

Facts About the Regional Greenhouse Gas Initiative (RGGI) and Electric Bills

General Points on RGGI, Regional Energy:

- Electricity prices in RGGI states fell [5.7 percent](#) in the first ten years of the program, while they increased in the rest of the country.
- [Modeling](#) of the RGGI region (prior to VA and NJ joining) showed that even as the RGGI carbon emissions cap declined about 30 percent through 2030, residential ratepayers in the RGGI region would ultimately be paying 35 percent *less* on their bills after the end of the program term than they currently were because of how program proceeds would be invested.
- Lack of clean energy policy and investment only ensures that over-reliance on fossil fuels, with their inherent price volatility (see graph below) and supply issues, will continue. [LegalPlanet](#) sums it up well: "**So as much as some might want to blame the current crisis on renewables and climate policy, what is abundantly clear is that we are paying the price for an energy system that has become heavily dependent on natural gas.**"

Understanding Pennsylvania's Electric Rates and Bills¹:

- Lots of factors go into determining what the average residential consumer will see on their monthly bill. The monthly bill a resident sees is not just electricity rates times the amount of kWh being used -- the bill also includes costs for distributing and transmitting the power and taxes, for example. Electricity rates (cents/kWh) measure the cost of your electricity as a commodity and aren't the same as the electricity *bills* that customers pay. So while RGGI may slightly increase rates in the short-term it can reduce customer bills with smart investments in the long-term.
- Pennsylvania is about middle-of-the pack (23rd) on total average monthly bills paid by residents in this [analysis](#) looking at data from June 2021. Other states in RGGI with lower average bills in June of this year include: Rhode Island, Maine, Vermont, New York, New Jersey, New Hampshire.
 - Annual data also bears this out. [EIA data for average monthly electric bills paid in 2020 for the residential sector](#) (table excerpt adapted below), shows PA was the highest in the middle Atlantic region – more than New York and New

Jersey even though PA's electric rates were the lowest. RGGI members Maine and Vermont also had lower annual average monthly bills than PA.

2020 Average Monthly Bill- Residential

(Data from forms EIA-861- schedules 4A-D, EIA-861S and EIA-861U)

State	Number of Customers	Average Monthly Consumption (kWh)	Average Price (cents/kWh)	Average Monthly Bill (Dollar and cents)
Middle Atlantic	16,305,858	701	15.93	111.75
New Jersey	3,618,587	683	16.03	109.54
New York	7,239,162	602	18.36	110.47
Pennsylvania	5,448,109	846	13.58	114.90

Table adapted from EIA

How RGGI Can Help *Reduce Bills in Pennsylvania:*

- This shows that states in RGGI and with ambitious climate commitments can (and do!) design programs that protect and benefit ratepayers – PA can absolutely follow suit by investing in energy efficiency to lower electricity consumption to save consumers money, provide direct bill assistance, and take other measures that protect ratepayers and make investments in clean energy that can save money in the near-term and long-term.
- Reducing electric bills can be achieved through strategic investment of the hundreds of millions of dollars in proceeds that can be used for direct bill assistance, energy efficiency, and other measures that reduce electric usage and air pollution.
- According to the [American Council for an Energy Efficient Economy](#), while PA has made strides in improving energy efficiency across its economy, in 2020 it scored just 4/20 points on ACEEE's scorecard for utility energy efficiency programs – demonstrating huge opportunity for growth and improvement in investments in programs that reduce electricity usage and bills.
- There is a cost to inaction on power sector emissions, too. With RGGI, PA maintains more existing, large zero-emission nuclear plants and enables PA to have a more diverse, cleaner energy portfolio. RGGI can help avoid capital expenditures to build costly new power plants to replace the lost nuclear capacity – capacity that will invariably be replaced by *higher* polluting plants, causing power sector emissions to start to rise for the first time in many years in PA. This also has implications for PA's ability to cost-effectively comply with federal regulations that could be coming down the pike and to manage price shocks that could occur from heavily relying on natural gas.

Natural Gas:

- Pennsylvania is heavily invested in natural gas to power its electric sector and is therefore at the mercy of the market price of natural gas which can fluctuate wildly, as this graph shows:

Henry Hub natural gas

Price per million Btu



Source: FactSet. Data is monthly and as of 11:45 a.m. on Sept. 9, 2021.



Image Source: <https://www.cnbc.com/2021/09/09/natural-gas-prices-are-rising-and-could-be-the-most-expensive-in-13-years-this-winter.html>

- These changes in fuel prices can have an impact on what customers pay for their electricity. Additionally, even with the boom in natural gas development in PA, customers have not seen meaningfully lower electric rates or bills.
- Analysts are predicting a tough winter globally for fossil fuel energy, and that natural gas prices will remain high [this winter](#) in the US.

¹ This illustrative comparison is broad and based on average bills and rates. There are, of course, variations state-to-state that impact electricity use and total energy/fuels use in the residential sector that affect total energy cost borne.