



office of the governor of the commonwealth of virginia

Virginia House of Delegates Appropriations Committee

Deputy Secretary of Natural Resources

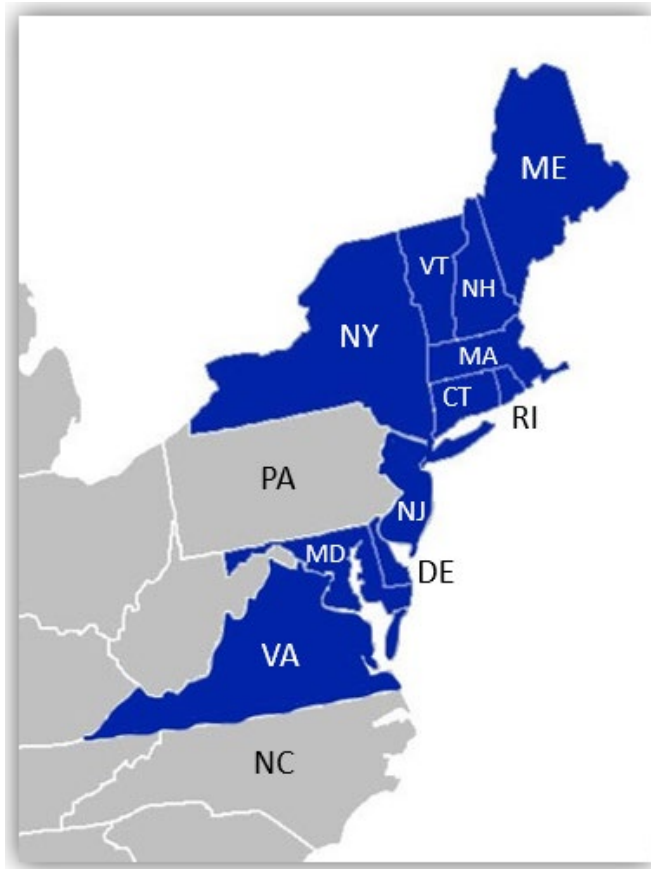
Joshua Saks

Department of Environmental quality
Chief deputy director

Chris Bast

September 20, 2021

Regional greenhouse gas initiative

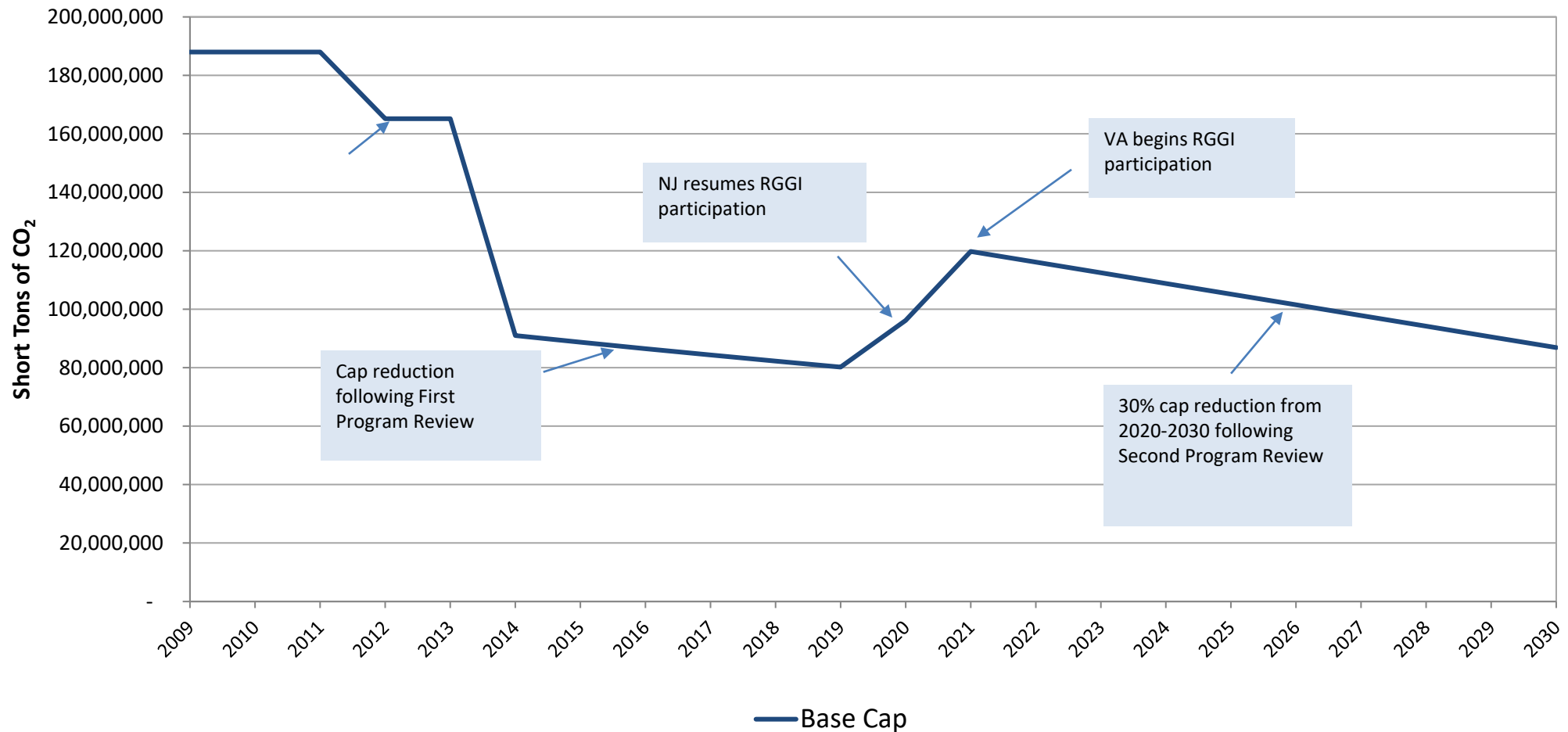


- Authorized by the 2020 GA – “Clean Energy and Community Flood Preparedness Act”
- Carbon trading rule for the power sector adopted in June 2020
- Implemented through participation in the Regional Greenhouse Gas Initiative (RGGI)
- Virginia is one of 11 participating states
- RGGI is a emissions cap and trade program that:
 - Reduces power sector GHG emissions over time
 - Raises proceeds to invest into climate related programs

How RGGI Works

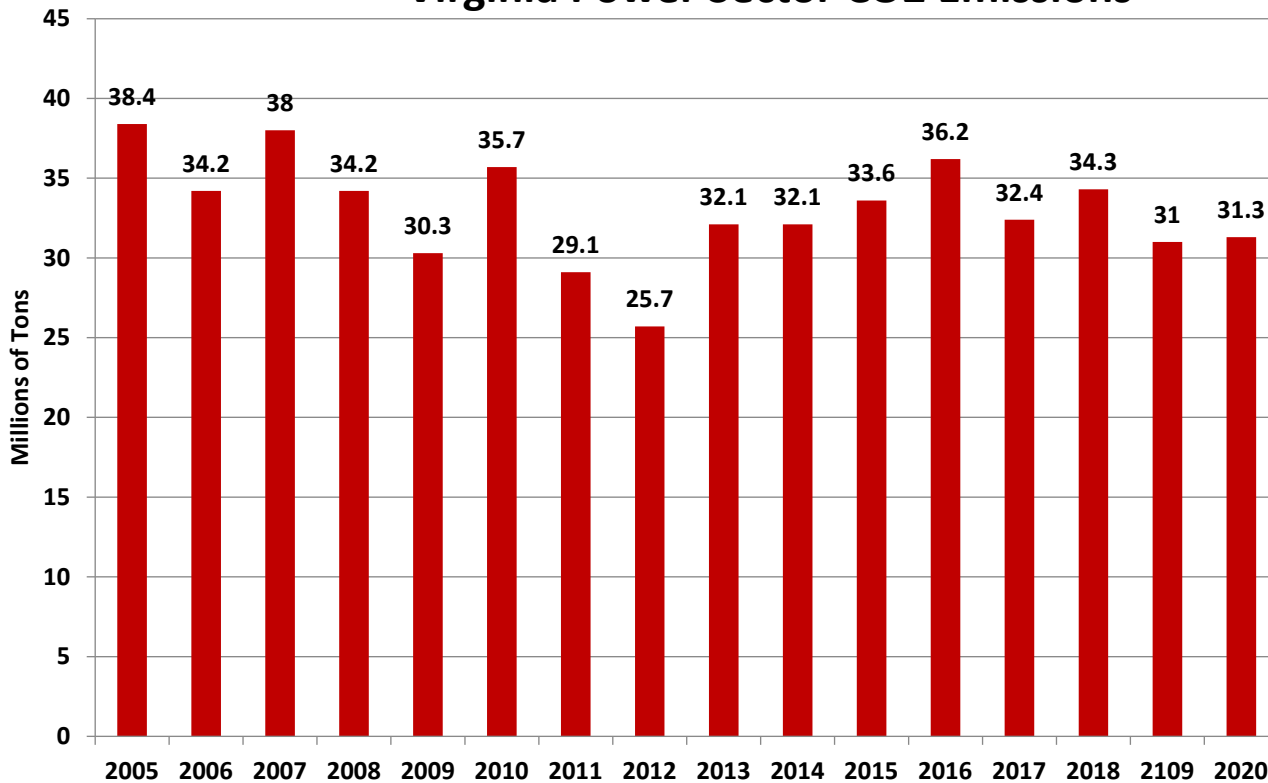
- Individual state CO₂ allowance trading programs aligned through a model
- One allowance = one ton of carbon dioxide
- Allocations are based on state budgets that are determined by baseline emissions
- State budgets decrease annually at 3% per year and 30% by 2030
- State allowances are offered for sale through quarterly auctions conducted by RGGI, Inc.
- Allowances are fungible, bankable, and tradable. Regulated sources and others can bid to purchase allowances for compliance or other reasons

RGGI CO2 Emissions Cap



Virginia Participation in RGGI

Virginia Power Sector CO2 Emissions



- 27 power plants currently covered
- 2020 emissions from these sources was 31.3 million tons CO2
- 2021 VA budget is 27.1 million tons
- Budget decreases annually to 19.6 million tons in 2030

Virginia Participation in RGGI

- ✓ Joined RGGI, Inc. Board of Directors
- ✓ Completed 3 Quarterly Auctions
- ✓ Ongoing discussions about RGGI expansion
- ✓ Upcoming RGGI program review period
- ✓ Raised \$142 million in proceeds
 - 50% DHCD—low income EE
 - 45% DCR—Community Flood Preparedness Fund—25% min low income threshold
 - 3% DEQ—climate planning/mitigation
 - 2% DHCD Admin

Distribution of Virginia Proceeds

VA	Allowance Proceeds	RGGI Admin Fee	DHCD (50%)	DCR (45%)	DEQ (3%)	DHCD (2%)
Auction 51	\$43,589,868.4	\$148,230.0	\$21,720,819.1	\$19,548,737.2	\$1,303,249.1	\$868,832.7
Auction 52	\$45,416,614.6	\$148,230.0	\$22,634,192.3	\$20,379,773.0	\$1,358,051.5	\$905,367.6
Auction 53	\$52,995,538.5	\$148,230.0	\$26,423,654.2	\$23,781,288.8	\$1,585,419.2	\$1,056,946.1
All Auctions	\$142,002,021.5	\$444,690.0	\$70,778,665.7	\$63,709,799.1	\$4,246,719.9	\$2,831,146.6

DHCD – Low -income Energy Efficiency

- **Deep energy retrofits** that complement existing affordable housing construction and rehabilitation incentives, to ensure lowest income population benefits from long-term cost savings
- **Incorporate innovative approaches** that will overcome traditional barriers to building and retrofitting affordable housing at scale
- **Prioritize long-term sustainability/durability** and occupant health (prevent moisture issues, improve ventilation) along with energy efficiency upgrades

The Department of Housing and Community Development instituted a vigorous stakeholder process to establish the following allocation plans for RGGI funds.

DHCD – Low -income Energy Efficiency

Fiscal Year 21 HIEE Allocations

HIEE Component	FY '21 - % HIEE allocation	50% Net Revenue <i>(\$21.7m from March 2021 auction)</i>	Actual Obligation <i>(total \$21.1m)</i>
Weatherization Deferral Repair Program	60%	\$13.0m	\$15.2m
Affordable and Special Needs Housing Program	40%	\$8.7m	\$5.9m
Housing Innovation Partnerships Grant Program	0%	\$0 m	\$0

DHCD – Low -income Energy Efficiency

Fiscal Year 22 HIEE Allocation Percentages

HIEE Component	FY '22 - % HIEE allocation	Projected revenue (\$55m from Q2Q4 2021 & Q1 2022 auctions)
Weatherization Deferral Repair Program	30%	\$16.5m
Affordable and Special Needs Housing Program	60%	\$33.0m
Housing Innovation Partnerships Grants	10%	\$5.5m

DCR – Community Flood Preparedness

Planning

- Flood preparedness and resilience plan development
- Delineations of areas of recurrent flooding and storm surge vulnerability
- Updated estimates of rainfall intensity
- Local or regional flood studies.
- Detailed mapping and analysis
- Education and Outreach
- Technical staff training

Studies and Data Collection

- Hydrologic and hydraulic studies
- Precipitation modeling
- Sea level rise projections
- Impact analysis
- Assessments of dams and impounding structures
- Stream and tide gauges

Projects

- Conservation and restoration of floodplains, coastal barriers, natural infrastructure
- Construction or modification of flood control infrastructure
- Stream restoration and bank stabilization
- Public outreach

DCR – Community Flood Preparedness

- Thirty-two applications were received for the first grant round of CFPP, which closed on September 3.
- The second grant round is underway and closes on November 5.
- DCR anticipates two grant rounds per year

DEQ – Climate Planning & Mitigation

- Building Capacity

- Supports additional climate-focused personnel and other resources within DEQ in response to recent legislative and executive directives

- Technical Support

- Developing programs and investing in resources to help local governments and state agencies with GHG inventories and accounting and climate action planning

- Mitigation Programs

- Developing programs to support state and local government and community projects resulting in direct climate pollution reduction



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