January 31, 2020

Dear Members of the Virginia General Assembly:

As large employers with operations and investments in Virginia, we write today to urge lawmakers to support policies that accelerate the transition to a low-carbon electric grid in the Commonwealth. Specifically, we endorse the principles of the “Virginia Clean Economy Act” (SB 851/HB 1526), which would scale up cost-effective clean energy resources and put Virginia on the path toward a 100% carbon-free electricity system by 2050. In addition to provisions for energy efficiency standards, renewable energy standards, participation in the Regional Greenhouse Gas Initiative, and increased access to clean resources, legislation should also: a) prioritize energy efficiency as the least-cost energy resource; b) ensure a transparent, competitive process for energy development in order to protect ratepayers; and c) create a viable pathway for accelerated buyers to voluntarily purchase renewable energy that meets or exceeds the renewable energy mandates.

The provisions of Virginia Clean Economy Act create an important framework for successfully decarbonizing Virginia’s electricity grid while fostering long-term economic success and protecting public health. Clear, predictable policies such as these should be prioritized alongside fair and equitable opportunities for customer-driven renewable energy as Virginia works toward a clean electricity grid.

We recognize that climate change poses a significant risk to our long-term economic success, threatens the health and livelihood of the communities in which we live and operate, and disrupts the supply chains on which we rely. Because of these risks, we have made significant commitments to reduce our greenhouse gas (GHG) emissions and adopt clean energy. Nearly half of all Fortune 500 companies have set goals to reduce GHG emissions, procure renewable energy, and invest in energy efficiency.¹ We also see this as an opportunity, as clean energy helps ratepayers save money and enjoy greater predictability of energy costs. Investing in clean energy also promotes the health and well-being of our employees and all Virginians, while also supporting resilience.² However, we cannot fully address the risks or realize the value of tackling

² A recent report found that the cumulative value of avoiding the public health costs related to the localized air pollution a zero-carbon-by-2050 scenario would produce is greater than $3.5 billion. See: Advanced Energy Economy, “Virginia’s Energy Transition: Charting the Benefits & Tradeoffs of Virginia’s Transition to a 100% Clean Grid,” September 2019. https://info.aee.net/va-energy-transition-report
climate change without access to clean energy resources and policies that ensure that solutions to mitigate carbon pollution are valued appropriately in the market.

**Energy Efficiency Standards (also introduced as SB 354/HB 1450)**

We urge lawmakers to prioritize energy savings and to enact standards that incentivize utility investments in energy efficiency programs. **Energy efficiency is the best, and oftentimes cheapest, means of reducing reliance on fossil fuels and should be prioritized ahead of the build-out of any new fossil-fuel power plant facilities.** Virginia can further increase investments in clean energy by aligning utility compensation structures with energy savings performance and directing funding from regional carbon market participation toward energy efficiency. Ensuring electricity is being used as efficiently as cost-effectively possible would not only save money for individuals but would also reduce costs for all ratepayers.

**Renewable Energy Standards (also introduced as HB 1451)**

To grow clean energy in Virginia, we also encourage lawmakers to enact standards that require steady increases in renewable energy deployment for the energy we need to use. Standards help create the policy certainty necessary to help businesses plan ahead and to drive investments. We are investing in renewable energy because it helps us reap cost savings and gain greater control over our electricity costs, while also reducing harmful pollutants. Executed properly, alongside consumer protections and competitive procurement requirements, strong renewable energy standards in Virginia would grow local clean energy jobs and investments and save ratepayers money. Such standards should be enacted while preserving and growing the competitive electricity market for renewables and while accounting for voluntary action taken by corporate renewable energy buyers. A renewable energy standard should also incentivize customer-driven renewable energy deployment in order to accelerate a cost-effective transition to a clean electricity system in Virginia.

**Regional Carbon Market Participation (also introduced as SB 1027/ HB 981)**

Participation in a carbon pricing program is an important complement of clean energy standards, as it ensures achievement of carbon reduction targets. The Regional Greenhouse Gas Initiative (RGGI) is an established program in the Northeast and Mid-Atlantic that ensures electric-sector emissions reductions through a market-based solution. RGGI sets a gradually-tightening cap on electric-sector carbon pollution and lets the market find the most economically-efficient carbon reductions. The nine states that have participated in RGGI over the last ten years have successfully reduced electric-sector carbon emissions while growing their economies faster than other states and saving ratepayers money through lower electricity prices.³ RGGI allowance auctions also create revenue that states can use to spur additional local clean energy investments, enhance resiliency, and reduce the electricity burden for low-income communities.

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³ Since 2009, RGGI states have reduced carbon emissions from power plants by 47%, while electricity prices in RGGI states have fallen 5.7% (while electricity prices have increased in the rest of the country by 8.6%), and the GDP growth of RGGI states has outpaced the rest of the country by 31%. Source: Acadia Center, “The Regional Greenhouse Gas Initiative: Ten Years in Review,” September 17, 2019. [https://acadiacenter.org/document/the-regional-greenhouse-gas-initiative-ten-years-in-review/](https://acadiacenter.org/document/the-regional-greenhouse-gas-initiative-ten-years-in-review/)
Creating a cleaner electricity grid in Virginia will help us meet our sustainability goals, while attracting new investment, encouraging innovation, and saving ratepayers money. A recent study found that achieving zero carbon by 2050 would reduce Virginians’ electricity bills, create jobs, boost economic development, and decrease public health pollutants compared with business as usual. Clean energy standards and RGGI each play an important, complementary role to set Virginia up for economic success in the low-carbon economy of the future. While we appreciate the efforts that have been made to date, more can and should be done this year to create a low-carbon electricity system in Virginia. We look forward to working with lawmakers to make this a reality.

Sincerely,

Akamai Technologies
IKEA North America Services, LLC
Kaiser Permanente
Mars Incorporated
Nestlé USA
Schneider Electric
Unilever
Worthen Industries

Cc:
Governor Ralph Northam
Secretary of Commerce and Trade Brian Ball
Secretary of Natural Resources Matthew Strickler
Virginia State Corporation Commission

For questions on this letter or to contact any of the signatories, please contact esteves@ceres.org.

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