

ENVIRONMENTAL JUSTICE ADVISORY COUNCIL (EJAC) MEETING
REGIONAL GREENHOUSE GAS INITIATIVE (RGGI) INFORMATION SESSION

March 13, 2018/10:00am to 12:00pm

RGGI PowerPoint Presentation

Christine Schell and Robert Kettig provided an introductory presentation on the Regional Greenhouse Gas Initiative (RGGI). This presentation will be posted on the DEP's RGGI Page @ <http://www.state.nj.us/dep/ages/rggi.html>

Question and Answer Session

During this portion of the meeting, audience members posed specific questions and suggestions about RGGI and the associated rulemaking process to DEP staff.

1. What are Short Tons?
2,000 pounds as opposed to metric tons
2. Will the cap be adjusted when NJ rejoins?
Yes
3. Will DEP be considering CO₂ equivalents?
No – RGGI only addresses CO₂ from eligible Electricity Generating Units (EGUs)
4. What is the going rate at the RGGI Auction?
At the last RGGI auction Dec 2017 – the average allowance cleared at \$3.80/ton
5. Will all Peaker Units be regulated under RGGI?
DEP believes most Peaker Units are over 25 megawatts (MW), and thus subject to the RGGI regulations
6. Does DEP have a list of all the EGUs under 25MW?
Yes, the EGUs under 25MW tend to be Combined Heat and Power (CHP) facilities. These systems have Air Permits and are distributed “behind the meter.” BPU also noted that they account for about 300 MW in total, and are distributed across NJ.
7. Is DEP staff considering how other RGGI states have incorporated EJ concerns?
-Yes, DEP staff is considering how other states have integrated EJ considerations.
8. Is there an opportunity to build in additional requirements into the RGGI model rule, specifically reporting requirements?
Some elements of the RGGI model rule are prescriptive and must be adopted in full – specifically the portions of the rule that apply to the mechanics of the RGGI auction. DEP can review reporting requirements to see if there is an opportunity to expand requirements.
9. The 2009 Global Warming Response Act (GWRA) Recommendations Report called for a follow-up report about how New Jersey will meet the 2050 Greenhouse Gas Reduction Goal. Is DEP planning on releasing this follow up report?
-At this time, DEP is focused on re-entering RGGI, but may tackle that in the future.
10. Will NJ set an interim GHG goal for 2030 or 2035?
At this time, DEP is focused on re-entering RGGI, but may tackle that in the future.

11. How much funding from RGGI was available in 2009?

In 2009, NJ emissions were estimated around 16 million tons and allowances were priced at approximately \$2/ton.

12. Does DEP have an estimate for the first round of RGGI proceeds?

This depends on the negotiated allocation for NJ and the price of allowances at the time NJ re-enters the auction. NJ's current emissions for the RGGI regulated EGUs is approximately 20 million tons, and the last RGGI auction priced allowances at \$4/ton. If NJ participated in the last auction at that allocation, it could have received approximately \$80 million in RGGI proceeds.

13. How will DEP incorporate the directives of EO 7 into the rule?

EO 7 will be a primary consideration along with the five original criteria in the Global Warming Solutions Fund Act (GWSFA).

14. Can the directive from EO 7 be incorporated into the Model Rule?

No, the Model Rule applies specifically to the operation of the RGGI Auction. EO 7 will be incorporated into the RGGI Funding Rule.

15. How can the EJ community be assured the ranking priority will be an open and transparent process?

There are several ways to do this, like using a points based analysis system (as was done previously in NJ) or through a wholistic strategic planning process. DEP will follow the typical rule process, which will include an open public comment period. Additionally, any project ranking criteria will be incorporated in the rule and open to public comment.

16. Can the RGGI proceeds dedicated to Forestry be utilized by Urban Parks? The issue is externalized for urban neighborhood. How and why is this going to be good thing for urban residents?

-Yes, the DEP believes that the legislation is not specific to state land and could be interpreted to apply to urban parks. DEP is consulting with the Attorney General's Office for a better understanding of the legislative language.

17. As you consider ranking criteria, depending on how the formula works, the EJ community would like to see conversation go back and forth in developing the weightings for specific criteria.

18. Will the RGGI model rule be adopted in full or is that an opportunity to tailor it to New Jersey specific considerations?

Some elements of the RGGI model rule are prescriptive and must be adopted in full – specifically the portions of the rule that apply to the mechanics of the RGGI auction.

19. How does the broader negotiations to re-enter RGGI ('arrow' on the 'roadmap') relate to the rule development?

The final negotiated emissions allocation will go into the RGGI Mechanics Rule. If the negotiations take longer than anticipated, it will impact the timeline for the RGGI rules.

20. Will the DEP host a real working session with the EJ community on the RGGI rules and the broader climate strategy to specifically address emissions reductions?

-DEP is open to hosting 'deep dive' working sessions on those topics. To facilitate this effort, the DEP would like a list of the top issues to the EJ community.

21. The law requires a formal public consultation with the BPU board before adoption- does the timeline include this requirement?

22. YesIs NJ looking at other policies to manage carbon emissions in the state?

Yes, the DEP will be tackling other emissions related policies. While RGGI is the first policy on climate, it certainly is not the last.

23. Since EO7 did not define EJ, can we define EJ now?

DEP, in consultation with the Governor's Office, is considering how best to address the definition of EJ both within RGGI and more broadly.

24. Are both RGGI rules (mechanics and funding rule) on same timeline?

Yes

Open Comment Session

During this portion of the meeting audience members provided feedback and comments on key opportunities, issues and concerns about RGGI. Comments are grouped by general topic area/common themes.

Expanding the Scope of Regulated Parties under RGGI

- DEP should ensure that key regulatory loopholes are closed; specifically
 - Peaker plants that have multiple smaller (<25 MW) units should be regulated under RGGI
 - Waste to Energy facilities should be regulated under RGGI

Mandatory Emissions Reduction Policy

- The New Jersey Environmental Justice Alliance (NJEJA) did not support re-entering RGGI. The major criticism from the EJ community of RGGI (and in general of market based cap and trade systems) is that these policies allow polluters to “buy their way out of having to actually reduce their emissions”.
 - There needs to be intentional (mandated) emissions reductions that are not fully driven by the market.
 - NJ needs to be more creative to realize real emission reductions policies.
- RGGI rulemaking and/or other DEP supplementary policy needs to incorporate mandatory emissions reduction requirements for facilities in EJ communities.
- The NJEJA, in partnership with various organizations across the state/nation, have come to agreement that mandatory emissions reduction for EJ communities is a priority and should be piloted in New Jersey,
- Be aware that during the Whitman Era, rules were focused on additional burden on a community, rather than reduction of existing burden on the community.

Equity Analysis

- An EJ equity analysis of the 38 EGUs should be a requirement of the RGGI mechanics rule and all policies.

Co-Pollutants

- Even though RGGI is carbon-centric, it provides an opportunity to drive down co-pollutions, which are a major concern for the EJ communities.
- There needs to be a dialogue about co-pollutants, and an opportunity to craft policy to address co-pollutants.

Funding Priorities and Projects

Correlation between Overburden Communities and Benefits of Funding

- The communities burdened with the emissions impacts should directly benefit from the funding stream
- PSEG example in CT - meetings with local EJ communities prior to bringing power plants on-line resulted in investments with local benefits – retrofit of school bus fleet, solar, and more.

Job Creation

- Funding should be tied to/incorporate opportunities for “green” job training and placement for EJ community residents (e.g. roofing by local workforce in anticipation of solar installation)

Energy Efficiency (EE) & Renewable Energy (RE) in EJ Communities

- Funding should prioritize Energy Efficiency and Renewable Energy in EJ communities, but need to address a “no net increase” in emissions for the community. The emphasis must be on decreasing overall emissions in the community (e.g., while replacing a coal-fired power plant in the community with a newer clean energy plant is better; having no plant in their community would be best).
- Avoid projects that do not produce true emissions reductions, like Waste to Energy Facilities.

Education in EJ Communities

- A portion of funds should go into environmental education for disproportionality impacted communities.

Wastewater Treatment Plants

- Energy Upgrades at Wastewater Treatment Plants should be eligible for RGGI funding.
- Wastewater Treatment plants are often located in EJ Communities and present an opportunity for a double win: (1) reduced emissions (2) Increase resiliency (independence from the grid).
- Example is the Camden Water goal to be off grid by 2020 – currently working with BPU on a feasibility plan. Hopefully this can be a model throughout the state.

Local Government Funding

- The funding for local governments is a great opportunity to build the capacity of local governments to manage and implement projects.
- Local government funding should incorporate green jobs.

Funding Criteria

- There needs to be a values-driven back and forth about the weighting of the 6th criteria (EO 7), as there was a major concern that the other 5 criteria will outweigh the 6th addition.
 - Specifically, that the cost benefit criteria will make projects in EJ communities less competitive due to the higher costs of hard infrastructure projects in urban communities.
 - Participants suggested developing weights for the different criteria to better ensure this wouldn't happen.
- Numerous participants suggested using the United States Environmental Protection Agency's Environmental Justice Screening and Mapping tool as a preliminary overlay for selecting projects, then using the weighted ranking for project selection considerations.
 - Others suggested including data on poverty/income, proximity to industry, and an EJ equity analysis into the criteria.
- Participants argued for not selecting projects that use combustion source, such as incinerators or biomass, as they add to the health impacts already realized by these overburdened communities.

Integrating EJ Perspective into Mentality of DEP Rule Making

- “Greens” are predominately white and upper class.
 - Agency decision makers and rule staff need to be educated on the impacts of emissions in NJ's brown and black communities.
 - Staff should sit with an EJ map and consider how decisions will directly impact the EJ communities, and specifically the children living in those communities.
- Rules should be based on human-centric design, and built on data.

Definition of EJ

- When developing a definition of EJ, need to tie location of polluting facility.
- Numerous participants suggested using the United States Environmental Protection Agency Environmental Justice Screening and Mapping tool as an overlay, then use weighted ranking for project selection considerations.
- California's Cap and Trade program integrates EJ, and can be a model for NJ.
 - Suggested that all stakeholders/staff read the September 2017 Rutgers Report, which addresses the challenges of address EJ concerns/point sources.
- Look at opportunity zoning in new tax Law for an alternative way to define EJ.

Nuclear Subsidy Bill

- Request for DEP administration to weigh in against the proposed PSE&G Subsidy bill.
- Noted that Nuclear Bill will undermine funding for other programs like off-shore wind and EE.

Topics for Future Discussions

- Scenarios regarding direct and indirect benefits
- Better understanding of "flexibility" in the mechanics rule and ability to add additional offsets and additional emission reductions to cover RGGI loopholes (e.g., sources under 25 MW or that are not grid tied).
- Education session on Tidal Marshes in NJ (where they are located, project types)
- Education session on Forestry, can it be used to support urban forestry program

DEP Next Steps

- March 29th Public Information Session
- Email comments/thoughts to NJRGGI@dep.nj.gov
 - Copy Riche on comments
- Riche will circulate presentation
 - It will also be posted on the RGGI Website: <http://www.state.nj.us/dep/aqes/rggi.html>