



Memorandum

To: RI Carbon Pricing Study Stakeholders
From: RI Carbon Pricing Study Project Team
Subject: Response to Stakeholder Feedback
Date: October 26th, 2020

Overview

Thank you for attending the September 18th webinar on the Rhode Island Carbon Pricing study and for sharing your thoughts during the written comment period. For those who may not have been able to attend, the presentation slides are available at the Rhode Island Office of Energy Resources website [here](#).

The comments received will help inform the final outputs of this study. Below is a summary of key themes from stakeholder feedback, followed by responses from the Project Team. While the Team has reviewed all comments closely, please note that the below list is not comprehensive of every comment received.

Stakeholder Feedback and Responses

1. Several stakeholders noted that the report will need framing and additional context as to why carbon pricing has been proposed and what problems it will address. Specifically some stakeholders requested the inclusion of background information on climate change, as well as price distortions and externalities associated with fossil fuels.
 - **Project Team Response:** The Project Team plans to integrate information about the context of climate change and the broader decarbonization efforts underway in the report, as well as discuss carbon dioxide emissions as an externality and the role of a carbon price in reflecting this cost in the market.
2. Stakeholders were generally pleased with outreach efforts done to date, especially efforts to include voices from frontline communities. However, multiple stakeholders requested additional outreach to ensure all voices are heard.
 - **Project Team Response:** The Project Team has made efforts to maximize the amount of engagement that could be done within the scope of the project. The Project Team plans to allow for an additional round of stakeholder feedback, following the webinar on Friday, October 30th, and will be sure to provide a robust report out of all stakeholder engagement within the report. Additionally, the report will highlight the importance of further engagement with stakeholders when designing a carbon price in Rhode Island, ideally early in the process and frequently throughout program development.
3. Some stakeholders pushed back on the Project Team's framing and evaluation of political feasibility in relation to a carbon price due to concerns it may constrain eventual policy design.

- **Project Team Response:** After discussion with the Rhode Island Team, the Project Team has refocused on “social acceptability” instead of “political feasibility” to better reflect the intent of the analysis. Additionally, the Project Team will be explicit in the report on the limitations of this analysis as it reflects findings from the interactions with stakeholders within the project and limited desk research, but does not necessarily capture the overall sentiment in Rhode Island.
4. Several stakeholders expressed interest in more ambitious carbon price scenarios. Some stakeholders suggested using the EnergizeRI price as the low scenario and the AOCFA as the high scenario, while other stakeholders suggested designing the scenarios around the need to achieve net zero by 2050.
- **Project Team Response:** Regarding the first suggestion of using EnergizeRI as the low scenario and the AOCFA as the high scenario, this was discussed with the Rhode Island Team at the outset of the project. Ultimately the Rhode Island Team decided to focus in-depth on the two scenarios included within the report, and also conduct an initial demand analysis on the AOCFA that will be included in the report. The initial demand analysis shows the GHG impacts of the AOCFA price, but does not examine pairing it with revenue use or the economic and health outcomes. The AOCFA was not studied further as it was designed as a national-level policy. Examining Rhode Island legislation (Economic and Climate Resilient Act of 2019 – previously Energize RI Act) and the general price trajectory of RGGI and TCI were deemed as more appropriate for this study.
 - Regarding the latter suggestion of designing the scenario around achieving net zero by 2050, the report will outline the several initiatives Rhode Island is pursuing to reduce emissions, each contributing independently and in tandem with others to achieve that State’s GHG reduction goals. This analysis aims to evaluate the potential contribution of a reasonable carbon price to support a portfolio of carbon reduction strategies, rather than design a price that would independently achieve the state’s goals. Rhode Island is continuing to examine their carbon goals; the study will reflect both pending legislation and long-term expectations about decarbonization efforts.
5. Several stakeholders noted that the reinvestment scenarios presented are limited and provided suggestions for alternative reinvestment scenarios or processes for applying the study’s findings to other potential reinvestment scenarios.
- **Project Team Response:** The Project Team recognizes there are many ways the revenue of a carbon price could be used. To develop an appropriate study, we have selected specific spending characterizations for analysis and modeling purposes. The report will acknowledge that these are an illustrative subset of options for how the revenue could be spent and will outline, at a high-level, that there are several criteria the State could consider in determining how to best invest the revenue.

The Project Team is appreciative of the stakeholder feedback and looks forward to sharing the final round of updates on Friday, Oct. 30th.