



March 7, 2019

David K. Paylor, Director  
Virginia Department of Environmental Quality  
1111 East Main Street, Ste. 1400  
P.O. Box 1105  
Richmond, VA 23218

RE: Business Support for Virginia's Proposed Regulation for Emissions Trading

Dear Director Paylor:

On behalf of several large businesses with operations and employees throughout Virginia and across the United States, we write to express our strong support for the re-proposed Regulation for Emissions Trading Programs (9VAC5-140).

Companies across the Commonwealth are setting goals to reduce their greenhouse gas emissions and increase their use of clean energy because they know it is the right thing to do for both the environment and for their bottom lines. In fact, more than 43 major Virginia companies have set goals to power their operations with 100% renewable energy—and many more have set other goals to scale up renewables, improve the energy efficiency of their facilities, and/or reduce their carbon footprint.<sup>1</sup>

Market-based programs such as the Regional Greenhouse Gas Initiative (RGGI) have proven successful in decarbonizing the electricity grid while scaling up clean energy resources and providing enormous net benefits to the economy. Virginia's participation in RGGI is supported by many companies with major operations in the Commonwealth (see Appendix I) and will allow Virginians to reap the benefits of cleaner air, a more resilient electricity grid, reduced exposure to high electric fuel prices, and more local clean energy jobs. It would also make Virginia more attractive to innovative, forward-thinking companies and their products and services.

We appreciate the re-proposal of a stronger 2020 baseline of 28 million short tons of carbon dioxide, as it will be more in line with the Commonwealth's actual 2020 emissions. We also encourage the Commonwealth to include power facilities that co-fire with woody biomass under the emissions cap, as such facilities can be a significant source of carbon pollution that would otherwise go unaccounted for.

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<sup>1</sup> Companies with operations in Virginia that have committed to 100% renewable energy include: ABInBev, Adobe, AkzoNobel, Amazon, Apple, AstraZeneca, Autodesk, AXA, Bank of America, Bloomberg, Citi, DanoneWave, eBay Inc., Equinix, Facebook, Goldman Sachs, Google, H&M, Hewlett Packard Enterprise, HSBC, IKEA, Iron Mountain, Kingspan, Mars Incorporated, Microsoft, Morgan Stanley, Nestlé, Nike, Pearson, Rackspace, Salesforce.com, SAP, Schneider Electric, SGS, Starbucks Corporation, TDBank Group, Unilever, Visa, VMware, Voya Financial, Walmart, and Wells Fargo.

Furthermore, as this regulation is implemented, we encourage the Commonwealth to promote compliance solutions that emphasize adopting the many renewable energy and energy efficiency technologies that will help keep electricity costs down. Renewable energy technologies are increasingly more cost-effective than fossil fuel sources. Meanwhile, energy efficiency consistently remains one of our least expensive resource options.<sup>2</sup> In addition, as has been proven in RGGI states, concurrent investment in energy efficiency can reduce electricity prices even further (for more information on how energy efficiency can benefit the Commonwealth, see Appendix II).

Thank you for your consideration and for the chance to submit comments on this important opportunity for economic development in the Commonwealth.

Sincerely,



Anne Kelly  
Vice President, Government Relations  
Ceres  
On behalf of the Ceres BICEP Network\*



Ellen Zuckerman  
Senior Consultant  
Schlegel & Associates

*\*The Ceres BICEP Network comprises 51 influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. BICEP Network members include **Adobe**, **Annie's Inc**, **Aspen Skiing Company**, **Autodesk**, **Aveda**, **Ben & Jerry's**, **Burton Snowboards**, **Clif Bar & Company**, **Dignity Health**, **eBay Inc.**, **Eileen Fisher**, **Etsy**, **Fetzer Vineyards**, **Gap Inc.**, **General Mills, Inc.**, **IKEA USA**, **JLL**, **KB Home**, **The Kellogg Company**, **L'Oreal USA**, **L Brands**, **Levi Strauss & Co.**, **LinkedIn**, **Lyft**, **Mars Incorporated**, **Microsoft Corporation**, **Nature's Path Foods**, **Nestlé USA**, **New Belgium Brewing**, **Nike, Inc.**, **The North Face**, **Outdoor Industry Association**, **Owens Corning**, **Patagonia, Inc.**, **Portland Trail Blazers**, **Salesforce.com Inc.**, **Seventh Generation**, **SF International Airport**, **Sierra Nevada Brewing Co.**, **Squaw Valley**, **Starbucks Corporation**, **Stonyfield Farm**, **Symantec Corporation**, **Timberland**, **Unilever**, **Vail Resorts**, **VF Corporation**, **Vulcan, Inc.**, and **Worthen Industries**. Companies listed in bold have significant operations in the Commonwealth of Virginia. For more information on the Ceres BICEP Network, visit [www.ceres.org/BICEP](http://www.ceres.org/BICEP).*

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<sup>2</sup> "How Much Does Energy Efficiency Cost?" American Council for an Energy Efficient Economy, <https://aceee.org/how-much-does-energy-efficiency-cost>

## APPENDIX I



April 9, 2018

Director David Paylor  
Virginia Department of Environmental Quality  
629 East Main Street  
Richmond, VA 23216

### **RE: Business Support for Proposed Carbon Reduction Plan, “Regulation for Emissions Trading”**

Dear Director Paylor:

As businesses with operations, investments, and employees in Virginia, we write in support of the Virginia Department of Environmental Quality’s (DEQ) proposed regulation to reduce carbon emissions from the electricity sector.

Businesses and investors understand both the importance of reducing carbon pollution and the opportunities provided by clean energy. Half of Fortune 500 companies and 63 percent of the Fortune 100 have set goals to reduce greenhouse gas emissions and increase their use of clean energy because it makes business sense.<sup>1</sup> Clean energy allows us to save money, hedge against volatile fossil fuel prices, and lock in predictable energy prices.

Market-based carbon-reduction initiatives have proven to be highly effective in reducing electric-sector greenhouse gas emissions while fostering economic growth and spurring innovation in clean energy technology.<sup>2</sup> We recognize the importance of strong, stable policies that aim to account for the cost of carbon emissions and provide market certainty, allowing businesses to plan and invest for the future. In Virginia, the proposed carbon reduction program would incentivize additional private-sector investment in renewable energy and energy efficiency—creating good-paying jobs and making the Commonwealth an even more attractive place to do business.

Furthermore, the proposed carbon reduction regulation will be beneficial for Virginia’s economy as a whole. This smart initiative will grow Virginia’s own nascent clean energy industry, help the Commonwealth stay competitive, reduce overall energy costs, and improve the resiliency of our electrical grid. It will also help utilities transition to a cleaner electric grid while hopefully offering more options for businesses and residents to access cost-competitive renewable energy.

Our businesses value an affordable, reliable, and clean electricity supply, and we commend the Northam Administration for its commitment to lead Virginia in the transition to a low-carbon economy. We appreciate the many months of compiled research and feedback the previous administration gathered from the business community, utilities, and other energy stakeholders to develop forward-thinking carbon reduction measures.

<sup>1</sup> Ceres. *Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change*. April 2017. <https://www.ceres.org/resources/reports/power-forward-3>

<sup>2</sup> From 2008-2015, the nine states participating in the Regional Greenhouse Gas Initiative (RGG) experienced CO2 emissions falling 16 percent more than the rest of the country, while the region’s economy grew 3.4 percent more than other states and retail electricity prices dropped 3.4% across the region. See: Acadia Center. *Regional Greenhouse Gas Initiative Status Report: Part I: Measuring Success*. July 2016. <http://acadiacenter.org/document/measuring-rggi-success>

Steady carbon reduction policies will signal that Virginia is committed to embracing clean energy innovation, allowing businesses like ours to thrive for years to come.

Thank you for your leadership in fostering a clean energy economy in Virginia.

Sincerely,

**Adobe**  
**IKEA NA Services, LLC.**  
**JLL**  
**Mars Incorporated**  
**Nestlé**  
**Unilever**  
**Worthen Industries**

CC:

Governor Ralph S. Northam  
Lieutenant Governor Justin Fairfax  
Secretary of Natural Resources Matt Strickler  
Deputy Secretary of Natural Resources Angela Navarro  
Michael Dowd, Director of Air and Renewable Energy, Virginia DEQ  
Virginia Senate Commerce and Labor Committee  
Virginia House Commerce and Labor Committee

*To learn more or contact the business signatories listed above, please contact [esteves@ceres.org](mailto:esteves@ceres.org).*

## APPENDIX II



August 24, 2018

Director Al Christopher  
Energy Division  
Virginia Department of Mines, Minerals and Energy  
1100 Bank St #817  
Richmond, VA 23219

Director Christopher:

### **Re: Support for Energy Efficiency as Part of the 2018 Virginia Energy Plan**

As a group of diverse businesses including manufacturers, service providers, trade associations, and companies with significant Virginia presence, investments, and interests, we support the consideration of energy efficiency as part of ongoing energy planning discussions in the Commonwealth.

Our companies have a successful history of doing business in the Commonwealth and understand firsthand how Virginia's energy policies affect the cost of doing business and the state's economic competitiveness.

All Virginia consumers and businesses benefit when we eliminate energy waste. By investing in energy efficiency, we can reduce total energy costs for all customers; mitigate the impact of fuel and electricity price increases; alleviate stress on the electricity grid; and build a more affordable, reliable energy system for the businesses and people of the Commonwealth.

The Commonwealth's energy efficiency industry generates more than \$1.5 billion in revenue and supports about 75,000 in-state jobs.<sup>1</sup> However, there are several indicators that suggest that significant potential to reduce costs, create jobs, and strengthen our economy through energy efficiency investment remains untapped. For example, in 2016 Virginia invested nearly zero percent of statewide utility revenues on electric energy efficiency programs compared with an average 1.20% invested nationally.<sup>2</sup> Virginia also placed 29th in the country on the most recent national rankings for energy efficiency, receiving 15.5 out of 50 possible points. Additionally, the state received 0 out of 20 possible points for its utility policies and programs.<sup>3</sup>

While we anticipate that the energy efficiency provisions of the Grid Transformation and Security Act of 2018 (SB 966) will help to drive new energy efficiency investment in the state, we believe that significant additional potential for energy efficiency investment exists. To that end, as the Northam Administration continues to develop a sound energy plan for the state, we encourage you to consider the following opportunities:

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<sup>1</sup> "Why Energy Efficiency is a Smart Investment for Virginia," Virginia Energy Efficiency Council, May 2017

<sup>2</sup> "The 2017 State Energy Efficiency Scorecard," American Council for an Energy Efficient Economy, September 2017: <http://aceee.org/research-report/u1710>

<sup>3</sup> Ibid.

1. **Support and participate in the stakeholder process established by SB 966 to provide input and direction on the design of utility energy efficiency programs and ensure that all cost-effective portfolios are developed and implemented.** Similar processes in other states have provided a platform for stakeholders to converge on common ground and draw from existing efforts and experience at the utility, state, and regional levels to ensure successful, cost-effective programs. If a separate forum is needed to explore a broader suite of energy efficiency opportunities, the Governor's Executive Committee on Energy Efficiency could also be reconstituted via Executive Order.
2. **Establish utility energy efficiency savings targets.** A strong and clear expectation that Virginia utilities must invest a base amount in utility energy efficiency programs and services would provide the regulatory and market certainty businesses need to understand and promote opportunities for sustainability and energy efficiency on behalf of customers and clients. To that end, legislation to establish mandatory energy savings targets and to adopt regulatory structures (i.e. utility incentives for meeting energy efficiency program goals) that would encourage utility investment in efficiency should be explored as a complement to the investment level set by the General Assembly in SB 966.
3. **Update and extend the energy savings target for public facilities.** We recognize and applaud Virginia's leadership to set a goal to reduce public building energy consumption by 15% by 2017 from 2010 levels. We urge you to build upon this vision by adopting a new, ambitious energy savings goal for public buildings and by improving data collection and transparency efforts to track energy consumption by state facilities. Initiatives that help public buildings reduce energy waste should also be supported and continued. For example, the Virginia Energy Management Program, through which the Virginia Department of Mines, Minerals and Energy provides technical assistance to agencies interested in energy savings performance contracting, has a proven track record.
4. **Invest cap-and-trade set-aside revenues in energy efficiency.** A portion of set-aside revenues should be invested in energy efficiency projects. Options could include funding for efficiency improvements in public buildings, combined heat and power (CHP), or to provide technical assistance for energy efficiency projects in the commercial and industrial sectors.

We welcome further discussion on how we can support your efforts to advance energy efficiency policy for the state. We stand ready to work with you and would welcome the opportunity to meet with you and your staff. We would also be happy to provide additional information about the benefits that energy efficiency could deliver for the Commonwealth in the future.

Sincerely,

The National Association of Energy Service Companies (NAESCO)  
Schneider Electric  
Cree, Inc.  
Ameresco, Inc.  
The National Electrical Manufacturers Association (NEMA)