Pennsylvania Labor: Boilermakers Local 13, Philadelphia • Boilermakers Local 154, Pittsburgh • Bricklayers & Allied Craftworkers • Construction & General Laborers • International Brotherhood of Boilermakers • International Brotherhood of Electrical Workers Local 459 • International Brotherhood of Electrical Workers, Third District • International Union of Operating Engineers • Ironworkers #3 • Laborers' District Council of Western PA • Northcentral PA Building Trades • PA AFL-CIO • Pennsylvania Building and Construction Trades Council • Pittsburgh Building Trades • Philadelphia Building Trades • Sheetmetal Workers, Local #12 • South Central PA Building and Construction Trades Council • United Mine Workers of America

Pennsylvania Business: Chief Power, LLC • CONSOL Energy • GenOn Cheswick • Homer City Holdings • Indiana County Chamber of Commerce • Keystone State Railroad Association • Manufacturer and Business Association • National Federation of Independent Business (NFIB) • Northeast PA Manufacturers and Employers Association • PA Manufacturers Association (PMA) • PA Coal Alliance (PCA) • PA Anthracite Association • Somerset County Chamber of Commerce • Washington County Chamber of Commerce

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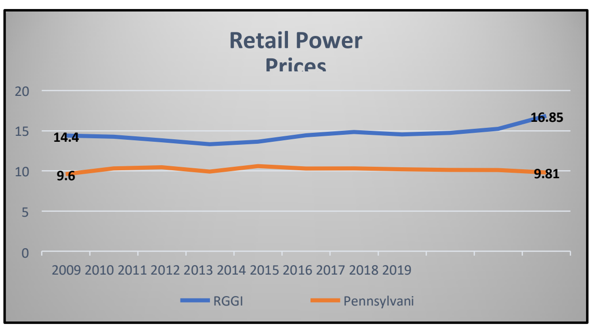
RGGI WILL IMPOSE AN $800 MILLION TAX ON PA ELECTRICITY CUSTOMERS
RGGI WILL INCREASE FAMILY ELECTRICITY COSTS BY 30+ PERCENT
RGGI'S BIGGEST VICTIM? LOW AND FIXED INCOME HOUSEHOLDS, ESPECIALLY SENIORS

According to the Energy Information Agency, since 2009, ***electricity rates in RGGI states have increased by more than a thousand percent compared to Pennsylvania.*** *In 2019,* ***average RGGI state electric rates were 72 percent higher than Pennsylvania****, where rates were 7.4 percent lower than the national average.*



Source: EIA

The Wolf Administration conducted modeling to estimate consumer impact of the RGGI ELECTRICITY TAX when the RGGI carbon tax rate was $5.20. Since that original modeling, **the RGGI carbon tax rate increased to $13.50, or by 160 percent**. As a result, the Wolf modeling underestimates the RGGI TAX impact on Pennsylvania electric consumers. The Pennsylvania Independent Fiscal Office's (IFO) recent analysis of the Wolf modeling confirms this. The IFO found that RGGI will cost Pennsylvania customers $800 million annually, or $6.4 billion over 8 years, in contrast to the Wolf modeling that concluded the impact would be $2.6 billion by 2030.

What does this mean for Pennsylvania electric customers?

Penn State Center for Energy Law and Policy (PSU-CELP), a RGGI supporter, also estimated the RGGI TAX impact on PA customers. As with DEP, PSU-CELP developed its consumer impact model when the RGGI tax was $5.20 (not $13.50), and concluded "Pennsylvania's entry into RGGI causes the load weighted average price of electricity in Pennsylvania to rise by $2.56 per MWh annually between 2022 and 2030," and as high as $3.61 (see graph below).

	2022	2026	2030	Cumulative*
Pennsylvania:				
Baseline Average Electricity Price** ($/MWh)	$ 32.84	$ 32.70	$ 32.76	$ 32.79
Change from PA Joining RGGI	$ 2.01	$ 2.27	$ 3.61	$ 2.56

For all PA electric customers – residential, commercial and industrial – and based upon a baseline average electric price of $32.79 at the old $5.20 RGGI TAX rate, PSU-CELP estimates RGGI will cost Pennsylvania electric customers between 8 and 11 percent more under RGGI. PJM, Inc., the regional transmission organization that manages the electric grid for many Mid-Atlantic and Mid-West states, also conducted an analysis of consumer impacts from RGGI (also when the RGGI TAX rate was much lower). PJM concluded the RGGI tax will lead to: "Increases in wholesale energy market prices as a result of the carbon price ranged from approximately $2/MWh to $3/MWh depending on the carbon price and pricing load zone within Pennsylvania," which aligns with the PSU-CELP consumer impact modeling when the RGGI carbon tax was $5.20.

What does this mean for Pennsylvania families?

Residential customers are particularly vulnerable under the RGGI TAX. According to the Energy Information Authority (EIA), **residential households in Pennsylvania pay more than 40 percent of the statewide average of all consumers** (i.e., residential, commercial and industrial). This means that residential households, back when the RGGI tax was $5.20 (not $13.50), should have expected a minimum electric bill increase of 12 percent (at $2.56) as a result of the RGGI tax, and as high as 18 percent (at $3.61).

Since this earlier modeling, the RGGI TAX rate increased from $5.20 to $13.50, which means the actual consumer impact will be far higher, at least double, compared to what was originally estimated. In this instance, the RGGI TAX increased by 160 percent (a multiplier of 2.5x) since the original, outdated modeling. As a result, Pennsylvania customers, especially residential customers (i.e., families), are likely to see a similar jump in monthly electricity costs. Even if we conservatively estimate that the monthly electricity costs would simply double (2x) from the PSU-CELP estimate, the impact to Pennsylvania families will be profound. Given current RGGI prices, and utilizing the modeling assumptions from PSU-CELP, the RGGI ELECTRICITY TAX will increase electricity costs for Pennsylvania families by at least 24 to 36 percent.

How will this influence energy poverty among low and fixed income families?

For low- and fixed-income households, especially for senior citizens, this would be devastating. The PA PUC concluded that low income households, even after receiving subsidies via customer assistance programs (e.g., LIHEAP), pay nearly 15 percent of total household income on heating and electrifying homes. **The RGGI tax and resulting 30+% increase in electricity costs would only serve to increase the energy poverty index for these families**.

It's been two-and-a-half years since Governor Wolf first proposed the RGGI ELECTRICITY TAX. Much has changed during this time. Pennsylvanians suffered through the COVID pandemic and related recession, from which we are still struggling. In addition, families are being smothered by historic and escalating inflation across all areas of the economy. This is especially the case for energy bills, where increasing costs far exceed the overall inflation rate.

According to Bloomberg Law: "Hayley Book, a senior adviser on energy and climate at the state's environmental agency, confirmed that direct assistance to consumers, such as rebates or energy discounts for low-income households, is the only category of investment for which DEP doesn't have the authority to spend revenues." PennState's Center for Energy Law and Policy, a strong RGGI supporter, confirmed this: "**Save for a legislative intervention that expands DEP's investment authority, the agency has no means of subsidizing ratepayers.**" Implementing the RGGI tax via regulation precludes direct bill assistance for low- and fixed-income households, as is provided in most RGGI states, which collectively allocate 16 percent for direct bill assistance.

Combining a carbon tax with promises of "energy efficiency" is even worse for poor and senior households. According to Stanford University research, a carbon tax is one of the most regressive taxes for low and fixed income households: "Under a hypothetical carbon tax, households in the lowest income group would pay as a percent of income more than twice what households in the highest 10 percent of income distribution pay." **According to Georgetown University research, "energy efficiency standards are more regressive than energy taxes, not less**." Governor Wolf's proposed RGGI tax regulation intends to accomplish both of these regressive outcomes.