



Written by [Raven Clabough](#) on June 8, 2012

N.J. Being Sued for Rejecting Cap and Trade

The state of New Jersey is being [sued](#) by the Natural Resources Defense Council and Environment New Jersey for pulling out of a 10-state climate initiative. In the announcement of withdrawal from the initiative, New Jersey Governor Chris Christie declared that the compact, known as RGGI, was ineffectively reducing carbon emissions. But the two plaintiff organizations are claiming in the suit that Christie did not follow state law in his withdrawal from the program.



RGGI (Regional Greenhouse Gas Initiative), a compact involving New England and Mid-Atlantic states, places a limit on carbon dioxide emissions, much like cap and trade. Reuters [reports](#), “Under the plan, states agreed to cap and then reduce carbon dioxide pollution by 10 percent by 2018.” States that auction carbon credits to power plants are provided technical support, Reuters adds.

RGGI requires utilities to pay an allowance for each ton of carbon dioxide produced, a cost that is ultimately passed along to consumers in the form of higher rates for electricity, not unlike the cap and trade scheme the Obama administration attempted to foist on the American people.

During Barack Obama’s 2008 campaign, he commented:

Under my plan of a cap and trade system, electricity rates would necessarily skyrocket...even regardless of what I say about whether coal is good or bad, because I’m capping greenhouse gasses, coal power plants, natural gas...you name it...whatever the plants were, whatever the industry was, they would have to retro-fit their operations.

RGGI is just a microcosm of how a federal cap and trade system would have worked.

Governor Christie announced last year that the Garden State would be withdrawing from RGGI. He called the program “a failure,” citing its leading problem: that power suppliers have been able to reach their caps easily, and carbon allowances are trading at bottom-level prices because plants are taking advantage of cheap prices for natural gas, which is less polluting than fuels such as coal.

“RGGI does nothing more than tax electricity, tax our citizens, tax our businesses, with no discernible or measurable impact upon our environment,” Christie declared.

But the withdrawal has not been an easy process for the Governor. New Jersey’s Democrat legislature passed a bill last year that would have required the state to rejoin the RGGI; however, Christie vetoed it. Last month, the legislature passed a similar bill, but Christie is expected to veto that one as well.

Christie has admitted that he accepts the notion of man-made climate change, but believes that RGGI does not properly address the causes.

“Governor Christie has been very clear about this issue — he thinks RGGI is just another tax on New Jersey businesses and residents and that it has not been effective,” said Larry Ragonese, spokesman for the New Jersey Department of Environment Protection. “We are taking steps as a state to deal with



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greenhouse gas emissions and we don't need to get involved with this bureaucratic program."

Ragonese also indicated that the state has taken the proper action in its withdrawal from RGGI "in close cooperation with the Attorney General's Office and we believe we are in full compliance with the law, so we disagree with the premise of the suit."

But the Natural Resources Defense Council and Environment New Jersey contend that Christie violated state law which requires that the Governor's administration notify the public of its intention to withdraw from the plan and provide a comment period before going forward with the decision. "Governor Christie unilaterally made his decision to leave RGGI — without taking any input from stakeholders or the public," said Matt Elliott of Environment New Jersey. "As we contend today, his actions are not only bad public policy, but also illegal."

A spokesman for Christie asserted, however, that the decision was well within the legal parameters. "There was nothing illegal about our withdrawal from RGGI," Michael Drewniak said in a statement. "Participation in the RGGI consortium was via a contractual arrangement with provisions for any state to pull out with notice and without penalty."

Drewniak indicated that Christie felt compelled to withdraw from the compact because RGGI is "a failed public policy that taxed businesses and residents and left New Jersey at a competitive disadvantage."

Reports that the 10-state compact was [failing](#) have pervaded the area over the last few years. Last September, New Jersey Watchdog reported that RGGI was on the "brink of failure" because the September 7 auction of the group managed to raise just \$14 million — one tenth of the \$117 million record it set two years previously. At that same auction, RGGI was unable to sell a single one of its 1.8-million future permits, revealing a total lack of confidence in the future of the compact.

Like New Jersey, New Hampshire has been [dealing](#) with an internal struggle as to the future status of the RGGI compact. Two years in a row, the New Hampshire House passed a bill to remove the Granite State from RGGI. House Speaker William O'Brien said after the vote three months ago,

In 2009, Governor Lynch signed an agreement to begin the process of raising the price of gas and heating fuel by implementing this absurd scheme known as low-carbon fuel standards. This bill puts the brakes on this assault on our wallets at a time when we should be working to reduce the cost of gas, not raising it.

The New Hampshire House raised similar arguments against RGGI as Christie.

"RGGI is not about the environment," said House Science, Technology and Energy Committee Chairman and bill supporter Rep. James Garrity (R-Atkinson). "RGGI is about the money, and that's not fair to taxpayers."

In the end, however, New Hampshire's Senate Majority Leader Jeb Bradley offered an amendment that continued the program.

RGGI has also faced heavy opposition from local Americans for Prosperity organizations. "[New Hampshire] ratepayers have already seen their electricity rates increased from the failed cap-and-trade scheme known as RGGI," said Corey Lewandowski, state director of Americans for Prosperity-New Hampshire.

The lawsuit over New Jersey's withdrawal from RGGI will be heard in the appellate division of the state Superior Court. Governor Christie remains confident that his case will be upheld, and assures voters that New Jersey will not be rejoining RGGI.



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Photo: New Jersey Gov. Chris Christie in Trenton, N.J., May 31, 2012: AP Images



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