

USA - Massachusetts Limits on Emissions from Electricity Generators

General Information

<p>Summary</p>	<p>Status: ETS in force</p> <p>Jurisdictions: Massachusetts</p> <p>The Massachusetts system started operation in 2018 and covers the power sector. It complements RGGI to help ensure that Massachusetts achieves its mandatory mitigation targets.</p> <p>In 2016, a ruling by the Massachusetts Supreme Court established that the government would need to take additional action to guarantee it meets the state's climate targets—a 25% reduction in 2020 and an 80% reduction by 2050 (compared to 1990). The regulation establishing this system is in response to this ruling.</p> <p>The Massachusetts Limits on Emissions from Electricity Generators system exists in parallel to, but does not directly interact with, RGGI.</p>														
<p>Year in Review</p>	<p>2018 saw the preparation of the auctioning of allowances. 25% of the allowances are to be distributed via auctions in 2019, increasing to full auctioning by 2021. The first auction of vintage 2019 allowances occurred in December 2018. Auction results are included in market monitoring reports posted on the program web page.</p>														
<p>Overall GHG emissions (excluding LULUCF)</p>	<p>Emissions: 76.3 MtCO₂e (2015)</p>														
<p>Overall GHG emissions by sector</p>	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO₂e</th> </tr> </thead> <tbody> <tr> <td>Transportation</td> <td>29.7</td> </tr> <tr> <td>Electricity</td> <td>15.6</td> </tr> <tr> <td>Residential</td> <td>13.7</td> </tr> <tr> <td>Commercial</td> <td>7.6</td> </tr> <tr> <td>Industry</td> <td>7.9</td> </tr> <tr> <td>Other</td> <td>1.9</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Transportation	29.7	Electricity	15.6	Residential	13.7	Commercial	7.6	Industry	7.9	Other	1.9
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<p>Overall GHG reduction target</p>	<p>BY 2020: 25% reduction compared to 1990</p> <p>BY 2050: 80% reduction compared to 1990</p>														
<p>Carbon Price</p>	<p><i>Current Allowance Price (per t/CO₂e):</i> No information available yet.</p>														

ETS Size

<p>Emissions covered by the ETS</p>	<p>0.2</p>
<p>GHG covered</p>	<p>CO₂</p>

Sectors covered and thresholds	Large electricity generators subject to RGGI (≥ 25 MWe).
Point of regulation	Downstream
Number of liable entities	21 (2018) No information available yet.
Cap	8.74 MtCO _{2e} (2019) The cap declines annually by 223,876 tCO _{2e} per year until it reaches a cap of 1.8 MtCO _{2e} by 2050.

Phases & Allocation

Trading period	The system has an annual compliance deadline of 1 March for the prior year's emissions. A linear cap trajectory until 2050 has already been set (see "Cap").
Allocation	<p>Auctioning: From 2019 onwards, allowances are partially auctioned, with 25% auctioned in 2019, 50% in 2020, and 100% from 2021 onwards. One to four auctions will be held each year. The first auction took place in December 2018.</p> <p>Free Allocation: Until 2021, remaining allowances will be freely allocated proportionally based on historical (2013-2015) generation.</p>

Flexibility

Banking and borrowing	Banking is allowed, but restrictions apply to guarantee that emissions in any year cannot exceed the emission limit of the prior year. This is done by adjusting the number of auctioned allowances downward to compensate for banked allowances. Borrowing is not allowed, but the possibility of emergency deferred compliance exists.
Offsets and credits	No information available yet.
Market Stability Provisions	Auction reserve price: The first auction of 2019 allowances had a reserve price of USD 0.50 per allowance. Future reserve prices are not yet known.

Compliance

Compliance Period	One year
Monitoring, Reporting, Verification (MRV)	<p>REPORTING FREQUENCY: Regulated entities are required to submit emission reports (by 1 February) and compliance certification reports (by 1 March) indicating emissions and the holding of sufficient allowances, respectively.</p> <p>VERIFICATION: Emissions must match reports to RGGI and US EPA. Documents (i.e., emissions reports and compliance certification reports) must be certified by a designated representative identified by the facility, and MassDEP may choose to conduct audits.</p>
Enforcement	If the MassDEP establishes that an entity is in violation of compliance, this will be presumed to constitute "a significant impact to public health, welfare, safety or the environment." In addition to penalties, the regulated entity has to submit three allowances for each tonne of noncompliance.

Linking

Links with other Systems	No information available yet.
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Other Information

Institutions involved	The Executive Office of Energy and Environmental Affairs; Massachusetts Department of Environmental Protection (MassDEP)
Evaluation / ETS review	The first program review will be in 2021, with a review every 10 years thereafter.
Revenue	No information available yet. Auction proceeds will be paid to a segregated account and shall be used to further reduce GHG emissions.
Implementing Legislation	Electricity Generator Emissions Limits (310 CMR 7.74)

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