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## Mass. DOER Study Shows RGGI Could Cut Electric Bills for Most Businesses and Residential Consumers

A study recently obtained from the Mass. Dept. of Energy Resources (DOER) shows that the Regional Greenhouse Gas Initiative (RGGI) would likely cut electric bills for the vast majority of businesses in the region, employing most of the northeast's workers.

The new data shows that if the program was implemented correctly, with money from the sale of permits to emit global warming pollution used to double energy efficiency spending, electricity use would drop substantially, cutting bills for businesses and residents. As a result, even though electric rates could rise by a few percent due to the plan, electric bills would likely fall for most consumers, depending on which of the ICF modeling scenarios turns out to be correct ("package," "high emissions," "cap only," "package + Fed," etc.).

	<b>2021</b>	
	<b>\$'s</b>	<b>Percent</b>
Residential	\$118	12.4%
Commercial	\$650	8.1%
Industrial	\$4,092	4.7%
	<b>2015</b>	
	<b>\$'s</b>	<b>Percent</b>
Residential	\$71	7.5%
Commercial	\$390	4.8%
Industrial	\$2,468	2.8%

Source: Mass. Dept. of Energy Resources, Dec. 2005. Figures in table are based on the difference between the "Package" case and the "Package after Energy Efficiency Savings."

Note: Commercial businesses are about 90 percent of output and employment in Massachusetts, with industrial companies being the rest.

The administration of Massachusetts Governor Mitt Romney had intended to keep this data secret, but it was released due to a formal request made by the Conservation Law Foundation (CLF) and the Massachusetts Climate Action Network under the state's Public Records law. The

Romney administration required these organizations to pay \$2,835.37 to obtain the documents, which it had previously failed to make public.

The results for residential customers had been released previously in November, 2005 and posted on the official [www.RGGI.org](http://www.RGGI.org) website.

### **Bill Impacts in 2021 Depend on Modeling Scenario**

The net impacts on electricity consumers as of the end of the RGGI modeling period depend on both the gains from efficiency spending and on the rate impacts projected by ICF, Inc. in the various scenarios designed by the RGGI State Working Group. Table 2 below shows the results for the two scenarios run by ICF with the lowest and highest rate impacts.

<b>Table 2: Electric Bills Under RGGI in 2021 With Energy Efficiency Spending Doubled</b>		
	<b>Best Case</b>	<b>Worst Case</b>
Residential	-11.8%	-7.6%
Commercial	-7.4%	-2.7%
Industrial	-3.4%	5.9%

Source: Mass. Dept. of Energy Resources, Dec. 2005.

Notes: “Best case” refers to the State Working Group/ICF “Package Case.” “Worst case” refers to the “Package + U.S./Canadian Policies,” where there is a national cap on power plant CO2 emissions and no “leakage” occurs. Commercial businesses are about 90 percent of output and employment in both Massachusetts and Rhode Island, with industrial companies being the rest.

The industrial sector would see at most minimal increases in energy costs – in the worst case a rise of 6% by the year 2021, or an increase of around one-half percent per year. This small increase over the course of a decade pales in comparison to the recent fluctuations in energy costs for industrial ratepayers, who saw increases on the order of 50% during the last year.

It is not clear why the state’s modeling shows gains from efficiency to be less for industrial customers than for commercial and residential, and the results may understate the true gains to manufacturing. Under most states’ existing efficiency programs, industrial customers achieve savings at least comparable to those in other sectors.

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