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Agency: Department of Environmental Quality
Board: Air Pollution Control Board
Chapter: Regulation for Emissions Trading [9 VAC 5 - 140]
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Title: Repealing RGGI Is Good for Environment & Consumers

The Regional Greenhouse Gas initiative is a carbon tax costing Virginia's citizens and industries hundreds of millions of dollars each year. Over the last two years alone, it has cost taxpayers more than $500 million, and will likely cost more than $300 million this year.

Despite its goal of lowering energy consumption, data shows electricity usage increased by about 11% under RGGI. With the federal push to eliminate natural gas and other alternative energy solutions in favor of electrification of home water heaters and stoves, the demand for electricity is continuing to grow.

Electrification is happening beyond homes and businesses. In 2021, the Virginia legislature passed a law tying the state's decision-making authority on vehicle emissions standards to California's Air Resource Board (CARB). Operating under the direct orders of California Governor Gavin Newsom, CARB, an unelected body of bureaucrats, voted in August to phase out gas-powered vehicles by 2035. As a result of Virginia's 2021 bill, the sale of gas-powered vehicles will also be banned, unless the state overturns the law.

Electric vehicles in Virginia are powered by electricity drawn from the grid, and when coupled with increased demand due to home electrification, prices are already rising. Adding a carbon tax, especially one that fails to decrease usage or emissions, harms residents, small businesses, and industry as a whole. For a state positioning itself for an increase in growth in the technology sectors, this is a particularly troubling development.

There are two common practices used in RGGI states to avoid this tax increase, and both are becoming increasingly common in Virginia. The first is sourcing power from out of state, a trend seen in longtime RGGI states. Residents, businesses, and industry are paying higher transmission fees and avoiding RGGI's carbon tax by turning to states that do not participate in the scheme.

The second practice is to generate electricity using the supposedly "clean" practice of burning biomass. Biomass, in plain English, is carbon from things that were recently alive – generally trees, although in many cases it also includes municipal solid waste, also known as trash. Since some biomass is renewable in the sense that we can re-grow trees, it is considered a clean source of energy. In practice, however, biomass releases almost 50% more carbon dioxide into the atmosphere than coal and over 300% more than natural gas.

RGGI does not tax the carbon dioxide released from biomass, further incentivizing this high carbon dioxide source of electricity.

For all of these reasons, Virginia should end its participation in the Regional Greenhouse Gas Initiative. It does not achieve its goal of limiting emissions, actually increasing carbon dioxide emissions by 3.7 million tons, and provides a perverse incentive to use less efficient technology. What it does do is burden families, businesses, and the industries the state is trying to attract, and fills the treasury under the false premise that Virginia is doing something about climate change.