

The Price of CO₂

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A new collaboration between Massachusetts and nine other East Coast states from Maine to Maryland is demonstrating leadership in tackling one of the planet's most complex problems. The program, known as the Regional Greenhouse Gas Initiative (RGGI), is a first in the nation effort to address the problem of the buildup of greenhouse gases in the atmosphere by putting a price on carbon dioxide (CO₂). The RGGI region, with an economy of \$2.4 trillion representing 19 percent of the entire US economy, emits more CO₂ than countries such as the UK, Canada, South Korea, or France. So, what we do as a region has an impact on global emissions.

As of January 1, the carbon dioxide (CO₂) emitted from electrical power plants in Massachusetts and the other RGGI states will require the purchase of an allowance. The mechanism that RGGI is using to lower CO₂ emission is called Cap and Trade. Cap, meaning capping or limiting the amount of CO₂ emissions regionally and, trade, as purchasers of emission allowances can buy and sell those allowances or permits. Buying and selling allowances means that utilities with excess allowances because they emitted less CO₂ than anticipated due to, for example, milder weather, can sell allowances to those who need them. Encouraging the buying and selling of allowances lets the market determine which power plants can most economically reduce their CO₂ emissions.

What does RGGI mean for Falmouth and Cape Cod? To date, Massachusetts has raised \$28 million from the sale of the allowances in the pre-compliance auctions held last September and December. As these "allowance" auctions will continue quarterly, more money will be raised and distributed statewide. Those monies are earmarked for energy efficiency programs, low-income weatherization and heating assistance, and clean energy research and development. These programs are critical

to equity, to lowering demand, to stimulating research, and to helping us reduce our dependence on foreign fuels. There are other benefits as well. As it becomes more expensive for the dirtier and less efficient power plants to operate, they will be used less and the associated pollutants emitted such as mercury, nitrogen, and sulphur will be reduced, allowing those of us downwind to benefit from cleaner air and water.

The Commonwealth is in the forefront nationally of GHG legislation and has recently enacted three key companion bills. These include, the "Green Jobs Act & Clean Energy Technology Center" bill which allocates \$50 million to the creation of

new jobs and revenue for the state's clean energy industry, the "Green Communities Act" to create energy efficient cities and towns and streamline our energy bureaucracy, and the "Global Warming Solutions Act" which sets CO₂ emissions targets out to the year 2050. Reducing the amount of CO₂ in the atmosphere is a part of allowing the world's climate to function normally, which is critical to the public interest.

Even in these challenging times, efforts like RGGI show that we can simultaneously address climatic disruption and the conversion of the economy to one that is more sustainable and less damaging to the planet.

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