



Written by [Alex Newman](#) on May 31, 2011

N.J. to Leave Regional Cap-and-trade Scheme

“RGGI does nothing more than tax electricity, tax our citizens, tax our businesses — with no discernible or measurable impact on our environment,” Gov. Christie told reporters at a May 26 [press conference](#) announcing the decision. New Jersey will withdraw from the scheme in an “orderly fashion” by the end of the year, he added.



Made up of 10 Northeastern and mid-Atlantic states, the RGGI scheme is incorporated as a non-profit organization, allowing it to avoid public scrutiny and freedom of information laws. It is described on its website as “the first mandatory, market-based effort in the United States to reduce greenhouse gas emissions.”

The scheme’s board of directors consists primarily of each participating state’s top environmental bureaucrats. And the money generated under the program — almost \$1 billion by the end of 2010 — is showered on politically connected businesses, climate groups, and others.

The “Initiative” works by having each state cap its carbon dioxide emissions at a certain level, then auctioning off emissions permits to the highest bidder. The money raked in by selling the permits is then put into the slush fund.

Eventually, the CO2 limits will be reduced, causing increased energy prices as electricity producers pass along the added costs to consumers. By 2018, the RGGI plans to reduce energy-sector “emissions” by 10 percent. But the scheme has come under heavy fire in recent years as it became more well known. And activists have made it a top target for dismantling.

Among the problems with the cap-and-trade scheme cited by Gov. Christie during the press conference: It had not changed people’s “behavior” or significantly reduced emissions. And it isn’t working as intended. “It’s a failure,” he admitted.

Plus, New Jersey’s “carbon emissions” are already below the 2020 target rate established by the legislation authorizing the state’s participation in the program. “We’re seeing that the market, and not RGGI, has created incentives to reduce the use of carbon-based fuels,” Gov. Christie noted. On top of that, the scheme could force energy production to shift out of New Jersey and into non-RGGI states like Pennsylvania.

“It doesn’t make any sense, environmentally or economically,” he noted. “And the continuation of this tax makes no sense for my efforts and the Lt. Governor’s continued efforts to make New Jersey a more business-friendly environment and a place where private-sector jobs can continue to be created.”

While emphasizing that he still believed “climate change” was real and that humans were “at least part of the problem,” Gov. Christie said careful analysis revealed RGGI to be ineffective. “This program is



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not effective in reducing greenhouse gases and is unlikely to be in the future," he said. "We're looking for broad results that benefit all rate payers and all citizens."

So, instead of participation in the RGGI, New Jersey will pursue different strategies to fight alleged man-made global warming while maintaining a pro-growth atmosphere. Gov. Christie said the state and his administration were already working to encourage renewable energy development. And from now on, no new coal-based power generation will be permitted. Efforts will also be made to eventually end coal use in New Jersey altogether, Christie added during the press conference.

Analysts said the move added to speculation that Gov. Christie could be seeking the 2012 GOP presidential nomination, since opposition to cap-and-trade programs is considered a sort of "litmus test" for Republican candidates. And predictably, free-market advocates celebrated the news as most global-warming alarmists cried foul.

"It's a phenomenal move on his part because this will deal a death blow to the RGGI program and send cap-and-trade away for good finally," [explained](#) state director Steve Lonagan of Americans for Prosperity's New Jersey branch. "There's good sound reasons why he's pulling New Jersey out."

In a statement released after Christie's announcement, Lonagan also noted that the RGGI "has been exposed as nothing less than a devious and deceptive tax." He said the program was "stained by secrecy and open to exploitation by speculators looking to profiteer on the backs of ratepayers all while driving up electricity rates and contributing to the continued exodus of jobs and industry from our state."

But "environmentalists" were not amused. "It is very disingenuous of [Gov. Christie] to say that the program is not effective when he did far from all he could to make it as effective as it could be," [complained](#) National Resources Defense Council energy director Dale Bryk. "He has just taken the most effective policy tool that he has out of his tool box."

The Sierra Club of New Jersey expressed outrage, too. "Christie is giving a tax cut to polluters while jeopardizing the health and environment of New Jersey," the group said. "This is all about national politics, not the best interests of our economy, environment, or residents." Of course, numerous environmental groups — even global-warming alarmists — have also criticized RGGI and other "cap and trade" plans.

Several other states including [New Hampshire](#) and Maine have also been considering dropping out of the scheme. But global-warming alarmists are already working on ways to save it. One New Jersey lawmaker, for example, [told](#) SolveClimateNews.com that he was planning to introduce legislation revoking Gov. Christie's authority over the state's involvement in RGGI.

"We want to take it out of the governor's jurisdiction and show that what the legislature wants, on behalf of the taxpayers and residents of New Jersey, is for New Jersey to participate in RGGI," [said](#) Assembly Deputy Speaker Upendra Chivukula.

Pro-cap-and-trade activists fear that a withdrawal by any one state could lead to a domino effect, sparking a scramble to kill the efforts. Other Governors whose states are involved in the scheme were [quick to condemn](#) Gov. Christie's announcement, too.

And after the news broke, RGGI states quickly released a joint statement re-affirming their loyalty to the scheme. "With each state exercising its independent authority to achieve low-cost greenhouse gas emissions reductions, the RGGI market-based program has widespread support across the region and



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will continue," it [said](#).

Of course, the RGGI is just one of the [possibly unconstitutional sub-national cap-and-trade programs burgeoning in North America](#) — some involving American and Mexican states as well as Canadian provinces. But those efforts are beginning to crumble, too, as [polls consistently show](#) barely a third of Americans [even believe in "man-made climate change."](#)

Photo of Chris Christie: AP Images



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