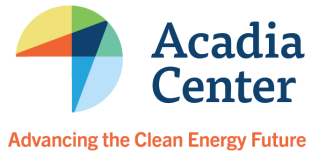




Conservation
Law Foundation



Advancing the Clean Energy Future

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September 12, 2024

VIA ELECTRONIC MAIL ONLY

Climate Strategies Division
Department of Environmental Protection
One Winter Street
Boston, MA 02108
climate.strategies@mass.gov

Subject: Joint Comments from Climate Advocacy Organizations Regarding MassDEP's Proposal to Increase the Minimum Auction Reserve Price under 310 CMR 7.74: Reducing CO2 Emissions from Electricity Generating Facilities

Dear Climate Strategies Division Staff:

The undersigned climate advocacy organizations appreciate the opportunity to submit comments in support of the Massachusetts Department of Environmental Protection's (MassDEP or the Department) proposal to increase the minimum auction reserve price for the electricity sector carbon allowance market. We commend the Department's efforts to strengthen this program as a tool for achieving Massachusetts' greenhouse gas emissions reduction mandate

The undersigned strongly support the adoption of an increased minimum reserve auction price. A higher price floor sends a clear market signal that prioritizes emissions reductions and ensures that Massachusetts continues to lead in promoting clean energy solutions. Beyond this critical adjustment, we urge MassDEP to consider additional program improvements that will further enhance environmental and public health outcomes:

1. Clear and Transparent Reporting on the Use of Auction Proceeds:

It is critical that there be transparency and accountability regarding how the proceeds from the carbon allowance market are spent and are planned to be spent. We recommend that MassDEP implement strict reporting requirements to ensure that proceeds are directed toward both initiatives that reduce greenhouse gas emissions, and support Environmental Justice (EJ) communities, including investments in clean energy, energy efficiency, and public health programs. We also recommend that MassDEP publish a report on projected revenue and a plan for spending at the start of the year.

2. Expansion of the Program to Include Criteria Pollutants:

While targeting CO₂ emissions is an important aspect of reducing the environmental impact of power generation, it is important to recognize that other pollutants, such as nitrogen oxides (NO_x), sulfur dioxide (SO₂), and particulate matter (PM & PM_{2.5}), also contribute significantly to poor air quality and health risks, particularly in EJ communities. Expanding the program to include these criteria pollutants in the auctions would ensure a more comprehensive approach to addressing the environmental and health impacts of electricity generation. The additional revenue from the criteria pollutants could be directed towards those communities.

3. Establishing a Different Emission Cap for Power Plants Located Near EJ Communities:

Power plants located in or near EJ Environmental Justice communities pose higher health and environmental risks to these populations. To address these disproportionate impacts, we propose that MassDEP considers implementing a differentiated cap on emissions specifically for these facilities. This

approach would involve setting a cap that is stricter and prioritizes emission reductions for the facilities located in EJ areas.

4. Consistency with Massachusetts Overall Decarbonization Goals:

MassDEP's market monitor noted that "if allowance prices observed prior to September 2023 are consistent with MassDEP policy goals for 310 CMR 7.74, then MassDEP could consider increasing the auction reserve price to a level more consistent with these prices."¹ The undersigned agree that using an ambitious threshold that would facilitate achievement of Massachusetts' mandate to achieve net-zero greenhouse gas emissions by 2050 under the Commonwealth's 2021 Climate Roadmap Law² is a necessary action. To the extent that this target can be made even more ambitious in pursuit of Massachusetts' decarbonization efforts, the undersigned encourage MassDEP to set a minimum reserve price with swift reduction of greenhouse gas emissions in mind.

In conclusion, increasing the minimum reserve price is a positive step, but expanding the program's scope to address criteria pollutants and focusing on EJ communities will maximize its effectiveness. Additionally, ensuring transparency in proceeds spending will build public trust and ensure that these funds are used to achieve the greatest environmental and health benefits.

Thank you for your leadership on this important issue. We welcome any additional dialogue on this matter.

Sincerely,

Paola Tamayo, Policy Analyst, Acadia Center

Priya Gandbhir, Senior Attorney, Conservation Law Foundation

Larry Chretien, Executive Director, Green Energy Consumers Alliance

Amy Boyd Rabin, Vice President of Policy, Environmental League Of Massachusetts

¹ Potomac Economics "Market monitor comments on raising the auction reserve price level" (Dec. 2023) available at: <https://www.mass.gov/doc/market-monitor-memorandum-on-minimum-reserve-price/download>.

² Mass. Acts 2021, ch. 8.