

THE REGIONAL GREENHOUSE GAS INITIATIVE

An Initiative of the Northeast and Mid-Atlantic States of the U.S.

Regional Greenhouse Gas Initiative: Updates

www.rggi.org



A Multi-State Collaboration – Current Participants

- ◆ Connecticut
- ◆ Delaware
- ◆ Maine
- ◆ Maryland
- ◆ Massachusetts
- ◆ New Hampshire
- ◆ New York
- ◆ Rhode Island
- ◆ Vermont



RGGI in Brief

- Northeast and Mid-Atlantic states cap and reduce carbon dioxide emissions from the power sector
 - Power plants 25 MW or greater to hold one CO₂ allowance for each ton of CO₂
 - Three-year control periods starting with 2009-2011, currently in third control period (2015-2017)
- CO₂ Cap: 86.5 million short tons in 2016, and declines 2.5 percent each year until 2020
 - Two interim adjustments to the cap (2014-2020) to account for banked allowances
 - 2016 RGGI adjusted cap is 64.6 million short tons
 - Cost containment reserve (CCR) of 10 million allowances

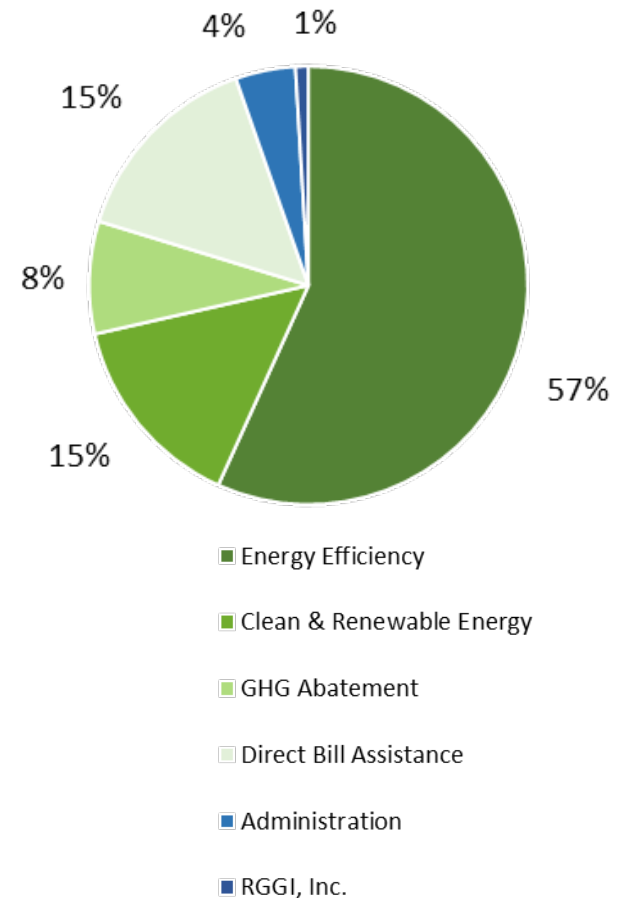
RGGI in Brief

- ◆ Quarterly regional CO₂ allowance auctions
 - CO₂ allowances are issued by each state
 - Compliance occurs at the state level
 - One tradable CO₂ allowance market - CO₂ allowances are fungible across the multi-state region
 - CO₂ allowances issued by any participating state can be used for compliance in any of the participating states
- ◆ Auction proceeds strategically invested by the states
- ◆ Centralized allowance tracking and emissions tracking platform (RGGI COATS)
- ◆ Market monitoring of CO₂ allowance market
- ◆ Limited use (3.3%) of offsets

RGGI's Efficient Market-Based System

- RGGI states have distributed approximately 90% of allowances by auction
- More than \$2.6 billion in auction proceeds through 34 auctions
- Invested \$1.37 billion of auction proceeds in range of energy efficiency, clean and renewable energy, direct bill assistance, GHG abatement programs

**RGGI Investments by Category
2008 - 2014**



RGGI's Efficient Market-Based System

- CO₂ allowance auctions are open to all qualified applicants
- After seven years no evidence of anti-competitive conduct
- 34 quarterly auctions held since September 2008
 - Over 860 million CO₂ allowances sold
- CO₂ allowance auction clearing prices have ranged from \$1.86 to \$7.50
- Proceeds through Auction 34 are more than \$2.6 billion

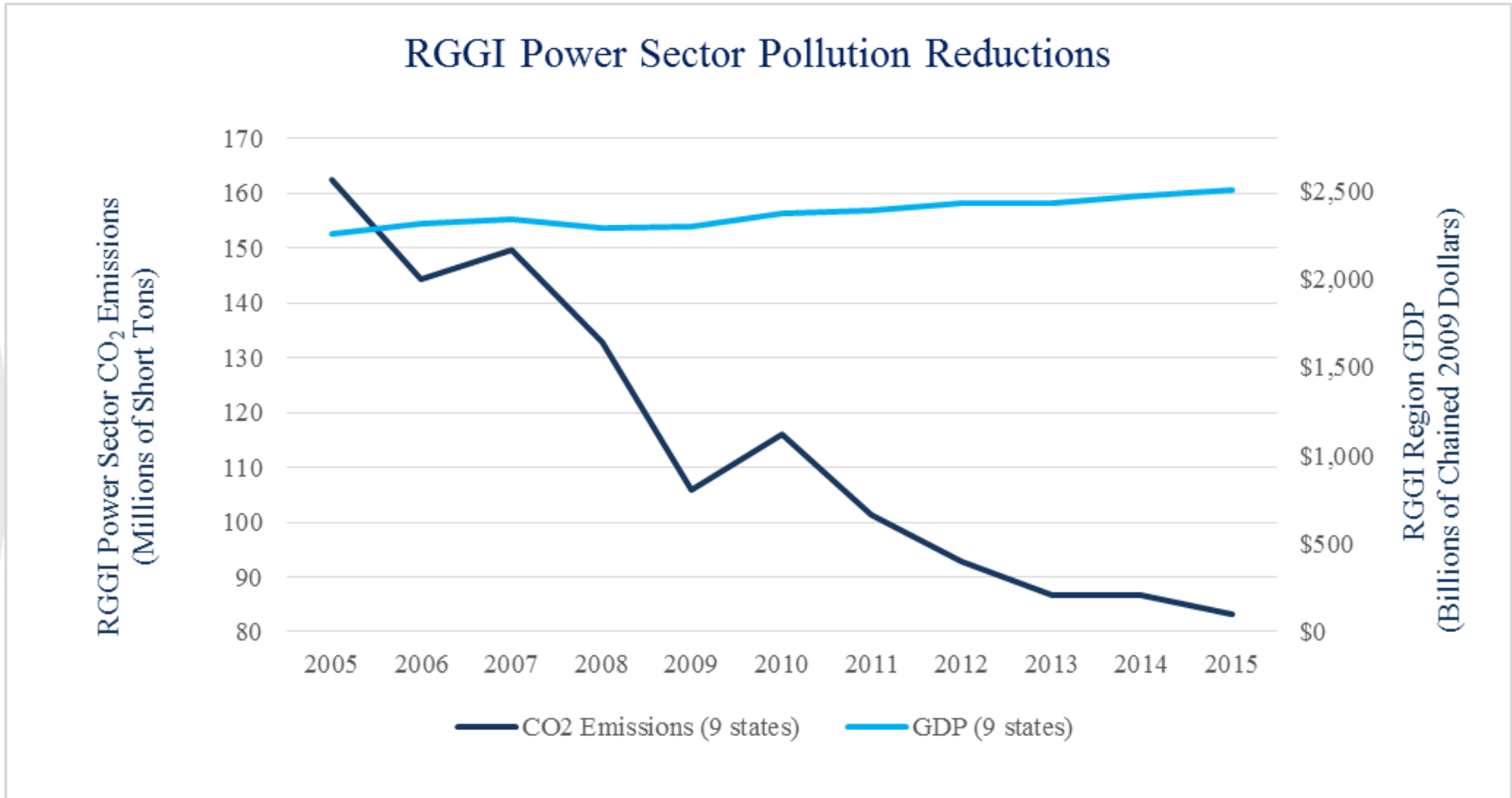
RGGI Experience: A Triple Set of Benefits



- Environmental Benefits
- Consumer Benefits
- Economic Benefits



RGGI Experience: Environmental Benefits



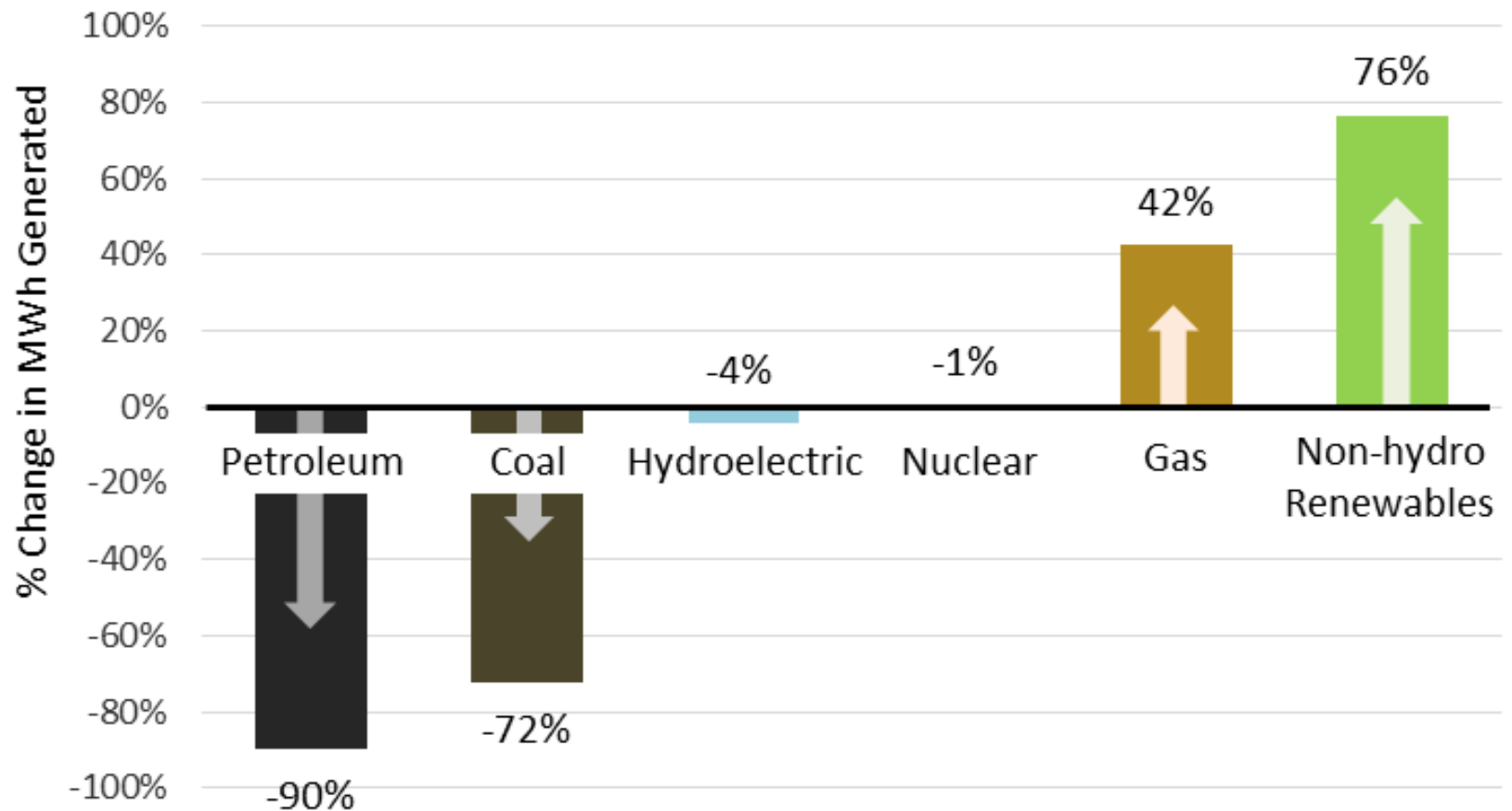
RGGI Experience: Environmental Benefits



- Reinvestment of auction proceeds helps reduce GHG and traditional Clean Air Act pollutant emissions
 - RGGI power sector CO₂ emissions declined over 45 percent since 2005
- RGGI cap helps drive transition to cleaner fuel and energy sources
 - In 2015, half of total power generation in the RGGI states was clean or renewable



Change in total generation by fuel in RGGI states (2005-2015)



RGGI Experience: Consumer Benefits



- More than 4.6 million households and 21,400 businesses are participating in RGGI proceeds-funded programs
- RGGI proceeds invested in energy efficiency, clean and renewable energy, energy bill assistance and GHG abatement through 2014 returning bill savings to consumers



RGGI Experience: Economic Benefits



- An independent 2015 report by the consulting firm Analysis Group found that RGGI's second three years are creating:
 - \$1.3 billion in net economic benefit
 - 14,200 additional job-years
 - \$460 million in energy bill savings
- In addition to benefits from RGGI's first three years:
 - \$1.6 billion in net economic benefit
 - 16,000 additional job-years
 - \$1.3 billion in energy bill savings
- Benefits in each and every state

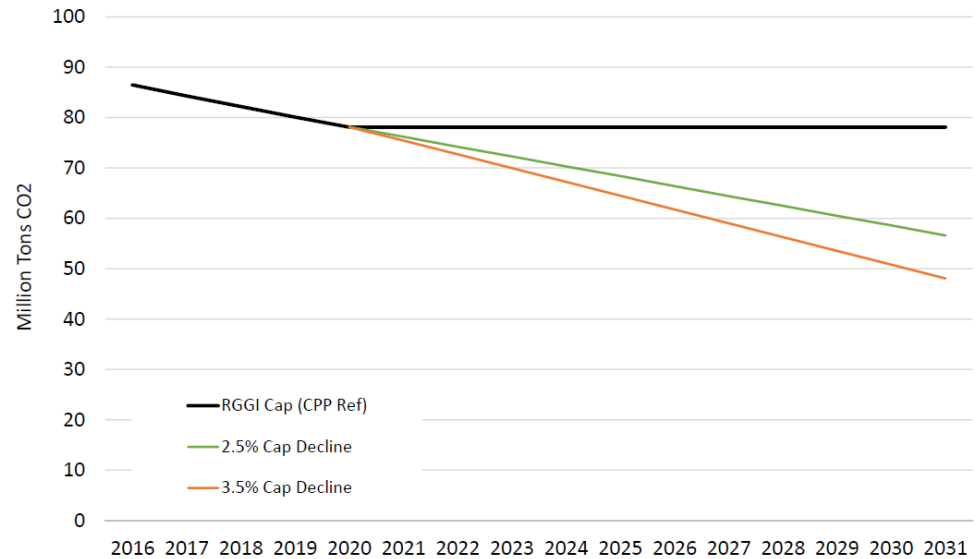
RGGI 2016 Program Review

- ◆ Regular program review has been key to RGGI's success
 - Improvements implemented in previous (2012) program review included 45% reduction in the RGGI cap, interim cap adjustments, and the creation of the Cost Containment Reserve (CCR)
 - Based on modeling and stakeholder input
- ◆ Currently conducting program review
 - Six stakeholder meetings between November 2015 and February 2017
 - Modeling results and stakeholder comments available through RGGI, Inc. at <https://www.rggi.org/design/2016-program-review/rggi-meetings>

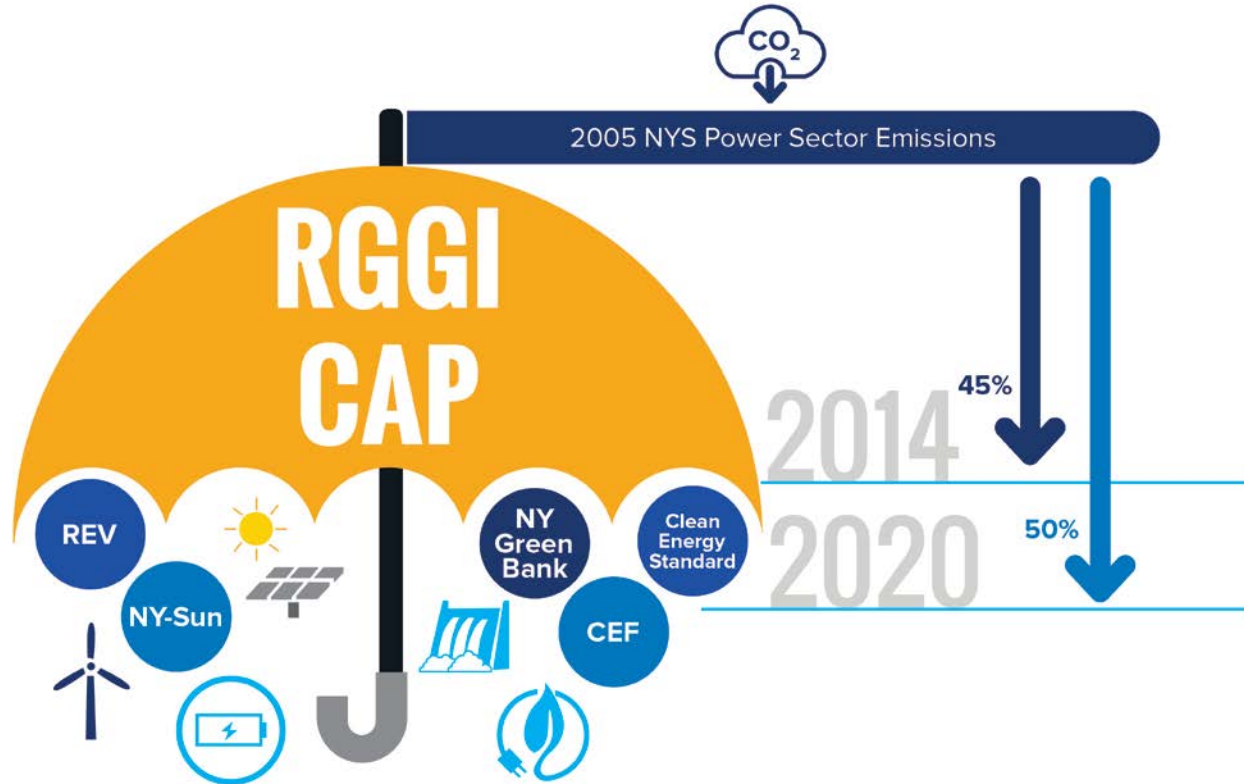
Key Design Questions

- Stringency of the cap
- Cost Containment Reserve (CCR)
- Emissions Containment Reserve (ECR)
- Banked allowances
- Offsets
- Reserve price

Potential RGGI CO₂ Caps



The cap and clean energy programs work together



New York's Leadership on Climate

Governor Cuomo's suite of climate and clean energy programs

- REV establishes 40 percent by 2030 and 80 percent by 2050
- Clean Energy Standard directs New York to reach 50 percent renewable power by 2030
- Launched a 10-year, \$5 billion Clean Energy Fund to support CES
- Directed the closure of the state's two remaining coal burning power plants by 2020
- Called upon the states to lower the Regional Greenhouse Gas Initiative cap by 30 percent between 2020 and 2030
- Determine cost-effective and responsible pathway to reach 100 percent renewable energy statewide

- ◆ Late Breaking News on the successful RGGI program...
- ◆ Link to independently produced video, *A Pioneering Approach to Carbon Markets* by M.J. Bradley & Associates is available at www.mjbradley.com/rggi-market