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Acadia Center Statement on Pennsylvania's Withdrawal from RGGI Program

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Short-Sighted Decision to Leave RGGI Program Will Hurt Energy Affordability, Economic Competitiveness, and Job Creation for Pennsylvania

Departure from Longstanding, Bipartisan Multistate Program Will Force the State to Miss Out on Nearly $20 Billion in Revenue Over Next 12 Years

Harrisburg, PA (November 14, 2025) — Earlier this week, Governor Josh Shapiro and state legislative leaders announced a budget deal agreement and associated bill (HB416) that will legislatively end Pennsylvania's participation in a longstanding, 10-bipartisan multi-state program driving affordable energy, energy savings, job creation, and public health. This abandonment of Pennsylvania's participation in the Regional Greenhouse Gas Initiative (RGGI) will cost the Commonwealth a projected $20 billion in foregone revenue over the coming twelve years, removing the state's most promising, cost-effective policy lever to reduce harmful emissions from the power section – and leaving Pennsylvania without any meaningful climate and energy affordability policy.

"Instead of allowing the state Supreme Court to rule on RGGI's legality, Pennsylvania's elected officials have chosen to abandon the program outright at a time when the program's benefits are most urgently needed by families and communities," **said Paola Moncado Tamayo, Senior Policy and Data Analyst at Acadia Center.** "This is a grave setback for Pennsylvania's energy, climate, and affordability policies, and it leaves literal billions of dollars in revenues on the table that could have been invested to improve household affordability, reduce energy consumption, improve public-health in polluted communities, and insulate everyday families from rising energy costs driven by data center development in Pennsylvania and elsewhere in the PJM region."

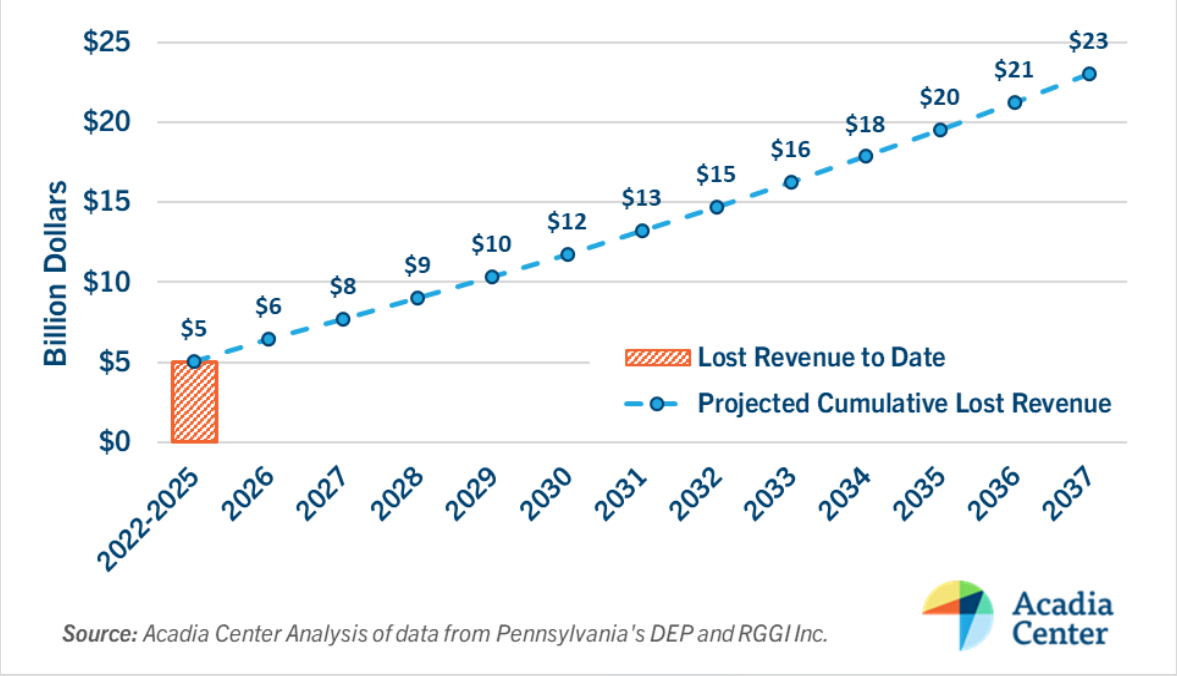
"The value of the RGGI program for both consumers and the environment has been proven year after year – yielding more than twice as many energy bill savings ($20.2b) versus program revenues ($9.7b) to-date – which has helped the ten-state, bipartisan program withstand the test of time and political tumult since its inception in 2008," **said Jamie Dickerson, Senior Director, Climate and Clean Energy Programs, at Acadia Center.** "On the heels of striking recent electoral victories for clean energy-led affordability in other states around the country, including in current RGGI states, Pennsylvania's leaders have chosen precisely the wrong path and, in so doing, will force PA families and communities to miss out on billions in revenue that could have driven improved affordability, energy efficiency, job creation, public health, and much needed support for the working class."

Many Billions in Lost Revenue and Benefits

Pennsylvania's withdrawal carries enormous financial consequences. Based on PA DEP data and RGGI allowance price trajectories, the state has **already missed out on more than $5 billion in potential allowance revenue**

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since their projected start in the program in 2022. Other RGGI states have been investing their funds toward reducing energy bills for households, financing energy efficiency upgrades, modernizing the grid, and cutting harmful pollution. The analysis below shows the long-term losses are even more striking. Depending on future allowance prices, Pennsylvania's departure will effectively forfeit over $20 billion in RGGI proceeds between now and 2037.



These billions of dollars translate into tangible impacts for people across the state:

Public Health: RGGI helps reduce carbon pollution and co-pollutants from power plants, which would mitigate the harmful health impacts of air pollution in Pennsylvania's communities. RGGI stood to protect the well-being of Pennsylvania's residents from the devastating health consequences of poor air quality and save hundreds of Pennsylvanian lives. According to Pennsylvania's Department of Environmental Protection (DEP), they projected that from 2020 to 2030 **RGGI would prevent 639 premature deaths from respiratory illnesses, reduce hospital visits by 30,000 and deliver over $6 billion in public health benefits this decade**.

Economic Prosperity: **By joining RGGI, Pennsylvania was poised to reap substantial economic benefits, including program payments totaling approximately $1-2 billion annually**, which could be directly invested in projects that benefit Pennsylvanians. This funding would promote job creation, stimulate the state's economy, and benefit both public health broadly and acute impacts within environmental justice communities. Additionally, the public health improvements from reductions in criteria air pollution as a result of RGGI participation would result in 83,000 avoided lost workdays, according to the analysis by PA DEP.

Clean Air: Remaining a part of RGGI would bolster Pennsylvania's commitment to environmental sustainability. It enables the state to reduce its carbon emissions, limit climate impacts, and protect the environment for future generations. **According to DEP, RGGI could help Pennsylvania avoid between 97 and 225 million tons of carbon pollution by 2030.**

A Short-Term Political Decision with Long-Term Costs and Consequences

Legal experts in Pennsylvania characterize the decision as a political concession, rather than a policy-based decision. The withdrawal was part of a broader budget negotiation that also included items like a $50 million cut to the Department of Conservation and Natural Resource, and a budget that is already being partially backfilled with oil and gas revenue. The Pennsylvania Supreme Court had a sound legal basis to overturn the Commonwealth Court's ruling, but Governor Shapiro and legislative leaders decided to let Pennsylvania walk away from the expected proceeds, from the pollution reductions, and from years of hard work put in by stakeholders through the RGGI Working Group. It is especially disappointing for this outcome to occur so late in process and so close to the successful initiation of Pennsylvania's presence in the program. What's more, the move comes on the heels of a statewide Democratic sweep in local elections, signaling strong public support for environmental protection and clean-energy progress. Despite this, Pennsylvania is now the only state in the broader Northeast region without a carbon-reduction program or a plan to create one.

No Clear Path Forward for a State-Only Carbon Market

The Shapiro Administration has repeatedly mentioned PACER, a Pennsylvania-specific cap-and-trade program, as a potential alternative. However, no viable legislation or executive action is moving forward, and major energy-market reform packages in the legislature have stalled. Even if PACER were to materialize further, any carbon market will perform substantially better when it's part of a larger, multi-state system, one major reason why a standalone Pennsylvania program was always a fallback idea. With RGGI repealed and no viable replacement, the state is now moving backward and must start over seemingly from scratch. As a result, no other viable policy options currently exist in Pennsylvania to meaningfully address the impact of climate and energy affordability in the state, certainly not to the same degree as RGGI. Although it may be theoretically possible to develop a Pennsylvania-only program in the future, it is simply far less practical: RGGI is an existing, well-functioning program with all the structures in place to begin addressing power sector emissions immediately, and the powerful benefits of the program are evident across every one of its member states.

Implications for the Region

Finally, Pennsylvania's withdrawal also carries consequences beyond its state borders. As the largest electricity producer in the Northeast and a major exporter of power, PA's non-involvement weakens the region's collective ability to combat climate change and tackle rising energy costs in a coordinated manner. Without the state's participation, more carbon emissions can flow into neighboring RGGI states, forcing them to work harder and spend more to achieve the same regional results. If both Pennsylvania and Virginia had participated in RGGI auctions in 2022, Pennsylvania alone would have represented 44% of total regional power sector emissions covered under the RGGI program. RGGI works best when its members work together, and Pennsylvania stepping back makes the region's path to a cleaner, more affordable electric system slower and less certain.

For more information, please see:

- 2025 RGGI Program Review Conclusion
- 2024 RGGI Proceeds Report
- 2023 RGGI Program Review Report