emissions, but Dominion has already said that it will likely purchase electricity from non-RGGI states if necessary, with the higher cost passed on to its customers. As Myron Ebell, director of the Competitive Enterprise Institute's Center for Energy, has pointed out, "There are three things you need to know about cap-and-trade: It's a tax, it's a tax, it's a tax."

And while money changes hands, RGGI does not actually reduce greenhouse gas emissions, according to a 2016 report from the Congressional Research Service: "From a practical standpoint, the RGGI program's contribution to directly reducing the global accumulation of GHG emissions in the atmosphere is arguably negligible." An August 2017 study published by the CATO Institute found that the real impact of RGGI was negative economic activity tied to the higher price of electricity.

Between 2000 and 2015, utility-generated CO2 emissions in Virginia fell 16.3 percent, while RGGI states reduced their emissions 17.1 percent on average, according to the Thomas Jefferson Institute for Public Policy, which noted that, "Virginia is reducing its carbon footprint at a rate better than the nation and comparable to the RGGI states even without a cap-and-trade program."

Voters will have to decide this November whether a $6 billion energy tax in exchange for higher electricity bills, lower economic activity, and a negligible reduction in greenhouse gas emissions is a good deal for Virginia.