

# The Regional Greenhouse Gas Initiative

an initiative of Eastern States of the US

## CO<sub>2</sub> Budget Source Fifth-Control Period Compliance: Frequently Asked Questions

Under each RGGI participating state's CO<sub>2</sub> Budget Trading Program, each regulated power plant (a "CO<sub>2</sub> budget source") is required to hold one CO<sub>2</sub> allowance in the RGGI CO<sub>2</sub> Allowance Tracking System (COATS) for each ton of CO<sub>2</sub> emitted during the preceding three-year control period. The fifth three-year control period began on January 1, 2021 and extends through December 31, 2023 for the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia.

This document provides some frequently asked questions for CO<sub>2</sub> budget sources regarding the fifth control period compliance process in COATS. To learn more about CO<sub>2</sub> Budget Source control period compliance, see the RGGI website: <https://www.rggi.org/allowance-tracking/compliance>.

### 1. *How does an interim control period differ from three-year control periods?*

**Answer:** Starting in the third control period, each CO<sub>2</sub> budget source must hold allowances equal to 50 percent of their emissions during each interim control period (the first two calendar years of each three-year control period). Each CO<sub>2</sub> budget source must hold allowances equal to 100 percent of their remaining emissions for the three-year control period at the end of the three-year control period. The fifth control period began on January 1, 2021 and each CO<sub>2</sub> budget source must hold allowances available in their compliance account for compliance deduction equal to 100 percent of their emissions by March 1, 2024.

A Compliance Summary Report will be available following each control period's Allowance Transfer Deadline and an updated Compliance Summary Report will be made available following the states' evaluation of compliance at the end of the three-year control period.

*Illustrative example of interim control period compliance:*

Year In 3-Year Control Period	CO <sub>2</sub> Emissions (Short Tons)	CO <sub>2</sub> Interim Compliance Obligation (Allowances to be Deducted from Compliance Account)	Three-Year Control Period CO <sub>2</sub> Compliance Obligation (Allowances to be Deducted from Compliance Account)	Total Cumulative Allowances Deducted
1 <sup>st</sup>	1,000	500 (provide by 3/2022)	N/A	500
2 <sup>nd</sup>	1,000	500 (provide by 3/2023)	N/A	1,000
3 <sup>rd</sup>	1,000	N/A	2,000 (provide by 3/2024)	3,000

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## 2. *What are the steps I need to take for control period compliance?*

**Answer:** The CO<sub>2</sub> Budget Source Compliance [Checklist](#) serves as a guide to help CO<sub>2</sub> budget sources understand the CO<sub>2</sub> budget source compliance process.

## 3. *Can I run draft true-up multiple times?*

**Answer:** An Authorized Account Representative (AAR), Alternate Authorized Account Representative (AAAR), or Electronic Submission Agent (Agent) may run draft true-up as many times as needed until 11:59 PM ET on March 1, 2024.

## 4. *Can I run draft true-up for multiple sources at a time?*

**Answer:** Yes, the AAR, AAAR, or Agent of a CO<sub>2</sub> budget source can run draft true-up for multiple sources at a time.

## 5. *Who can certify compliance for my CO<sub>2</sub> budget source?*

**Answer:** Only the AAR or AAAR for a CO<sub>2</sub> budget source can certify compliance for a source and only when draft true-up has been run for a single source. Agents for a CO<sub>2</sub> budget source cannot certify compliance for that source.

## 6. *How do I know if my CO<sub>2</sub> emissions, or my “CO<sub>2</sub> Compliance Obligation” (100 percent of the tons of CO<sub>2</sub> emitted during the preceding three-year control period, less any eligible emissions deductions), are equal to (or greater than) my Compliance Account allowances available for deduction?*

**Answer:** In the compliance module of RGGI COATS, when you select a source(s) on the “Select Sources for True-Up Processing for [state identifier] 01/01/2021 - 12/31/2023” screen and click Process True-Up, you will be taken to the “Compliance Processing” screen. On this page you can see if your total CO<sub>2</sub> Compliance Obligation is equal to or greater than your Total Allowances Deducted. The Result column will tell you if your CO<sub>2</sub> Compliance Obligation is greater than or equal to allowances. For more information, please see the COATS [User's Guide](#).

## 7. *When I navigate to the “Select Sources for True-Up Processing for [state identifier] 01/01/2021 - 12/31/2023” screen in COATS, it looks like my data is not updated even though I have transferred allowances to my compliance account and/or surrendered allowances. How do I update my data?*

**Answer:** True-up is a manual process and does not occur automatically. The data on this page will update when you select the relevant source(s) and click the “Process True-Up” button.

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## 8. *Are there any restrictions regarding the allocation year of CO<sub>2</sub> allowances which may be used to meet CO<sub>2</sub> compliance obligations for a given control period?*

**Answer:** CO<sub>2</sub> compliance obligations for a given control period may be met using CO<sub>2</sub> allowances of an allocation year within and prior to that three-year control period; this applies to CO<sub>2</sub> interim compliance obligations as well as three-year CO<sub>2</sub> compliance obligations. For example, at the end of the fifth three-year control period (2021-2023), the full three-year CO<sub>2</sub> compliance obligation may be met using allocation year 2023 CO<sub>2</sub> allowances or any CO<sub>2</sub> allowances from allocation years prior to 2023. (The allocation years of the CO<sub>2</sub> allowances used for compliance do not need to correspond to the year during which the covered emissions occurred.)

CO<sub>2</sub> allowances from future allocation year allowances may not be used to meet CO<sub>2</sub> compliance obligations within a current control period. For example, allocation year 2024 CO<sub>2</sub> allowances may not be used for either CO<sub>2</sub> interim compliance obligations or three-year CO<sub>2</sub> compliance obligations for the fifth control period.

## 9. *Can CO<sub>2</sub> offset allowances be used to meet CO<sub>2</sub> compliance obligations?*

**Answer:** CO<sub>2</sub> offset allowances may be used to meet compliance obligations, but the amount used may not exceed 3.3 percent of the CO<sub>2</sub> budget source's compliance obligation for the control period.

## 10. *What if the amount of CO<sub>2</sub> allowances that I provided for control period compliance is less than my "CO<sub>2</sub> Compliance Obligation"?*

**Answer:** If there is a shortfall of allowances, the status of "Non Compliance" will display in the Compliance Summary Report and the compliance account will be frozen such that allowances will not be able to be transferred out of the account.

The RGGI participating state may choose to subject the owners and operators of the CO<sub>2</sub> budget source to pay any fine, penalty, or assessment or comply with any other remedy imposed. Note that CO<sub>2</sub> Interim Compliance Obligations are independent for each interim control period (i.e., the second year's CO<sub>2</sub> Interim Compliance Obligation is unaffected by any amount provided for the first year's CO<sub>2</sub> Interim Compliance Obligation).

If the amount of CO<sub>2</sub> allowances provided for final compliance at the end of the three-year control period is less than the source's "CO<sub>2</sub> Compliance Obligation", the source will be required to

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surrender CO<sub>2</sub> allowances equal to three times the number (tons) of the source's excess emissions and may also be subject to state-specific penalties for non-compliance.

## 11. *What should I do if my CO<sub>2</sub> emissions data is updated or is missing?*

**Answer:** Facility information for CO<sub>2</sub> budget sources is stored and maintained in the U.S. Environmental Protection Agency's (U.S. EPA's) Clean Air Markets Division (CAMD) Business System and reflected in RGGI COATS. If there are any changes or issues with your CO<sub>2</sub> emissions data, please contact the EPA and your relevant state contact.

## 12. *Where can I find more information related to CO<sub>2</sub> budget source compliance?*

**Answer:** The compliance process for CO<sub>2</sub> budget sources is governed by the applicable CO<sub>2</sub> Budget Trading Program of the participating state in which the facility is located. For more information, see: <https://www.rggi.org/program-overview-and-design/state-regulations>.

To learn more about CO<sub>2</sub> Budget Source Compliance, see the RGGI website: <https://www.rggi.org/allowance-tracking/compliance>.

For more information on RGGI COATS please see the RGGI COATS [User's Guide](#).

## 13. *What do the “Paragraph 3” and “Paragraph 4(ii)” columns on the “Select Sources for True-Up Processing for [State] 01/01/2021 - 12/31/2023” screen in RGGI COATS refer to? How do I know if I need to attach documentation for Paragraph 3 or Paragraph 4(ii)?*

**Answer:** These columns refer to paragraphs 3 and 4(ii) in the Compliance Certification Report. You only need to submit documentation for Paragraph 3 or Paragraph 4(ii) if the relevant conditions apply. You also have the ability to upload additional documentation if needed on the CO<sub>2</sub> Budget Trading Program Compliance Certification Report (paragraphs 3 and 4(ii)). Please note if you are submitting a paper Compliance Certification Report, any additional documentation that applies to Paragraph 3 or Paragraph 4(ii) must also be printed and submitted as attachments to your signed paper Compliance Certification Report by the Compliance Certification Deadline.

## 14. *Who should I contact with questions?*

**Answer:** For questions related to using RGGI COATS, please email [rggi-coats@gdit.com](mailto:rggi-coats@gdit.com). For other questions related to compliance, please contact the appropriate state representative:

State	Contact Person	Email	Phone
Connecticut	Mike LaFleur	<a href="mailto:Michael.LaFleur@ct.gov">Michael.LaFleur@ct.gov</a>	(860) 424-3462
Delaware	Valerie Gray	<a href="mailto:Valerie.Gray@delaware.gov">Valerie.Gray@delaware.gov</a>	(302) 739-9402
Maine	Eric Kennedy	<a href="mailto:Eric.Kennedy@maine.gov">Eric.Kennedy@maine.gov</a>	(207) 530-3139
Maryland	Roland Gorschboth	<a href="mailto:roland.gorschboth@maryland.gov">roland.gorschboth@maryland.gov</a>	(410)537-4130

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