

USA - Regional Greenhouse Gas Initiative (RGGI)

General Information

<p>Summary</p>	<p>Status: ETS in force</p> <p>Jurisdictions: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, Vermont</p> <p>RGGI is the first mandatory GHG ETS in the United States. As foreseen by the original MOU between the participating states, a RGGI program review was conducted in 2012. Based on the program review, each of the states updated their regulations so that a tighter cap and other program changes went into force on 1 January 2014. RGGI concluded its Second Program Review in 2017 and a new Model Rule has been prepared.</p> <p>RGGI Model Rule</p> <p>RGGI Model Rule Update (Summary)</p> <p>RGGI Website</p> <p>RGGI Website - Program design</p> <p>RGGI Website - Regulations</p>												
<p>Overall GHG emissions (excluding LULUCF)</p>	<p>Emissions: 446 MtCO₂e (2012)</p> <p>CAIT-US GHG data are derived by the World Resources Institute from the State Inventory Tool (SIT) of the U.S. Environmental Protection Agency's (EPA's) Emissions Inventory Improvement Program (EIIP).</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>Energy</td> <td>388.5</td> </tr> <tr> <td>Industrial Processes</td> <td>23.8</td> </tr> <tr> <td>Agriculture</td> <td>9.4</td> </tr> <tr> <td>Waste</td> <td>24.2</td> </tr> <tr> <td>Bunker Fuels</td> <td>0.1</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Energy	388.5	Industrial Processes	23.8	Agriculture	9.4	Waste	24.2	Bunker Fuels	0.1
Sector Name	MtCO ₂ e												
Energy	388.5												
Industrial Processes	23.8												
Agriculture	9.4												
Waste	24.2												
Bunker Fuels	0.1												
<p>Overall GHG reduction target</p>	<p>By 2020: RGGI states have committed to a regional target of a more than 50% reduction of CO₂ emissions from electricity generation from 2005 GHG levels.</p> <p>By 2030: States propose to implement a reduction of 30% compared to 2020 CO₂ emissions cap, with a constant reduction of 2.275 million short tons/year between 2021 and 2030.</p> <p>Note: The participating states have their own emission targets, economywide targets are not defined at the level of RGGI.</p>												
<p>Type of ETS</p>	<p>Mandatory</p>												
<p>Cap and trajectory</p>	<p>Type of Cap: Absolute</p>												

	<p>The original cap was stabilized at 149.7 Mt (165 million short tons) CO₂ (2009-2014) with a 2.5% annual reduction factor from 2015 through 2018, totaling 10%. However, by 2012, RGGI had experienced more than a 40% reduction in emissions from the original cap. Because of these reduced emissions, the states lowered the cap to 91 million short tons in 2014 as part of the 2012 program review. The revised regulations extend the 2.5% annual reduction factor through 2020, with a 2020 cap of approximately 78 million short tons.</p> <p>Following the most recent program review, the proposed reduction factor between 2021 and 2030 is about 3% of the 2020 cap resulting in a 2030 regional cap of about 55 million short tons.</p>
Carbon Price	<p><i>Current Allowance Price (per t/CO₂e):</i> USD 4.02 per short ton, USD 4.43 per metric tonne (Auction clearing price June 2018)</p>

ETS Size

Emissions covered by the ETS	0.20
GHG covered	CO ₂
Sectors covered and thresholds	<p>Fossil fuel electric generating units</p> <p>Inclusion thresholds: equal to or greater than 25MW.</p>
Number of liable entities	<p>165 entities (as of November 2017)</p> <p>In the RGGI program, liable entities are defined at the level of power plants.</p>
Point of regulation	Downstream (at installation level)

Phases & Allocation

Compliance period	<p>RGGI's compliance and trading period is referred to as a control period.</p> <p>First control period: 2009-2011</p> <p>Second control period: 2012-2014</p> <p>Third control period: 2015-2017*</p> <p>Fourth control period: 2018-2020*</p> <p>*RGGI introduced an interim control period with the 2014 revisions. An affected source must cover 50% of its emissions with allowances in each of the first two years of a control period. The affected source must cover 100% of the remaining emissions at the end of the three-year control period.</p>
Trading period	<p>RGGI's trading period is referred to as a control period.</p> <p>First control period: 2009-2011</p> <p>Second control period: 2012-2014</p> <p>Third control period: 2015-2017*</p> <p>Fourth control period: 2018-2020*</p> <p>*RGGI introduced an interim control period with the 2014 revisions. An affected source must cover 50% of its emissions with allowances in each of the first two years of a control period. The affected source must cover 100% of the remaining emissions at the end of the three-year control period.</p>

Allocation	The vast majority of CO2 allowances issued by each RGGI state are distributed through quarterly, regional CO2 allowance auctions using a “single-round, sealed-bid uniform-price” format. Auctions are open to all parties with financial security, with a maximum bid of 25% of auctioned allowances per quarterly auction.
------------	--

Flexibility

Banking and borrowing	Banking is allowed without restrictions. An annual reduction in the number of allowances offered by states at auction accounts for the large surplus of banked allowances currently in the market. Borrowing is not allowed.
Offsets and credits	<p>Quantitative limit: 3.3% of an entity's liability may be covered with offsets. This percentage share will remain equal between 2021 and 2030 according to the Model Rule.</p> <p>Qualitative limit: Currently the program allows offset allowances from five offset types located in RGGI states, although only one offset project (landfill methane capture and destruction) has been approved since the program's inception: (1) Landfill methane capture and destruction; (2) Sequestration of carbon due to reforestation, improved forest management, or avoided conversion; (3) Avoided methane emissions from agricultural manure management operations; (4) Reduction or avoidance of CO2 emissions from natural gas, oil, or propane end-use combustion due to end-use energy efficiency; and (5) Reduction in SF6 emissions.</p> <p>According to the Model Rule, the offset protocols 4 and 5 above will be discontinued from 2021.</p>
Provisions for price management	<p>Minimum auction price: USD 2.20 in 2018, increasing by 2.5% per year (to reflect inflation).</p> <p>As of 2014, RGGI states created a Cost Containment Reserve (CCR). Trigger Prices: USD 8 in 2016, and USD 10 in 2017. After this year (2017), the CCR trigger price will increase annually by 2.5%.</p> <p>In 2021, under the Model Rule, the trigger price will be set at USD 13 and will increase by 7% compared to the previous year thereafter. In addition, the Model Rule envisages the establishment of an Emissions Containment Reserve (ECR): Allowances would be withheld from circulation (from auction) to secure emissions reductions if the emission reduction costs are lower than projected. In 2020, this trigger price will be set at USD 6, increasing by 7% compared to the previous year thereafter.</p>

Compliance

Monitoring, Reporting, Verification (MRV)	<p>Framework: Emissions data for emitters are recorded in the United States Environmental Protection Agency's (US EPA) Clean Air Markets Division database in accordance with state CO2 Budget Trading Program regulations and US EPA regulations. Provisions are based on the US EPA monitoring provisions.</p> <p>Data are then automatically transferred to the electronic platform of the RGGI CO2 Allowance Tracking System, which is publicly available.</p>
Enforcement	Penalties for non-compliance are set by each state; in case of excess emissions, compliance allowances for three times the amount of excess emissions have to be surrendered in future periods.

Other Information

Institutions involved	Each RGGI State has its own statutory and/or regulatory authority. In addition, RGGI's development and implementation is supported by RGGI Inc., a non-profit cooperative.
-----------------------	--

Linkage with other schemes

Virginia has recently released a draft regulation that could eventually lead to an expansion of the RGGI allowance market. New Jersey also considers rejoining RGGI.

Disclaimer

Copyright © 2012 by International Carbon Action Partnership (ICAP). All rights reserved. The content provided by the ICAP ETS map is protected by copyright. You are authorized to view, download, print and distribute the copyrighted content from this website subject to the following condition: Any reproduction, in full or in part, must credit the International Carbon Action Partnership (ICAP) must include a copyright notice. If you have any questions please contact info@icapcarbonaction.com.

Developed and designed by [Lucid.Berlin](#)

In line with ICAP's mandate, the ICAP ETS map exclusively covers cap-and-trade systems for greenhouse gas emissions. Information displayed on the map is regularly updated by ICAP Secretariat staff based on official and public information as far as possible and subject to annual peer review by government representatives from the covered systems. Although the information contained in the map is assembled with utmost care, ICAP cannot be held liable for the timeliness, correctness and completeness of the information provided.

Please refer to the [imprint](#) on the website of the International Carbon Action Partnership regarding links to external websites, liability and privacy policy.