



August 8, 2013

William Lampkin  
Massachusetts Department of Environmental Protection  
Bureau of Waste Prevention  
1 Winter Street  
Boston, MA 02108

RE: Proposed Amendments to Massachusetts CO2 Budget Trading Program

Dear Mr. Lampkin:

On behalf of Northeast Energy Efficiency Partnerships (NEEP), I am pleased to submit comments regarding the Department of Environmental Protection (DEP)'s proposed amendments to the Massachusetts CO2 Budget Trading Program (310 CMR 7.70).<sup>1</sup>

NEEP is a regional nonprofit organization that works to accelerate the efficient use of energy in homes, buildings and industry in the Northeast. We commend Massachusetts for its regional and national leadership on issues of energy and environmental policy, particularly its commitment to robust investments in energy efficiency.

We provide comment today in support of the amendments to the CO2 Budget Trading program proposed by the agency in order to implement the Regional Greenhouse Gas Initiative (RGGI) Updated Model Rule.<sup>2</sup> The amendments, the result of last year's comprehensive RGGI program review conducted by all participating states, will revise the state's 2014 CO2 base budget and provide for annual reductions to the cap of 2.5 percent through 2020.<sup>3</sup> Collectively, the updated model rule will significantly lower carbon dioxide emissions in the Northeast and Mid-Atlantic region.

In addition to reducing emissions, the proposed amendments will support economically beneficial investments in energy efficiency for Massachusetts residents and businesses. Under M.G.L. c.25 §19, RGGI allowances are wisely invested in the state's nation-leading energy efficiency programs and to provide additional funding to the Green Communities program. Evidence indicates that this is the best use of allowances for both consumers and the environment.<sup>4</sup> Through June 2013,

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<sup>1</sup> These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.

<sup>2</sup> Updated Model Rule for 2013, Regional Greenhouse Gas Initiative, [http://www.rggi.org/docs/ProgramReview/FinalProgramReviewMaterials/Model\\_Rule\\_FINAL.pdf](http://www.rggi.org/docs/ProgramReview/FinalProgramReviewMaterials/Model_Rule_FINAL.pdf)

<sup>3</sup> Proposed Changes to Massachusetts CO2 Budget Trading Program, 310 CMR 7.70, <http://www.mass.gov/eea/docs/dep/service/regulations/proposed/770reg13.pdf>.

Massachusetts has received \$217 million in RGGI allowances that have resulted in a net value add of \$758 million in gross state product (GSP). If the amendments are adopted, the benefits from these energy efficiency investments are expected to grow. Recent analysis shows that the state can expect to see additional gains of \$1.98 billion in GSP by 2020 under a revised CO2 trading program.<sup>5</sup>

Thank you again for the opportunity to comment in this important proceeding and for your work to implement the updated RGGI model rule. The proposed amendments will help Massachusetts continue to reduce its CO2 emissions while promoting energy efficiency and affordability. Should you have any questions regarding this or other matters on energy efficiency in the Northeast, please do not hesitate to reach out to me at [jcraft@neep.org](mailto:jcraft@neep.org) or (781) 860-9177 x109.

Sincerely,

Josh Craft  
Manager of Public Policy Analysis  
Northeast Energy Efficiency Partnerships (NEEP)

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<sup>4</sup> See Paul Hibbard, et. al, Analysis Group, "The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States," November 15, 2011, p. 33, [http://www.analysisgroup.com/uploadedFiles/Publishing/Articles/Economic\\_Impact\\_RGGI\\_Report.pdf](http://www.analysisgroup.com/uploadedFiles/Publishing/Articles/Economic_Impact_RGGI_Report.pdf).

<sup>5</sup> Environment Northeast, RGGI Economic Benefits, June 2013, [http://www.env-ne.org/public/resources/ENE\\_RGGI\\_Economic\\_Benefits\\_20130607.pdf](http://www.env-ne.org/public/resources/ENE_RGGI_Economic_Benefits_20130607.pdf). The impact includes both direct effects of RGGI-funded projects and the induced and indirect effects from reduced utility bills and consumer spending in other sectors.