

Emissions Trading

Half of Power Sector Emissions Reductions In Region Result of 'RGGI Effect,' Study Says

The Regional Greenhouse Gas Initiative was responsible for half of the carbon dioxide emissions reductions achieved in the power sector in the nine participating states from 2009 through 2012, according to an Aug. 21 study from the Nicholas Institute for Environmental Policy Solutions at Duke University.

The study, published in the journal *Energy Economics*, found that the remaining carbon dioxide emissions reductions from the power sector were due to a decline in economic activity, increased availability of lower priced natural gas, renewable portfolio standards and other factors.

The RGGI cap-and-trade program was the most significant factor leading to emissions reductions, the study said. It found that emissions would have been 24 percent higher without the RGGI program.

The study said emissions would have been 12 percent to 14 percent higher were it not for each of the other major factors—the economic recession, natural gas prices and renewable portfolio standards.

Study Shows a 'RGGI Effect.' “As far as I know, it is the first published paper to do a statistical breakdown of the various factors responsible for the reduction in RGGI emissions,” William M. Shobe, director of the Center for Economic & Policy Studies at the University of Virginia, told Bloomberg BNA in an e-mail.

“It not only demonstrates that RGGI is responsible for reducing emissions but also uses a set of appropriate statistical measures to assess the relative magnitude of the various factors, along with RGGI, that contributed to the decline,” said Shobe, who was part of the peer review process for the paper. “These measures are

subject to error, of course, but the results are strong enough to give us confidence that there is a substantial RGGI effect.”

Brian Murray, director of the Institute’s Environmental Economics Program and the lead author of the study, said the study results have implications beyond the RGGI region.

“The findings suggest that emissions trading could be a cost-effective strategy for states now considering how to comply with EPA’s recently issued regulations aimed at reducing carbon dioxide emissions from power plants,” he said in a statement.

Other key points in the study include:

- RGGI states experienced a greater proportional decline in emissions than the rest of the country.

- Natural gas discoveries have played a significant role in emissions reductions.

- Regional emissions reduction strategies can be effective, but could shift problems to other regions.

“It’s important to keep in mind that lower emissions also are largely to do with competitive markets that have resulted in more efficient power plants, greater integration of renewable resources and increased generator availability,” Matthew Schwall, a spokesman for the Independent Power Producers of New York, told Bloomberg BNA in an e-mail.

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The study is available at <https://nicholasinstitute.duke.edu/articles/trading-program-linked-significant-emissions-reductions#.VddxgJd0u7l>.

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