

## Carbon Fee & Rebate Discussion Proposal

### 1. Decarbonization of Energy Supply in the District

#### ***Electricity (mandated decarbonization)***

- 100% RPS by 2050, plus long-term Renewable Power Purchase Agreement (PPA) for Standard Offer Service
  - Per the CleanEnergy DC plan, this would require the electric utility to procure 70% of the Standard Offer Service via long-term renewable PPAs, phased in over three years based on the percentage of supply contracts that are up each year. The RECs accompanying the renewable energy would also be purchased and used for compliance with the RPS.
- Per CleanEnergy DC plan, limit the area from which RECs may be purchased for compliance with the RPS to the PJM.

#### ***Natural Gas & Fuel Oil (cannot be decarbonized)***

- Carbon fee of \$10 per ton in FY 2020 (equals about 0.05 cents per therm, or \$4.18 increase per month for the average household's natural gas bill).
- Increases in \$5 increments each year, capped at \$100 per ton in FY 2038.
- For fuel oil, this would be applied as an additional rate on gross receipts taxes for suppliers

#### ***Gasoline & Diesel***

- Carbon fee would be implemented when one adjacent state adopted a similar fee.

#### ***Transportation***

- Vehicle excise tax tied to emissions standards, exemption for used cars 7 or more years old.
- Additional fee on parking

### 2. 100% Rebated Funds (no money goes to District's General Fund)

- The first \$30 million raised would go to the Green Finance Authority, after that the Green Bank would receive \$10 million per year for 4 years.
- \$X million per year for a low-to-moderate income residential carbon fee offset, the details of which would be decided by a commission appointed by the Mayor and the Council in accordance with guiding principles established by the bill, to include:
  - Holding the lowest-income residents harmless for the tax;
  - Eliminating any potential displacement effect that it could have;
  - Minimizing administrative costs of the program.
- \$X million per year to the SEU and/or Green Finance Authority for programs assisting master-metered multi-family building owners with energy efficiency retrofits
- \$X million per year for a tax deduction for energy efficiency retrofits in commercial buildings

**Next Steps:**

- Work with Council Budget Office and OCFO to analyze amount of rebate available and amount of funding that would be needed to fund tax deduction and offset burden on low-income residents, analyze potential displacement effects and potential economic effects.