

**Remarks by Jim Jacob**  
**Plenary Session 2 -- Regional Greenhouse Gas Initiatives: Local Benefits**

**National Energy and Utility Affordability Conference**  
**Wednesday, June 17, 2009**

I would like to share the New Jersey experience with RGGI and talk about how RGGI became my new best friend.

In April 2008, Governor Corzine addressed the Governor's Climate Change Summit at Yale. He recognized the actions of Western and Midwestern governors in establishing serious greenhouse gas reduction targets, and the leadership of 10 Northeastern and Mid-Atlantic states to form the Regional Greenhouse Gas Initiative (RGGI). He noted that states all across the country to taking the lead on developing aggressive, innovative, and cost effective policies to battle global warming.

He said: "The states are not only serving their traditional role as laboratories for sound policy, but we are also thrust into a role as leaders."

"Like our friends in other states, New Jersey is not in a position to wait for action on the part of the federal government. I have taken important actions in the fight against global warming because I believe New Jersey's citizens cannot afford to wait."

"We cannot afford the serious, irreversible impacts that await our environment, our economy and our public health in New Jersey if we do nothing.

"We cannot afford the effect of sea level rise on the state's densely developed coastline, and the increased incidence and severity of flooding.

"We cannot afford the costs of climate change on our bustling ports, our vibrant agricultural sector and our coastal-based tourism industry.

"And we cannot afford heat waves in our cities that will threaten public health."

**RGGI**

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by 10 Northeast and Mid-Atlantic states to limit greenhouse gas emissions. RGGI is the first mandatory, market-based CO<sub>2</sub> emissions reduction program in the United States.

The states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont are signatory states to the RGGI agreement. These ten states will cap CO<sub>2</sub> emissions from the power sector, and then require a 10 percent reduction in these emissions by 2018.

RGGI is composed of individual Trading Programs in each of the ten participating states. These 10 programs are implemented through state regulations. This is a key to how RGGI is providing

assistance to limited income households across our state. Regulated power plants will be able to use a CO<sub>2</sub> allowance issued by any of the 10 participating states to demonstrate compliance with the state program governing their facility. Taken together, the 10 individual state programs will function as a single regional compliance market for carbon emissions.

New Jersey is one of 10 states that are a party to a Memorandum of Understanding concerning the design and implementation of the Regional Greenhouse Gas Initiative program (RGGI), which caps the emissions of carbon dioxide from electric generating units in the RGGI region. Plants must purchase emissions credit, known as an “allowance,” for each ton of carbon dioxide they emit. A limited number of allowances are made available each year, and the RGGI states determined to sell, via auction, most or all of their share of the allowances to be issued.

On January 13, 2008, New Jersey Governor Corzine signed into law an act concerning the reduction of greenhouse gas emissions. The Act established the Global Warming Solutions Fund (GWSF) to hold 1) moneys received as a result of any sale, exchange, or other conveyance of allowances through a greenhouse gas emissions allowance trading program; 2) such moneys as are appropriated by the Legislature; and 3) any return on investment of any moneys deposited in the fund.

On Monday, Patty Limerick told us to “look back” to make sure that we were not leaving anyone behind.

The NJ Board of Public Utilities (Board) receives 20 percent of the money allocated to the GWSF.

The Board may use its share of the funds to support programs that are designed to reduce electricity demand or costs to electricity customers in the low- income and moderate-income residential sector with a focus on urban areas, and reduce impacts on ratepayers attributable to the implementation of the Act.

At several meetings in early 2009, the Board considered the use of the monies from the December 17, 2008 RGGI auction.

The Board found that the current economic climate presents immediate and severe challenges and a risk of imminent harm to electricity customers.

The Board, therefore, ordered that the money it was allotted from the GWSF from the RGGI auction held on December 17, 2008, be allocated to assist limited-income Household electric customers in crisis situations. Staff developed a solicitation for a Residential Electric Limited Income Emergency Fund (RELIEF) to provide grant(s) for program(s) that reduce costs to electricity customers with limited incomes, specifically by providing direct financial assistance toward payment of electric bills for customers (i) in the low and moderate income residential sectors; (ii) not enrolled in or eligible for either the Board's Universal Service Fund program or the Low Income Home Energy Assistance Program; (iii) having a household income that does not exceed 400 percent of the federal poverty level; and (iv) facing crisis situations that include a documented notice of overdue payment of electric service.

On April, 3, 2009, the Board awarded the \$2.8 million allocated to the Board from the December 17, 2008 RGGI auction to New Jersey SHARES.

In a subsequent decision the Board has directed that all RGGI funds associated with the 2009 auction will be used for electric bill payment assistance.

BPU President Jeanne Fox stated “New Jersey has been at the forefront of providing energy assistance to low-income families through its Universal Service Fund program, which began over 5 years ago. During the 2008-2009 heating season, NJ provided \$325 million in assistance through the USF and Lifeline programs. In addition, by partnering with LIHEAP and creating a single application and administrative network for both programs, we’ve made the process much easier for households facing severe economic challenges.

I’m proud that New Jersey also recognizes the need to help those whose incomes are limited, but over the guidelines for USF and LIHEAP. New Jersey was instrumental in establishing the Regional Greenhouse Gas Initiative (RGGI) and a portion of the program’s auction of cap and trade allowances are provided to the Board of Public Utilities. To date, the Board has committed all of its RGGI funding from 2008 and 2009 to assist limited income electric customers in crisis.

Given the state of our nation’s economy, this help is critically important. In addition to this assistance, Board staff is also working with these households to identify and implement energy efficiency strategies, which can result in lower bills and improve air quality. “

How did this happen?

The answer is an 18 month effort by NJ SHARES to increase awareness of the needs of limited income households across our state. We spoke with legislative leaders and community leaders, the various state departments especially the Board of Public Utilities and the Governor’s office. We followed up constantly, updating the message for each of the decision makers.

We advocated for our clients and joined with many of our community partners including the New Jersey Anti-Poverty Network. We are part of the Governor’s Energy Assistance Working Group, which is tasked with addressing the needs of our neighbors and assuring that assistance, weatherization and energy efficiency measures are coordinated across our state.

Now is the time for all of us to act to clean our environment and to ensure that our neighbors in crisis can afford the energy that they need.

In New Jersey, we are especially grateful to Governor Corzine and BPU President Jeanne Fox and all of the Commissioners for their recognition of the needs of individuals and families facing very difficult times as they strive to meet their energy burden.

We are glad that we did indeed “look back,” and we ask you to do the same when you return home.