

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

MURPHY ADMINISTRATION PROPOSES RULES FOR STATE'S RE-ENTRY INTO REGIONAL GREENHOUSE GAS INITIATIVE

12/17/2018

TRENTON – Fulfilling his pledge to restore New Jersey to a national leadership role in the fight against climate change and sea-level rise, Governor Phil Murphy today announced that the Department of Environmental Protection has formally proposed two rules that will steer New Jersey's re-entry into the Regional Greenhouse Gas Initiative.

"Climate change and sea-level rise affect every one of us," Governor Murphy said. "From Superstorm Sandy to the powerful nor'easters and devastating flooding this year, it is imperative that New Jersey reclaim its leadership role in fighting back. Pulling out of the Regional Greenhouse Gas Initiative in 2012 was not only an abdication of leadership, but it also cost us millions of dollars that could have been used to increase energy efficiency and improve air quality in our communities. Today's action is an important first step toward restoring our place as a leader in the green economy and keeping us on a path to 100 percent clean energy by 2050 for the benefit of all New Jerseyans."

The Regional Greenhouse Gas Initiative, also known as RGGI, is made up of Mid-Atlantic and New England states working to reduce carbon-dioxide gas emissions from the energy sector through a cap-and-trade auction process that encourages more market efficiencies, invests in renewable energy, and improves power-plant technology. RGGI's members are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont. Virginia is planning to join RGGI.

Returning New Jersey to RGGI has been a priority for Governor Murphy since the outset of his administration. In January, the Governor issued Executive Order 7 directing the state to rejoin RGGI and develop a program that implements solutions that benefit communities that are disproportionately impacted by climate change.

New Jersey was a charter member of RGGI and was a key member of the effort until the state's withdrawal in 2012 under the Christie Administration.

One of the proposed rules establishes the mechanisms for rejoining RGGI and sets the initial carbon-dioxide cap for the state's electricity generation sector at 18 million tons in 2020, when the state will officially begin participating in RGGI again. Through a combination of RGGI's required carbon-dioxide reductions and achieving Governor Murphy's aggressive renewable energy goals, the DEP projects that the state's greenhouse gas emissions will be 11.5 million tons by 2030.

The other rule proposal establishes the framework for how the state will spend proceeds from RGGI carbon-dioxide allowance auctions, with an emphasis on projects that will benefit disproportionately burdened communities.

"As we implement the Governor's clean energy agenda, rejoining RGGI has always been one of our highest priorities," said Board of Public Utilities President Joseph L. Fiordaliso. "Taking this important and tangible step toward enacting the rules will help make our goal of 100 percent clean energy by 2050 a reality."

"Accelerating the growth of clean energy jobs and businesses in New Jersey is a key element of Governor Murphy's plan for a stronger and fairer economy," said New Jersey Economic Development Authority CEO Tim Sullivan. "Our partnership with DEP and BPU is helping to advance our re-entry into RGGI, which will drive not only a safer, more sustainable future for all New Jerseyans, but also will drive significant economic opportunity."

"The RGGI states applaud New Jersey's progress in developing this proposed rule and appreciate the many collaborative conversations that have taken place thus far between our states," said Ben Grumbles, Secretary of the Maryland Department of the Environment and Chair of the RGGI, Inc. Board of Directors. "The entry of additional states into our market has the potential to make our program even more cost-effective and allow more participants to share in the benefits proven by our track record. We look forward to continuing discussions with New Jersey and to the prospect of an expanded regional program."

The 18-million-ton carbon dioxide cap in the Emissions Trading Rule proposal is below the estimated actual emissions of 20.6 million tons in 2020. The cap will decline 3 percent annually through 2030 with other adjustments that are standard to all member states. The model used to develop the cap number only considers emissions from currently operating electric generating facilities.

The state remains on target to participate in the RGGI carbon-dioxide auction set for March 2020. Carbon dioxide, the primary gas driving climate change, is emitted by fossil-fuel power plants. Since 2005, RGGI states have reduced carbon dioxide emissions from power plants by an aggregate of more than 50 percent.

"New Jersey already has one of the cleanest fossil-fuel electric generation portfolios in the country. Rejoining RGGI will provide impetus for further carbon dioxide reductions in the state's energy sector," said Paul Baldauf, the DEP's Assistant Commissioner for Air Quality, Energy and Sustainability.

"Governor Murphy is strengthening New Jersey's leadership on climate action by rejoining a program that is effectively cutting pollution while lowering energy bills, creating jobs and keeping energy dollars in the local economy," said Dale Bryk, Senior Strategic Advisor at National Resources Defense Council. "Along with the Clean Energy Act signed into law last spring, which will drive investment in energy efficiency, expand solar power and launch a new offshore wind industry in the state, RGGI will help catapult New Jersey to the front of the pack when it comes to climate protection and clean energy jobs. We look forward to working with the Governor to ensure the final rule is as ambitious as possible."

"Today's announcement marks an important milestone and a big step forward in decarbonizing New Jersey's economy," said Richard Lawton, Executive Director, New Jersey Sustainable Business Council. "As companies that are committed to sustainable business practices, we know that market-driven innovation and investment must be informed and guided by smart policies aimed at transitioning to a clean energy economy while creating good paying jobs. We applaud Governor Murphy's leadership in rejoining RGGI, and look forward to participating in making the program as strong and effective as possible."

"The Governor is making good on his commitment to 100 percent clean energy by 2050 with the latest bold advancement in rejoining RGGI and the cleaner air, good local jobs, and investments in reducing cumulative impacts of pollution in environmental justice communities that go with it," said Ed Potosnak, Executive Director, New Jersey League of Conservation Voters. "We applaud Governor Murphy and his administration for ensuring clean energy for all New Jerseyans."

"As New Jersey moves to cleaner energy sources, Governor Murphy's strong commitment to environmental protection and economic development is critical. Rejoining neighboring states in cutting carbon pollution—with reductions consistent with those needed to stabilize the climate—will help New Jersey get back on track in addressing climate change, while creating economic opportunities," said Mary Barber, Director, New Jersey Clean Energy for Environmental Defense Fund. "We look forward to evaluating the details of the proposal during the upcoming public comment period, and working with the Murphy Administration to help New

Jersey regain a leadership role in the region."

The DEP today filed the proposed rules in the New Jersey Register. The filing of the rules begins a public comment process that will include two public hearings on Jan. 25, 2019. The public hearings will begin at 9 a.m. and at 1 p.m. at the DEP's headquarters, 401 East State Street, Trenton. For a map and directions, visit www.nj.gov/dep/where.htm (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_7aqz1_nrddit_vxj4ag&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=zwx9SrFILWTUskpcKiB4aW_POhBN5mPaPYjdTJ-c6FQ&s=bFJOQoX226tp16qb7N3d376G6467aJRcAlPt8eJq5t4&e=)

Written comments must be submitted by close of business on Feb. 15, 2019. The DEP encourages comments to be submitted electronically to www.nj.gov/dep/rules/comments (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_7aqz1_nrddit_bqk4ag&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=zwx9SrFILWTUskpcKiB4aW_POhBN5mPaPYjdTJ-c6FQ&s=ON6Abiz1Ur9SL7Q8h7PJFRjH3xFtNzvBuHIFVdPg4w&e=). Each comment should be identified by the applicable New Jersey Administrative Code citation, with the commenter's name and affiliation following the comment. Comments on paper may be submitted to:

Alice A. Previte, Esq.
Attention: Budget Trading Program Rules Proposal Docket Number and Global Warming Solutions Fund Rule Docket Number 04-18-10.

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To view the rule proposals, visit www.nj.gov/dep/rules/notices.html (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_7aqz1_nrddit_ril4ag&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=zwx9SrFILWTUskpcKiB4aW_POhBN5mPaPYjdTJ-c6FQ&s=KpSjXJK49MXRxxwfOrFmP9TeQ2EPwWo-AxajcwH43uA&e=)

To learn more about New Jersey's re-entry to RGGI, visit www.nj.gov/dep/aqes/rggi.html (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_7aqz1_nrddit_7am4ag&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=zwx9SrFILWTUskpcKiB4aW_POhBN5mPaPYjdTJ-c6FQ&s=Vkd7HSR-fw2sg7yhPMg4H7aXiy3CxdxGE7D_d-GuN0Q&e=)

For information on the Regional Greenhouse Gas Initiative, visit www.rggi.org/ (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_7aqz1_nrddit_n3m4ag&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=zwx9SrFILWTUskpcKiB4aW_POhBN5mPaPYjdTJ-c6FQ&s=d2i892_5KmBGUZHSMV0NwCOjD_6OtOtO1Ksc2EXddM8&e=)

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