



Our view: State should spend RGGI money from ratepayers carefully

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The Democratic victories in fall gubernatorial elections are producing one quick change. New Jersey Gov. Phil Murphy issued an executive order directing New Jersey to rejoin the Regional Greenhouse Gas Initiative. His counterpart in Virginia has put that state on a path to becoming the first Southern state to join.

RGGI requires power producers in member states — currently nine in New England and the Mid-Atlantic — to purchase credits if they emit more carbon dioxide than a target set by the initiative. Most of the money is then distributed to member states for the purpose of funding clean-energy programs.

The initiative says that since it began in 2008, it has reduced carbon emissions in member states by a sixth more than nonmember states, according to the Associated Press. U.S. carbon emissions overall have been falling as power generation has shifted to cleaner and cheaper natural gas from other fuels.

Even this modest extra emissions reduction is disputed. An August working paper by the Cato Institute compared the RGGI states to five with otherwise similar energy policies and found “there were no added emissions reductions or associated health benefits from the RGGI program.”

No one, as far as we can tell, has provided any evidence that RGGI is effective in combating climate change. Last year, the Congressional Research Service told federal lawmakers, “From a practical standpoint, the RGGI program’s contribution to directly reducing the global accumulation of greenhouse gas emissions in the atmosphere is arguably negligible.”

But the service said the program does provide “a new source of revenue, which has been used for various policy objectives.”

The money comes from residential and business users of electricity in New Jersey, since the cost of the credits is passed to them in their electric bills. In the past, the amount returned to the state has been about \$50 million a year, and NJ Spotlight says a little more is expected after the state rejoins RGGI.

Former Gov. Chris Christie, who took the state out of RGGI nearly as quickly as Murphy is putting it back in, diverted the money already received to the state’s needy general budget. A resolution moving through the Legislature would rule that out, dedicating RGGI funds to clean energy and emissions reduction.

At the end of last year, RGGI made its carbon-reduction goal more ambitious — a 30 percent reduction between now and 2030 — so that might lead to more money for the states.

A competition for the funds already is forming, many months before any money arrives.

A state Senate committee approved a plan to spend the first \$300 million promoting the use of electric vehicles. Other options range from working toward trapping excess carbon in tidal marshes to planting trees to pull it from the air.

We think that, since ratepayers are providing the money, one good use would be a program to help make homes and businesses more energy efficient. The federal office of Energy Efficiency & Renewable Energy estimates that could cut electricity use in New Jersey by 15 percent.

The extra emissions cuts from RGGI may not amount to much, but the funding could make a difference in New Jersey if wisely spent. The choice of green programs to fund and the execution of those programs will largely determine the value of RGGI membership.