



# Action Alert Webinar

## Legislative Budget Proposal to Raid RGGI Funds

April 11, 2016



# Agenda

- **State Budget** – fiscal budget situation
- **Situation** – proposed diversion of RGGI funds to be a revenue source for the state budget
- **Impact** – if passed, the impact on the CT Green Bank, economy, energy, and the environment
- **You Can Help** – what you can do to help stop this
- **Questions & Answers**



# Background

## State Budget for FY 2017



- **Budget Deficit** – \$930 million projected for FY 2017  
...revenues not being realized, and spending drastically exceeds revenues...leading to a significantly unbalanced budget
- **Legislative Proposals**
  - Appropriations Committee proposed cuts to the budget that was still short by \$340 million
  - Finance, Revenue, and Bonding Committee proposed diverting \$22 million in RGGI funds as revenues to the budget

# Situation

## What is RGGI



- **RGGI** – Connecticut is a founding member (and chair) of the 9-state RGGI program. Participating states set a cap on carbon emissions from power plants. Power plants must purchase emission allowances at quarterly auctions. The proceeds from the sale of allowances are reinvested:
  - Energy Efficiency (69% of the proceeds to CEEF)
  - Renewable Energy (23% of the proceeds to CGB)
  - Dues and Administration (7.5% of the proceeds to DEEP)
- **Raid** – a raid of the RGGI funds would affect the budgets for CEEF, CGB, and DEEP

# Impact



## Increasing Electricity Costs – Energy Tax

- **Lowering Energy Costs** – the efficiency and renewable energy projects funded by the CGB and CEEF are one of the most important factors helping lower energy costs – a key driver for economic competitiveness of the manufacturing industry and energy affordability for its residents. The reinvestment of RGGI allowance proceeds helps to cancel out rate impacts of the RGGI emissions cap.
  - **Economic Benefits** – every \$1 investment in the CGB’s financing programs supports \$10 of co-investment with private banks and investors accelerating local job creation and economic activity.
  - **Energy Benefits** – every \$1.00 investment in the CEEF energy efficiency programs, offsets \$2.80 of new generation and transmission projects that ratepayers would otherwise have to pay for.

# Impact (cont'd)

## Reducing Investor Confidence – Killing Jobs

- **Market Uncertainty** – even a one-time raid of RGGI funds would create market uncertainty about whether Connecticut’s energy efficiency and renewable energy investments and commitments can be relied on by contractors and capital providers.
  - **Contractors** – planning to invest in the growth of their businesses is inhibited by state budget pressures. Jobs have been lost in the past as a result of state budget pressures!
  - **Capital Providers** – significant private capital investment has been attracted into Connecticut’s economy. For example, through the C-PACE program, for every \$1 of RGGI funds invested by the CGB, \$9 of investment is attracted from private capital sources. Reducing investor confidence can lead to less private investment in Connecticut’s economy resulting in job losses.

# Impact (cont'd)

## Stakeholders in Our Communities

- **Low Income** – we use RGGI funds to bring a solar PV lease and energy efficiency ESA product to low to moderate income households throughout the state to lower their energy costs through a \$20 million public-private partnership with PosiGen and private capital investors.
- **Cities and Towns** – we are seeking to expand a \$60 million public-private partnership with local lenders to \$100 million using RGGI funds to finance more energy saving solar PV projects on cities, towns and schools across the state.
- **Businesses and Non-Profits** – we use RGGI funds to attract and leverage private investment in renewable energy improvements through a \$100 million partnership with Hannon Armstrong to lower energy costs for commercial, industrial, and non-profit customers through C-PACE.
- **Food Waste to Energy** – we use RGGI funds to invest in \$60 million of projects that turn food waste into renewable energy, helping make waste water treatment facilities more economically resilient.

# Other Notable Impacts



- **Grid Reliability** – ISO-NE and FERC have recently begun to factor in Connecticut investments in energy efficiency and renewable energy into their planning for how much power generation is needed to avoid black outs and power outages. These projects function like a power plant. If funds are raided, then the region could face inadequate power supply, threatening grid reliability.
- **Business Competitiveness and Energy Assistance** – more than 6,000 businesses save on their energy bills and over 55,000 homes are weatherized or deploying clean energy every year through these programs, including critical services provided to more than 20,000 low income households.
- **Violation of Commitments** – as a signatory to the regional RGGI MOU, Connecticut committed to invest RGGI proceeds in energy efficiency and renewable energy as a direct benefit to consumers. RGGI is the model upon which the EPA’s Clean Power Plan is based and is supporting the reduction of 3 million tons of carbon emissions that contribute to climate change and threaten the health of our children and families.



# You Can Help

## What You Can Do



- **Contact State Representative and Senator** – tell them that you oppose a raid on RGGI (to find your legislative leaders – [click here](#))
- **Attend the Press Conference** – with clean energy advocates, market participants, and Connecticut Green Bank supporters at the Legislative Office Building, Room 1B, on Tuesday, April 12<sup>th</sup> at 11:00 a.m.
- **Other Actions** – write a letter to the editor, provide interviews to the press...get engaged by contacting the Connecticut Green Bank ([Matt.Macunas@ctgreenbank](mailto:Matt.Macunas@ctgreenbank) or (860) 614-1212)

# Thank You

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