

# THE REGIONAL GREENHOUSE GAS INITIATIVE

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

## *Regional Greenhouse Gas Initiative Experience*

[www.rggi.org](http://www.rggi.org)

Putting A Price on Carbon: European & North American Experiences and Paths Forward

Nov. 9, 2015



# RGGI Key Elements

- Northeast and Mid-Atlantic states cap and reduce carbon dioxide emissions from the power sector
  - Power plants 25 MW or greater to hold one CO<sub>2</sub> allowance for each ton of CO<sub>2</sub>
  - Three-year control periods starting with 2009-2011, currently in third control period (2015-2017)
  - 2015 first year of interim compliance
- CO<sub>2</sub> Cap: 88.7 million short tons in 2015, and declines 2.5 percent each year until 2020
  - Two interim adjustments to the cap (2014-2020) to account for banked allowances
  - 2015 RGGI adjusted cap is 66.8 million short tons
  - Cost containment reserve (CCR) of 10 million allowances

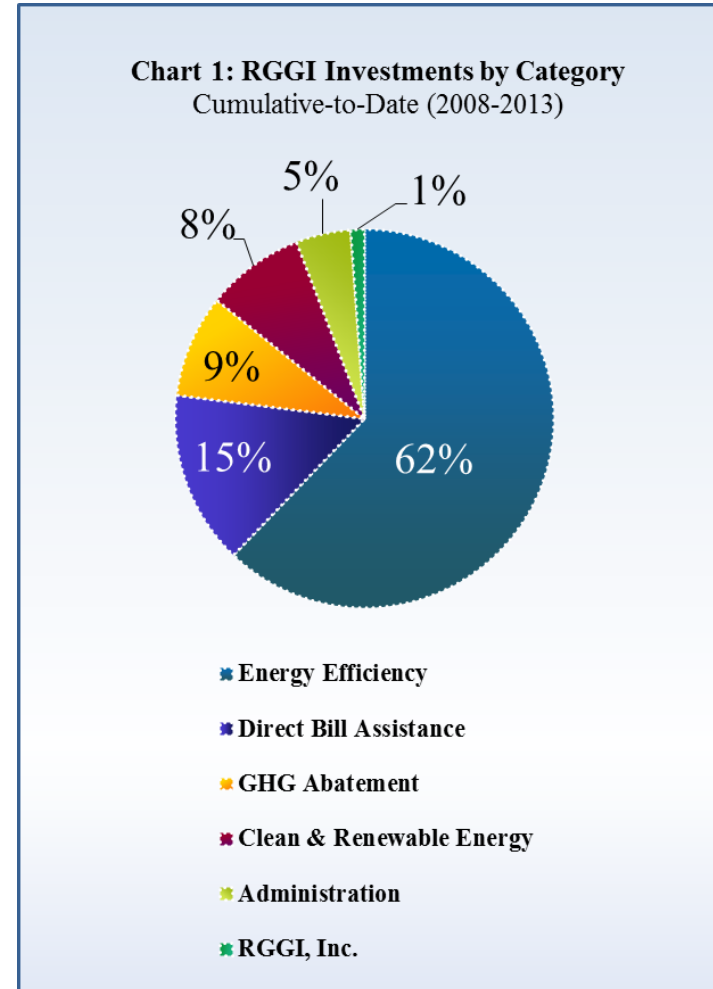


# RGGI Key Elements

- Quarterly regional CO<sub>2</sub> allowance auctions
  - CO<sub>2</sub> allowances are issued by each state
  - Compliance occurs at the state level
  - One tradable CO<sub>2</sub> allowance market - CO<sub>2</sub> allowances are fungible across the multi-state region
  - CO<sub>2</sub> 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 CO<sub>2</sub> allowance market
- Limited use (3.3%) of offsets

# RGGI Key Elements

- RGGI states have distributed approximately 90% of allowances by auction
- More than \$2 billion in auction proceeds through 29 auctions
- Invested more than \$1 billion of auction proceeds in range of energy efficiency, clean and renewable energy, direct bill assistance, GHG abatement programs



# RGGI Experience: A Triple Set of Benefits

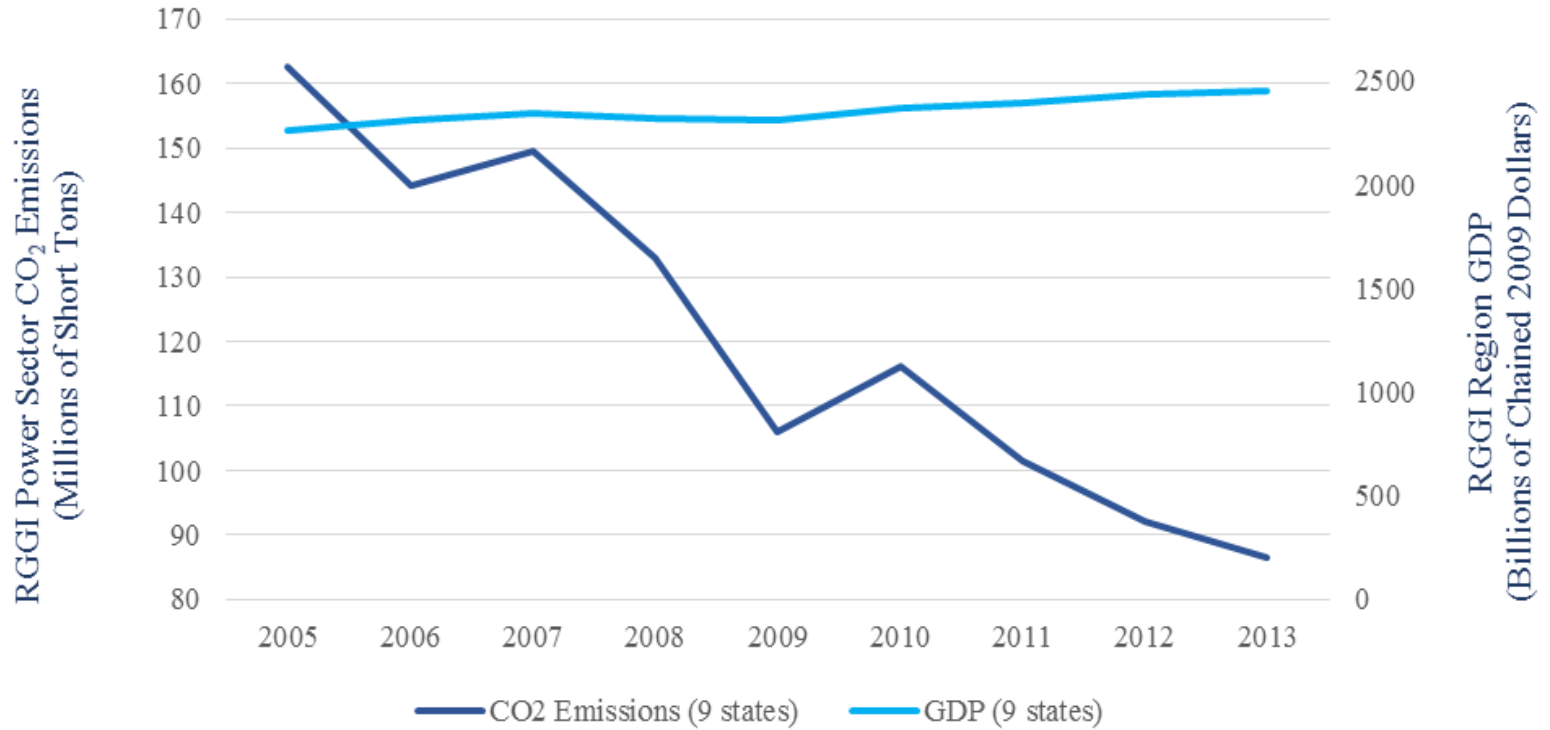


- Environmental Benefits
- Consumer Benefits
- Economic Benefits



# RGGI Experience: Environmental Benefits

## RGGI Power Sector Pollution Reductions



# RGGI Experience: Environmental Benefits

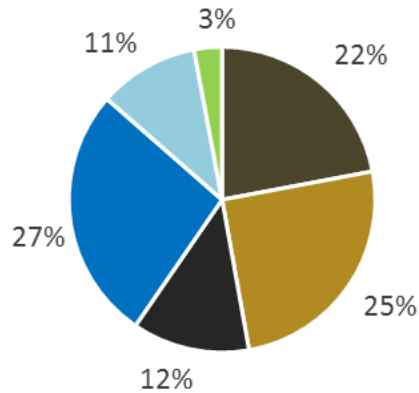
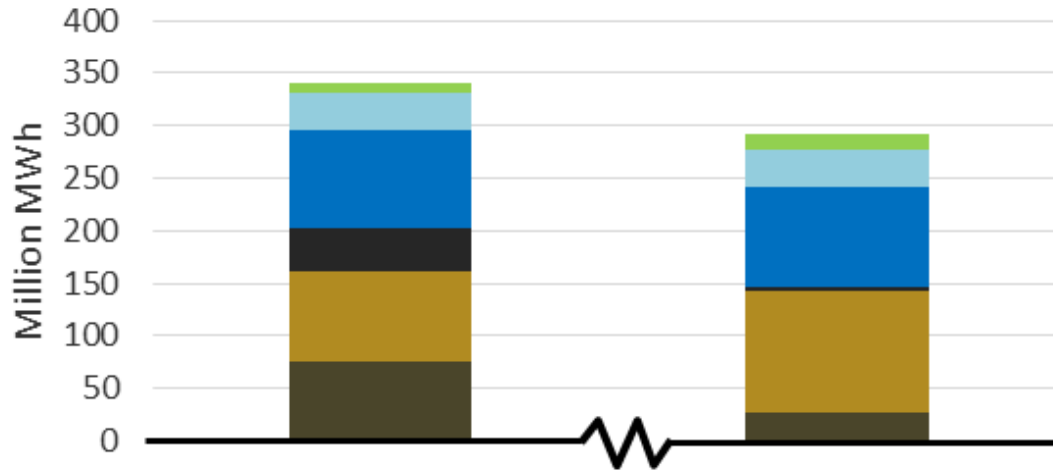


- Reinvestment of auction proceeds helps reduce GHG and traditional Clean Air Act pollutant emissions
  - RGGI power sector CO<sub>2</sub> emissions declined over 40 percent since 2005
- RGGI cap helps drive transition to cleaner fuel and energy sources
  - In 2013, almost half of total power generation in the RGGI states was clean or renewable

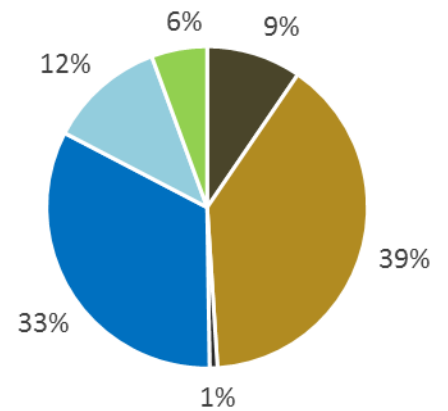


# RGGI Experience: Total Generation Mix

Total generation mix in RGGI states



- Coal
- Gas
- Petroleum
- Nuclear
- Hydro
- Non-Hydro Renewable





# RGGI Experience: Consumer Benefits



- More than 3.7 million households and 17,800 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 2013 returning \$2.9 billion in lifetime bill savings to consumers
- Investments projected to avoiding the release of approximately 10 M tons of carbon pollution



# 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
- In addition to benefits from RGGI's first three years:
  - \$1.6 billion in net economic benefit
  - 16,000 additional job-years
- Benefits in each and every state



# RGGI Program Review

- Regular program review has been key to RGGI's success
- Upcoming (2016) program review will include meetings to gather stakeholder and expert input
  - Topics may include program design and successes, the RGGI cap, program flexibility mechanisms, and other stakeholder considerations
  - Is also an opportunity to discuss considerations for potential Clean Power Plan compliance
  - First public meeting scheduled for Nov. 17 in NY
- 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)

