

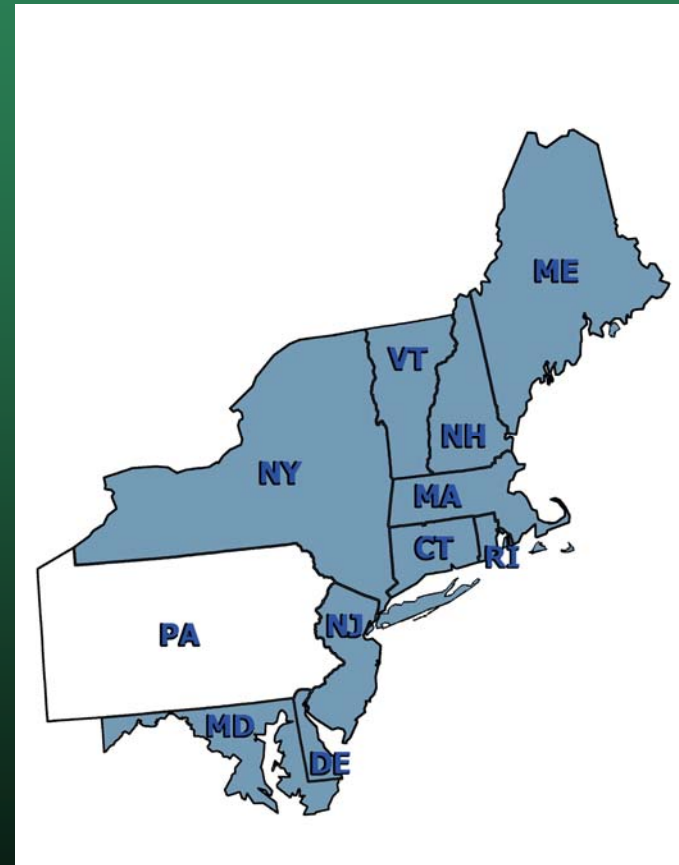
The Regional Greenhouse Gas Initiative

New York State
Office of Climate Change



Regional Greenhouse Gas Initiative (RGGI)

- 10 states
- Cap and reduce carbon emissions
- Focus on power sector
 - 25% of NYS's GHG emissions
- Distribute allowances via auction



RGGI Goals

Regional Greenhouse Gas Initiative will:

- Reduce CO₂ emissions from the power sector (10% by 2018)
- Support a green economy
- Promote energy independence
- Provide template for a national program to reduce greenhouse gases



CO₂ Budget Trading Program

- Started January 1, 2009
- Regional cap: 188 million short tons CO₂
- Stabilize through 2014
- Reduce 10% by 2018
- Three-year compliance periods
 - Compliance obligation at end of period
- Banking of allowances allowed
- Allocate a minimum of 25% to public benefit



Allocation of Allowances

- 2005 MOU between States
 - minimum 25% public benefit allocation
- Most states ~100% auction
 - Proceeds for energy efficiency and renewable energy development
- Some set-asides (e.g. voluntary renewables, long term contracts)



Auction Design Elements

- Uniform regional auctions (ten states)
- Quarterly (March, June, Sept, Dec)
- Single-round, uniform-price, sealed-bid
- Lots of 1000
- Offer current and future vintages
- Reserve price (\$1.86 auctions 1, 2,3)
 - Minimum and current market



New York State

CO2 Budget Trading Rule (6 NYCRR Part 242)

- Establishes the cap-and-trade provisions

CO2 Allowance Auction Rule (21 NYCRR Part 507)

- Establishes administrative procedures for the auction
- Provides that proceeds from the sale of the allowances will fund energy efficiency and clean energy technology



Pre-Compliance Auctions

- CO₂ Budget Trading Program Jan. 1, 2009
- 1st pre-compliance auction Sept. 25, 2008
 - Six states sold 12.5 million allowances at \$3.07
 - \$38.5 million
- 2nd pre-compliance auction Dec. 17, 2008
 - Ten states sold 31.5 million allowances at \$3.38
 - \$106.5 million



Successful First Auction

- States sold 12.5 million allowances
- \$3.07 clearing price
- \$38.6 revenues to the six states
- 59 participants from the energy, financial and environmental sectors
- Demand was more than 4x supply
- 80 percent of the allowances to generators
- Market monitor - auction fair & transparent



Successful Second Auction

- States sold 31.5 million allowances
- \$3.38 clearing price
- \$106.5 revenues to the ten states
- 69 participants from the energy, financial and environmental sectors
- Demand was nearly 3.5 x supply
- 80 percent of the allowances to generators
- Market monitor - auction fair & transparent



Auction 2 Results by State

State	Allowances Auctioned	Approx Revenue
CT	1.4 M	\$ 4.6 M
DE	0.76 M	\$2.6 M
ME	0.87 M	\$2.9 M
MD	5.3 M	\$18 M
MA	4.4 M	\$14.8 M
NH	1.2 M	\$4 M
NJ	4.5 M	\$15.3 M
NY	12.4 M	\$42 M
RI	0.44 M	\$1.5 M
VT	0.2 M	\$0.7 M
Total	31.5 M	\$106.5 M



RGGI States Invest Auction Proceeds

- Energy Efficiency
- Renewable Energy
 - Non-carbon emitting technologies
- Consumer Benefits
 - Rate payer relief
 - Low income communities



Investments Have Begun

Massachusetts proceeds from first two auctions

- Supplement electric utility companies winter 2008 efficiency program (\$6M)
- Cities and towns EE (\$3M)
- Low-income households EE (\$4M)
- Green Communities Grant Program (\$5M)
- Efficiency Skills and Innovation Initiative (\$5M)

New Hampshire committed \$ in advance

- Home weatherization kits



New York State

- Offered approx. 12.4 million allowances
- \$42 million (approx.)
- Focus on energy efficiency and clean technologies
- Advisory Group reviewing operations plan
- Keep eye on the goals of GHG reduction and the new economy



Auctions Support RGGI Goals

- Reinvestment of RGGI proceeds
- Supporting energy efficiency
 - Advancing clean energy technologies
 - Stimulating clean energy economy
 - Benefiting consumers
 - Driving further reductions in GHGs



Long-term Benefits of RGGI

- Reduce long-term costs
- Position region ahead of competitors
- Capture environmental co-benefits
- Drive new technology
- Promote improved efficiency
- Reduce exposure to high energy prices
- Stimulate economic development



For Additional Information:

www.dec.ny.gov

www.nyserda.org

www.rggi.org

