How Virginia's Green New Deal Will Add to Residents' COVID-19 Costs

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While many Virginia residents are still reeling from the effects of COVID-19, their elected officials from Gov. Ralph Northam on down are increasing their financial burdens with radical Green New Deal-style programs, energy policy analysts say.

Renewable energy mandates and restrictions on carbon dioxide emissions recently signed into law by Northam, a Democrat, are economically and scientifically unsound, these critics argue.

Supporters, however, counter that the new environmental regulations are needed to put Virginia "on the path to clean energy" and help the state combat climate change.

The "Virginia Clean Economy Act" creates renewable standards that, for example, require Dominion Energy Virginia to be 100% carbon-free by 2045 and Appalachian Power to be 100% carbon-free by 2050.

The new law also says that almost all of the state's coal-fired power plants must be closed by 2024.

The legislation was the result of "extensive stakeholder input and incorporates environmental justice concepts related to the Green New Deal," the governor's office said in April.

Tom Pyle, president of the American Energy Alliance, a Washington-based nonprofit that advocates free-market policies, argues that with the Virginia General Assembly's shift this year from Republican to Democratic control, green energy initiatives became a top priority for newly elected lawmakers at the expense of energy consumers.

"This whole situation is a stark reminder that elections have consequences," Pyle said in an interview with The Daily Signal. "The Democratic-controlled Legislature and the governor hid behind the coronavirus pandemic to sneak Green New Deal-type schemes into law that will dramatically increase energy prices for all Virginians."

"Gov. Northam continues to rely on flawed models and cites questionable evidence in support of this government makeover of Virginia's electricity options. When Virginians see their utility bills get higher in the future, they can look back to this moment and thank him," Pyle said.

New Regulations on Way

The Green New Deal refers to congressional resolutions introduced in February 2019 that call for a "10-year mobilization effort" to end the use of fossil fuels in the U.S.

Pyle's observation that "elections have consequences" also applies to Virginia's recently passed Clean Energy and Community Flood Preparedness Act, which positions the Commonwealth to join a multistate "cap and trade" program limiting carbon dioxide emissions from power plants.

When Republicans held the majority in the General Assembly, they imposed budgetary restrictions that prevented the state's Department of Environmental Quality from allocating funds to participate in the Regional Greenhouse Gas Initiative, a compact among New England and Mid-Atlantic states. Dating to 2009, the cooperative effort currently includes 10 states: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

When the budgetary restrictions that Virginia Republicans put in place last year expire in July, the Northam administration can begin to rework regulations to accommodate the Regional Greenhouse Gas Initiative and prepare Virginia to become a full member in 2021.

RGGI applies only to those power plants—more than 30 in Virginia—that generate over 25 megawatts. The Thomas Jefferson Institute for Public Policy, a Virginia thank tank that advocates less regulation and more economic freedom, reproduced a map from the Department of Environmental Quality showing which plants would have to comply with RGGI.

Bonner Cohen, a senior fellow with the National Center for Public Policy Research, contends that Northam's decision to move Virginia into the initiative when unemployment was spiking and businesses were struggling to reopen during the COVID-19 pandemic demonstrates how out of touch the political class is with average Americans.

"Virginia could hardly have picked a worse time to join RGGI," Cohen told The Daily Signal in an email, adding:

Everywhere RGGI has gone, higher electricity prices have followed. In Virginia's case, however, membership will coincide with trying to recover from the self-imposed economic collapse of the statewide lockdown. At a time when millions have lost their jobs, many of them from small businesses that may never reopen, Gov. Northam and his supporters in the General Assembly are knowingly adding to the burdens of families trying to recover from the COVID-19 lockdown.

It is a direct assault on the disposable incomes of the state's most vulnerable residents by an out-of-touch political elite. Absurdly, with natural gas abundant, reliable, and cheap, the governor chooses this moment to hitch Virginia's fortunes to taxpayer-subsidized wind and solar power, which are intermittent, unreliable, and expensive.

Increasing Energy Costs for Everyone

Under cap-and-trade measures, government officials put an upper limit or "cap" on the amount of carbon dioxide emissions that power plants are allowed to emit, but also create "allowances" within interstate auctions that may be traded back and forth among companies subjected to the CO2 caps.

The idea behind cap-and-trade is to provide energy companies with financial incentives to reduce emissions. Companies that meet or exceed emissions targets then may sell any excess allowances to companies that have not done so.

David Stevenson, director of the Center for Energy Competitiveness at the Caesar Rodney Institute in Delaware, authored a paper for the Cato Institute's Center for the Study of Science that found non-RGGI states such as Ohio, Oregon, Pennsylvania, and Texas had "lower overall price increases" than states that joined RGGI.

Stevenson also wrote another paper that argues the Regional Greenhouse Gas Initiative could be unconstitutional under a legal theory known as the "dormant commerce clause," since RGGI states spur higher electricity costs in states that aren't part of the compact.

"State laws and regulations that interfere with, or discriminate against interstate commerce violate the U.S. Constitution," he writes. "It is time to take RGGI to federal court."

In testimony in February, Stevenson told a Pennsylvania House committee that increased natural gas production in the state already had reduced carbon dioxide emissions.

"You are probably looking at a billion dollars a year in allowance costs," he said, describing how costly and counterproductive joining RGGI could be. "It will grow over the years, but the average over the next 10 years will be about a billion dollars a year."

Stevenson testified as part of a hearing on the Regional Greenhouse Gas Initiative and related legislation that would prevent Pennsylvania Gov. Tom Wolf, a Democrat, from entering into the compact without legislative approval. Wolf issued an executive order in February instructing Pennsylvania's environmental agency to join RGGI.

Mark Mathis, founder of the nonprofit Citizens' Alliance for Responsible Energy, produced a video encouraging Pennsylvania residents to keep their state out of the Regional Greenhouse Gas Initiative.

Mathis, also president of the Clear Energy Alliance, describes in the video how RGGI raises energy costs where it is implemented and warns that the governor and other policymakers could damage Pennsylvania's economic prospects if they move the state into the compact.

'Worst Time Ever'

Virginia's regulatory authorities have provided testimony and public statements describing how such greenhouse gas restrictions would inflate energy prices across the state.

RGGI could cost ratepayers between $3.3 and $5.9 billion in the first decade and increase average electricity bills between $7 and $12 per month, officials with the State Corporation Commission, whose powers include regulating utilities, testified during a House of Delegates hearing.
Randy Randol, who analyzes energy and environmental issues for the Virginia Tea Party, describes the Regional Greenhouse Gas Initiative as a regressive tax on the "most economically depressed areas of Virginia," since it will cut into disposable incomes.

"This will make it even harder for people already struggling to get their head above water during COVID-19," Randol said. "This is the worst time ever to raise energy prices."

The Daily Signal sought comment from Northam's press secretary, Alena Yarmosky, in response to energy analysts who criticized the governor's green energy initiatives. The Daily Signal also asked when Northam expects Virginia to become a full participant in RGGI.

Yarmosky had not responded by publication time.

However, Ann Regn, communications director for the Virginia Department of Environmental Quality, did respond to The Daily Signal's inquiry about costs associated with entering RGGI and how those costs might burden residents already struggling during the pandemic.

"We can't address the COVID issue, but prior economic modeling that was conducted for [the Department of Environmental Quality] indicates the total cost associated with Virginia's participation in RGGI is marginal at worst," Regn said in an email in late May. "Start-up expenses for the state are minimal and the ongoing costs of the RGGI program are funded out of auction revenues."

Regn said Virginia will become a full participant in RGGI beginning Jan. 1, and that the state must impose restrictions on carbon dioxide emissions to address climate change.

"The new laws are the first step in reducing CO2 emissions, which will begin to mitigate the impacts of climate change to Virginia," she said.

How the Governor Sees It

In public statements, Northam has offered a defense of the new regulations.

"These new clean energy laws propel Virginia to leadership among the states fighting climate change," the governor said in an April 12 press release. "They advance environmental justice and help create clean energy jobs. In Virginia, we are providing that clean environment and a strong economy go hand-in-hand."

State Sen. Lynwood Lewis, D-Accomac, a chief sponsor of the clean energy legislation, said in the release that he anticipates the Regional Greenhouse Gas Initiative “will secure a clean energy future for Virginia.”

But Cohen, the senior fellow at the National Center for Public Policy Research, questions the very premise of RGGI.

“This folly is being undertaken in the name of combating climate change,” Cohen said in his email to The Daily Signal. “Yet no one can point to any empirical evidence that use of fossil fuels is contributing to a potentially damaging warming of the planet.”

He added:

Yes, the earth is slightly warmer than it was 250 years ago, as it continues to rebound from the Little Ice Age. And, yes, levels of atmospheric carbon dioxide (CO2)—currently about 415 parts per million (ppm) are higher than they were during the Little Ice Age when they were at a dangerously low 250 ppm. Today’s higher CO2 levels have been highly beneficial to food production and are contributing to a welcome greening of the planet.

There is no ‘science’ behind joining RGGI. The best RGGI proponents can come up with are climate models, which are saddled with the same flaws that caused COVID-19 models to be so wildly inaccurate. Entrusting people’s livelihoods to such sophistry is completely irresponsible.

‘Insignifcant Temperature Reductions’

Kevin Dayaratna, a research fellow and principal statistician at The Heritage Foundation, concludes that joining the Regional Greenhouse Gas Initiative would produce little if any environmental benefits for Virginia.

“In Virginia, even assuming an overly sensitive climate, policies such as RGGI will result in the most insignificant temperature reductions,” Dayaratna said. “Even if CO2 from fossil fuels were completely eliminated in the state of Virginia, the state would notice less than 0.004 degree Celsius temperature reduction by 2100.”

Dayaratna is co-author of a new report, “The Scientific Case for Vacating the EPA’s Carbon Dioxide Endangerment Finding,” that describes how computer models laced with “systemic and dramatic errors” came to serve as the foundation for carbon dioxide regulations.
A critical turning point for environmental regulations came in 2007, when the Supreme Court ruled in a case known as Massachusetts v. EPA that the Clean Air Act of 1970 authorized the Environmental Protection Agency to regulate carbon dioxide if the agency found that CO2 emissions endangered human health and welfare. The Obama administration’s EPA made this determination in 2009.

The EPA's endangerment finding is based on a "monetary estimate of the damages supposedly caused by an incremental ton of CO_2 known as [the] social cost of carbon," according to the report.
But Dayaratna, and his co-author Patrick Michaels, a senior fellow with the Competitive Enterprise Institute, find that the social cost of carbon is vulnerable to highly exaggerated assumptions.

"The social cost of carbon is based on faulty modeling and therefore should not be used to set public policy," Dayaratna said in an email to The Daily Signal, adding:

The models used to estimate the [social cost of carbon] can be manipulated to obtain almost any result you want, which is precisely what advocates of carbon-based regulation, including the Obama administration, have done in the past. We have found that the [social cost of carbon] can be extremely sensitive to very reasonable changes to assumptions. In fact, under some assumptions we have found that the [social cost of carbon] is effectively zero or might even be negative, signifying that CO_2 is overall beneficial for society.

Dayaratna and Michaels argue that the Environmental Protection Agency should vacate the endangerment finding. Until then, they warn, policymakers can continue to rationalize their way into adopting new regulations for CO_2 emissions based on faulty assumptions.

'So Much for the Environment'

Pyle, the American Energy Alliance president, said Virginia's new energy mandates will have negative impacts on the environment that could be avoided if lawmakers understood that free-market policies already have led to reduced carbon dioxide emissions.

"If you're going to require all of the state's power to come from 100% carbon-free sources by 2050, this will require a lot of [the] state's land, which probably means impacting the state's agricultural lands or cutting down some forests and probably both," Pyle said in an email to The Daily Signal. "So much for the environment."

"It's also completely unnecessary," he said. "If the goal is to stop climate change, the U.S. is already the global leader in carbon dioxide emission reductions. Between 2005 and 2018, CO_2 declined 12%. The free market is already taking care of the environment."