

REJOINING THE REGIONAL GREENHOUSE GAS INITIATIVE

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WHY IT MATTERS

To protect the environment, health, safety, and economy of Virginia, it is critical that the state rein in power plant greenhouse gas emissions and other air pollution.

Climate change has already arrived in Virginia. In recent years, we have experienced increasingly frequent extreme precipitation events, leading to floods that have devastated communities. Virginians have struggled through dangerous heat waves and drought conditions that put workers, livestock, and crop yields at risk. Virginia's power plants are contributing to this global problem, and burning fossil fuels also directly harms the health of nearby communities. For example, Dominion's most recent long-term plan, which calls for a large-scale buildout of gas plants in Virginia, will burden nearby communities with \$7.4 to \$13.9 billion in health harms.¹

Thankfully, Virginia has a proven solution to tackle this source of air pollution while providing benefits to and strengthening its communities. The Regional Greenhouse Gas Initiative (RGGI) is a proven and effective multi-state program that cuts pollution by requiring power plant owners to purchase an allowance for every ton of carbon dioxide their plant emits. The supply of these allowances reduces over time, which is how RGGI has successfully driven down emissions in participating states while providing billions in economic and health benefits since the start of the program, about 16 years ago.

RGGI ensures that electric utilities steadily reduce harmful air pollution and impacts on Virginians, and by reducing utility reliance on fossil fuels, it leads to greater energy independence and security, and steadier, more predictable customer bills. Revenues generated by RGGI produce consistent funding for participating states. In Virginia, this funding is used to improve community resilience to flood impacts and reduce electricity bills for low-income households through energy efficiency programs.

CURRENT LANDSCAPE

The General Assembly passed a law in 2020 requiring Virginia to participate in RGGI.² Thereafter, Virginia participated in RGGI for three years, from 2021 to 2023. During this period, Virginia saw its carbon pollution drop by 22%.³ Participation in RGGI also brought in hundreds of millions of dollars to the state, with 45% of the proceeds directed to the Community Flood Preparedness Fund (CFPF) to help localities address flood risk and 50% to the Housing Innovations in Energy Efficiency (HIEE) fund to help low-in-

come families slash their energy bills while reducing energy demand and air pollution. These funds were helping families and communities across the Commonwealth.

That success came to an end in 2024. After an executive order directed officials to pull Virginia out of RGGI, the Virginia Air Pollution Control Board repealed the underlying regulation in July 2023, and the state has been out of RGGI since the start of 2024. A lawsuit was immediately filed against the state, and in November 2024, the Floyd County Circuit Court ruled that the Air Board's repeal was "unlawful and without effect."⁴ The state, however, has been permitted to remain out of RGGI while it appeals the ruling—an ongoing process.

While Virginia sits on the sidelines, emissions have already jumped back up significantly. In the year since Virginia left RGGI, Virginia's emissions increased by 20.5%. Furthermore, Virginia continues to lose out on the steady funding source that the program had been providing. Localities that had just begun to develop the expertise needed to address flooding issues in their communities now face tremendous difficulties with uncertain funding sources. The RGGI-funded programs that were helping low-income households reduce electric bills have also seen their steady funding disappear.

OPPORTUNITIES

RGGI is a proven solution that will keep Virginia on track to meet its climate goals, while also improving air quality and public health. While other policies, like the Virginia Clean Economy Act (see Virginia's Clean Energy Path, page 91), continue to support Virginia's transition to a carbon-free electric system, RGGI is both necessary and complementary. RGGI ensures that utilities across the state steadily reduce their reliance on fossil fuels, including "merchant" power plants that are not covered by the VCEA, while tackling the impacts of climate change. Without our reentry to RGGI, Virginia faces mounting costs in flood mitigation and energy efficiency improvement efforts and risks falling behind in our efforts to build a more resilient Commonwealth.

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TOP TAKEAWAYS

RGGI was working for Virginians for three years, steadily and cost-effectively reducing pollution from power plants.

Thanks to RGGI, families and communities benefited from lower air pollution and a steady revenue source for the Community Flood Preparedness Fund and Low-Income Energy Efficiency programs.

In order to come back into compliance with the law, Virginia should rejoin RGGI as soon as possible.

ENDNOTES

1. Ex. 26, Direct Testimony of Nick Laws, Attachment NDL-3, *In re: Virginia Electric and Power Company's 2024 Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2024-00184, Virginia State Corporation Commission, pp. 36-38.
2. Clean Energy and Community Flood Preparedness Act, Va. Code §§ 10.1-1329 to 133.
3. *Clean Air Markets Program Data: custom data download*. (2025, April 11). U.S. Energy Information Administration (EIA). <https://campd.epa.gov/data/custom-data-download?bookmarkId=1534>
4. *Association of Energy Conservation Professionals v. Virginia State Air Pollution Control Board et al.*, 114 Va. Cir. 264 (2024).