

# DEP Newsroom

## **COMMONWEALTH OF PENNSYLVANIA**

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## **Environmental Quality Board Adopts Final CO2 Budget Trading Program Rulemaking**

Board adopts RGGI regulation by vote of 15 to 4

**Harrisburg, PA** – Today, members of Pennsylvania’s Environmental Quality Board (EQB), voted to adopt the final-form rulemaking of the multistate CO2 budget trading program, also known as the Regional Greenhouse Gas Initiative (RGGI), a regional CO2 Budget Trading Program. The vote was 15 to 4.

“This is a milestone in helping Pennsylvanians get one step closer to combating the ills of climate change,” said DEP Secretary Patrick McDonnell.

Pennsylvania’s participation in RGGI would establish a program to limit CO2 emissions from fossil fuel-fired electric power plants located in Pennsylvania. Emissions of CO2 is a greenhouse gas and is a major contributor to climate change, which is detrimental to public health and welfare in Pennsylvania. Following this EQB meeting, the next step in the regulatory process is review by the Independent Regulatory Review Commission (IRRC).

Pennsylvania has the fifth leading CO2 emitting electricity generation sector in the United States, and RGGI is a significant component in achieving Pennsylvania’s goals to reduce net GHG emissions from 2005 levels by 26% by 2025 and 80% by 2050.

RGGI is a “cap and invest” program that sets a regulatory limit on CO2 emissions from fossil fuel-fired electric generating units (EGU) and permits trading of CO2 allowances to effect cost efficient compliance with the regulatory limit. RGGI provides a "two-prong" approach to reducing CO2 emissions from fossil fuel-fired EGUs. The first prong is a declining CO2 emissions budget and the second prong involves investment of the proceeds resulting from the auction of CO2 allowances to further reduce CO2 emissions. Each participating state establishes its own annual CO2 emissions budget which sets the total amount of CO2 emitted from fossil fuel-fired EGUs in a year.

This final-form rulemaking is authorized under the Air Pollution Control Act (APCA), which grants the Board the authority to adopt rules and regulations for the prevention, control, reduction, and abatement of air pollution in Pennsylvania. This final-form rulemaking would effectuate least cost CO2 emission reductions for the years 2022 through 2030.

What is commonly referred to as the "RGGI cap" on emissions is a reference to the total of all the state CO2 emissions budgets. This final-form rulemaking includes a declining annual CO2 emissions budget, which starts at 78 million tons in 2022 and ends at 58 million tons in 2030. This is anticipated to reduce CO2 emissions in Pennsylvania by 31% compared to 2019. The declining annual CO2 emissions budget is equivalent to the CO2 allowance budget, which is the number of CO2 allowances available each year.

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