

House Committee on Science, Space & Technology

Testimony on EPA Clean Power Plan

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Thank you Chair Lamar Smith, Ranking Member Eddie Bernice Johnson, and other members of the Science, Space, and Environment Committee for the opportunity to provide comments on EPA's proposed Clean Power Plan. My name is David Cash and I am the Commissioner of the Massachusetts Department of Environmental Protection. Prior to this position, I was a Commissioner of our state's public utilities commission for three years focusing on grid reliability and protection of ratepayers. In total, I have worked in state government for ten years, always at the nexus of energy, environment and economic development.

Let me start with a story of dramatic change:

8 years ago, there was 3MW of installed solar power – today there is over 500MW in Massachusetts.

8 years ago, there was 3MW of installed wind power – today there is over 100MW.

Today there are over 5,000 companies and over 80,000 people employed in the clean energy economy in our state, and for the last 4 years, clean energy job growth has been between 6% and 12% per year.

Today, Fortune 500 companies and mom & pop shops, residential customers and cities and towns are taking advantage of our energy efficiency programs and collectively saving billions of dollars. For a company, this may mean hiring new people or expanding R&D or marketing; for a town maybe new teachers or fire fighters can be hired; for families across the Commonwealth, they have money in their pockets that they are not spending on energy. Over the last several years we've invested over \$1B for energy efficiency and expect a return of \$3-4B.

The arc of this story is simple: wise environmental protection and robust economic development can, and should, go hand in hand. In fact, since

1990, our carbon emissions have declined by 40%, while our economy has grown by almost 70%. [See Graph 1 in the Appendix].

The Administration of Governor Deval Patrick has launched a clean energy revolution in our state, introducing forward-looking policies and wide-ranging regulatory reform and regional partnerships. One of his first actions in office was to bring all of the energy and environment agencies under one umbrella, and add a mandate to link environmental protection and economic development. We have approached EPA's 111(d) rule with exactly this comprehensive perspective, understanding how these regulations will impact the power sector, energy prices, emissions and economic development.

Our conclusion is that implementation of 111(d) will mirror what has happened in the last 8 years in Massachusetts and other states but on a national scale: the private sector will respond, sparking innovation, entrepreneurship, energy cost savings, job growth, customer choice and opening up global markets for U.S. products and services.

While Massachusetts and many other states have begun to see the opportunities of addressing climate change, following the Supreme Court's ruling in 2007 that upheld the requirement that EPA must regulate greenhouse gases, EPA has provided a national path forward to seize clean energy opportunities nation-wide.

Massachusetts welcomes the release of the Clean Power Plan, which seeks to reduce carbon dioxide (CO₂) emissions from power plants under section 111(d) of the Clean Air Act. This proposed rule is a very important step forward towards the development of an advanced energy infrastructure that delivers cleaner air, smarter energy use, and job growth.

EPA conducted an unprecedented amount of outreach to states and other key stakeholders during the development of this proposed rule, recognizing the need for flexibility and the diversity of initiatives and programs that states are currently pursuing.

One such successful program is the multi-state Regional Greenhouse Gas Initiative. RGGI is a regional market-based carbon emissions reduction program for the power sector. In the Clean Power Plan EPA recognizes

regional market- based programs as acceptable compliance mechanisms. This is critical because the evidence is in: the RGGI experience has demonstrated that we can cost-effectively realize environmental and economic goals while maintaining electricity grid reliability.

The RGGI states have experienced a 40 percent reduction in power sector carbon dioxide pollution since 2005 as our regional economy has grown by 7% (adjusted for inflation). Of course, these significant pollution reductions are due to a combination of factors including market forces, the greater supply of natural gas, and other state clean energy policies, but RGGI has clearly been a driver as well. Through 2013 the RGGI states have invested more than \$950 million in RGGI proceeds in energy efficiency, clean and renewable energy, and other strategic energy programs. In Massachusetts, we have invested more than \$240 million through last year, with approximately 90 percent of these investments directed toward energy efficiency projects. A recent independent analysis by the Analysis Group concluded that investments from the first RGGI control period are adding \$1.6 billion net economic value to our region. In the RGGI region, these types of strategic investments by Massachusetts and the other RGGI states occurred while customer rates were dropping. Our original predictions, as

we began the developing RGGI, were that electricity rates would increase by 1-2% -- instead, region-wide they've declined by about 8%. All while emissions dropped by 40%, the economy grew by 7%, and grid reliability was enhanced through lower demand-related stress and solar power which produces electricity during peak demand periods.

We believe that ours and many other states' experience demonstrates that flexible carbon emissions reduction programs, coupled with other state policies, can prevent harmful pollution from entering the atmosphere, while also supporting a broad range of economic benefits, from lower energy bills, mitigation of price volatility and job growth. EPA should be commended for developing a proposed rule that recognizes the diversity amongst states and provides a flexible approach to compliance. By providing the states with this flexibility, Massachusetts believes the plan will not only aid in the effort to reduce carbon pollution, but will also help our nation develop an advanced energy infrastructure that delivers cleaner air, smarter energy use, an improved economy and new local jobs.

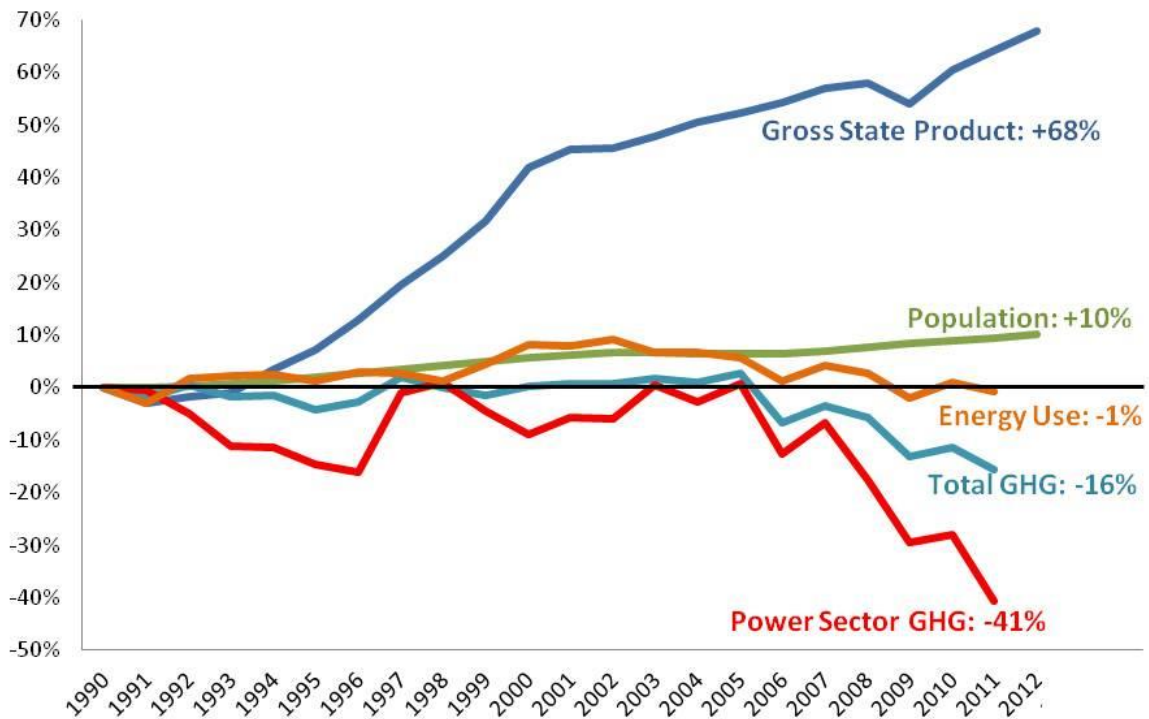
Thank you.

Appendix

Graph 1



Massachusetts Since 1990: Economic Growth and GHG Reductions



Source: MassDEP files, 2014