



Regional Greenhouse Gas Initiative, Inc.
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RGGI States Complete Sixth Successful CO₂ Auction

*2009 Vintage Allowances Sold at \$2.05
2012 Vintage Allowances Sold at \$1.86*

Proceeds Support Weatherization of Buildings and Other Consumer Benefit Programs

(NEW YORK, NY) – The states participating in the Regional Greenhouse Gas Initiative (RGGI) today announced the results of the sixth regional auction of carbon dioxide (CO₂) allowances, held Wednesday, December 2nd. The auction yielded \$61,587,120.90, increasing the total amount of proceeds from RGGI auctions to more than \$494.4 million.

All of the 28,591,698 allowances for the 2009 vintage offered in Wednesday's auction sold at a price of \$2.05.

In a parallel offering, the RGGI states also auctioned allowances for the second three-year control period beginning January 1, 2012. A total of 1,599,000 of the 2,172,540 allowances for the 2012 vintage sold at a price of \$1.86. Unsold allowances for the 2012 vintage year may be sold in future auctions according to each state's regulations.

"RGGI auctions continue to run like clockwork," said David Littell, Commissioner of the Maine Department of Environmental Protection and Chair of the Regional Greenhouse Gas Initiative, Inc. Board of Directors. "Six successful auctions, more than 100 bidders and \$494 million for green energy and green jobs – RGGI is showing that cap-and-trade works."

States have chosen to auction nearly all allowances and to invest the proceeds in a variety of programs that reduce emissions, save consumers money, create jobs, and build the clean energy economy. The approach of winter highlights investments states are making to improve heating energy efficiency in homes and businesses. Across the region states are investing in programs to upgrade inefficient heating equipment, improve insulation, and replace old windows and doors.

"Investments in weatherization and similar energy efficiency programs are a win-win-win for consumers across the region," said Laurie Burt, Commissioner of the Massachusetts Department of Environmental Protection. "These programs decrease consumer energy costs, make our energy use smarter in the long-term and create new jobs and businesses in the clean energy economy."

Investments in energy efficiency result in immediate benefits for consumers. For example, Massachusetts recently deployed \$4 million in RGGI allowance proceeds to replace over 1,300 heating system units in low-income households. The state estimates that the program reduced annual household heating energy costs by 25 percent, equivalent to about \$500 in energy savings per household. Comparable programs in Connecticut, New Hampshire and Maine have produced similar benefits.

The same investments have also been shown to improve indoor air quality.

“Making buildings energy-smart is an investment in the environment and an investment in the health of working families,” said Collin P. O’Mara, Secretary of the Delaware Department of Natural Resources and Environmental Control. “For families, a weatherized home can mean more efficient heating, better lighting, and an overall healthier home environment.”

State weatherization and retrofitting programs also create long-term economic benefits for the region, including new job opportunities installing efficiency technologies. In Massachusetts, the investment of \$371 million in energy efficiency will add nearly \$1.4 billion to the gross state product. In New York, the investment of \$112 million in building sector retrofits and training, when leveraged with private capital, is projected to create thousands of family-sustaining jobs over five years.

"When we invest in weatherization and energy efficiency, we invest in a better economic future and the fight against climate change," said Pete Grannis, Commissioner of the New York State Department of Environmental Conservation. "Retrofitting homes reduces our carbon footprint and creates new jobs for contractors, energy auditors, architects and engineers in the emerging energy technology industry."

To learn more about how each state is investing RGGI auction proceeds, please visit: http://www.rggi.org/states/program_investments.

Additional details about RGGI Auction 6 may be found in the *Market Monitor Report for Auction 6*, appended below.

About the Regional Greenhouse Gas Initiative

The 10 Northeast and Mid-Atlantic states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont) have designed and implemented the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. Power sector CO₂ emissions are capped at 188 million short tons per year through 2014. The cap will then be reduced by 2.5 percent in each of the four years 2015 through 2018, for a total reduction of 10 percent.

A CO₂ allowance represents a limited authorization to emit one ton of CO₂, as issued by a respective participating state. A regulated power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each three-year control period. The first control period for fossil fuel-fired electric generators under each state’s CO₂ Budget Trading Program took effect on January 1, 2009 and extends through December 31, 2011. Allowances issued by any participating state are usable across all state programs, so that the ten individual state CO₂ Budget Trading Programs, in aggregate, form one regional compliance market for CO₂ emissions. For more information turn to: www.rggi.org

About Regional Greenhouse Gas Initiative, Inc.

RGGI, Inc. was created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative. RGGI, Inc. is a 501(c) 3 nonprofit organization. For more information please visit: www.rggi.org/rggi

The RGGI auctions are administered by RGGI, Inc. and run on an on-line platform provided by World Energy Solutions, Inc. (TSX: XWE).

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RGGI Inc.



**MARKET MONITOR REPORT
FOR AUCTION 6**

Prepared for:

RGGI, Inc., on behalf of the RGGI Participating States

Prepared By:

**POTOMAC
ECONOMICS**

December 4, 2009

This report was prepared by Potomac Economics (the contractor) in the course of performing work contracted for and sponsored by RGGI, Inc. on behalf of the RGGI Participating States (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont). The opinions expressed in this report do not necessarily reflect those of RGGI, Inc. or any of the Participating States, and reference to any specific product, service, process, or method does not constitute an implied or expressed recommendation or endorsement of it. Further, RGGI, Inc., the Participating States, and the contractor make no warranties or representations, expressed or implied, as to the fitness for particular purpose or merchantability of any product, apparatus, or service, or the usefulness, completeness, or accuracy of any processes, methods, or other information contained, described, disclosed, or referred to in this report. RGGI, Inc., the Participating States, and the contractor make no representation that the use of any product, apparatus, process, method, or other information will not infringe privately owned rights and will assume no liability for any loss, injury, or damage resulting from, or occurring in connection with, the use of information contained, described, disclosed, or referred to in this report.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO₂), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO₂ Budget Trading Programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

MARKET MONITOR REPORT FOR AUCTION 6

As the Market Monitor for the RGGI CO₂ allowance market, Potomac Economics monitors the conduct of market participants in the auctions and in the secondary market to identify indications of market manipulation or collusion. We also review the administration of the auctions by World Energy Solutions. This report summarizes our findings regarding RGGI Auction 6, which was held on December 2, 2009.

We observed the auction as it occurred and have completed our review and analysis of its results. Based on our review of bids in the auction, we find no material evidence of collusion or manipulation by bidders.

Participation in the 2009 vintage offering was robust with 62 separate entities submitting bids to purchase 2.6 times the available supply of allowances, resulting in a clearing price of \$2.05 per ton. Relative to the available supply of allowances, the quantity of allowances for which bids were submitted was comparable to that of Auction 3, Auction 4, and Auction 5. Compliance entities or their affiliates purchased the majority (65 percent) of the allowances in the auction.

A small number of allowances were auctioned for the second control period (with a 2012 vintage year). 74 percent of the 2012 vintage allowances were sold, with eight entities submitting bids to purchase allowances, resulting in a clearing price of \$1.86 per ton. Compliance entities or their affiliates purchased 100 percent of the allowances in the 2012 vintage offering.

Based on our review of the administration of the market, we found that:

- The auction was administered in a fair and transparent manner in accordance with the noticed auction procedures and limitations.
- The auction results were consistent with the market rules and the bids received.
- Sensitive information was treated appropriately by the auction administrator.
- There were no indications of hardware or software problems, communications issues, security breaches, or other problems with the auction platform.

In summary, the results of our monitoring of RGGI Auction 6 raise no material concerns regarding the auction process, barriers to participation in the auction, or the competitiveness of the auction results. The appendix provides additional information about the market for RGGI CO₂ allowances and outcomes of the auction.

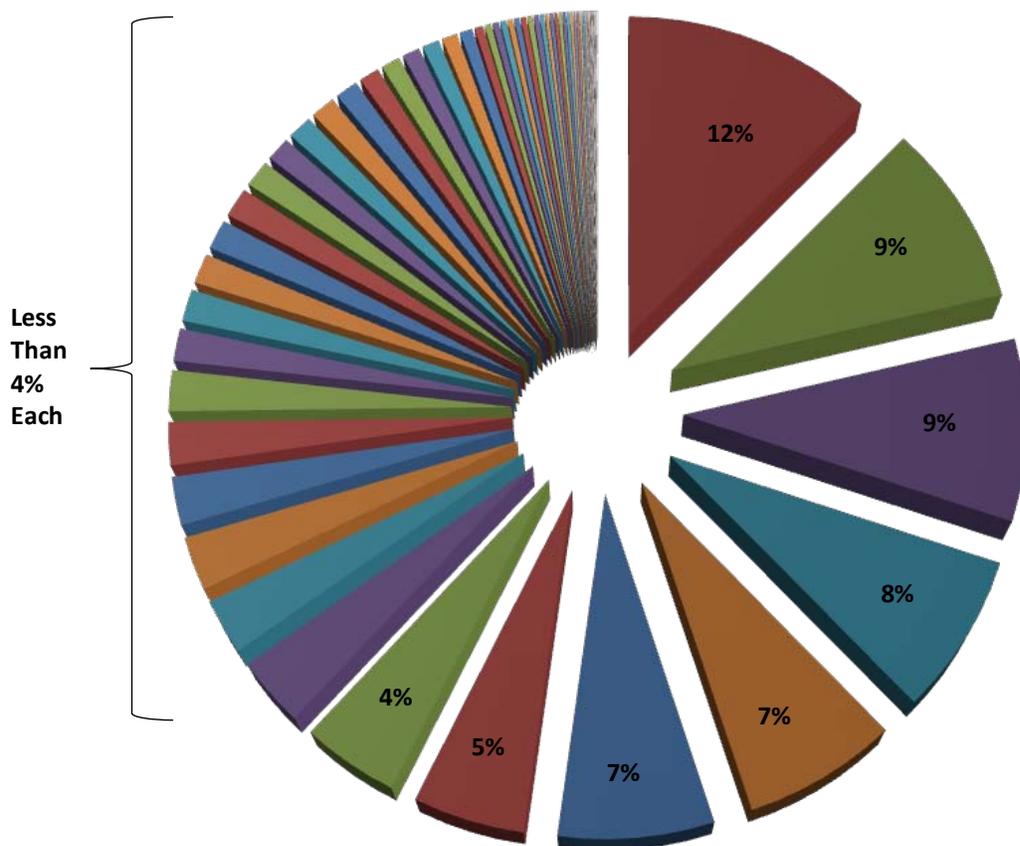
APPENDIX

A. DISPERSION OF PROJECTED DEMAND

The wide dispersion of projected demand for RGGI allowances across compliance entities facilitates the competitive performance of the auction.

The following figure shows the relative shares of projected demand for RGGI allowances by compliance entity. The largest compliance entity represents only 12 percent of the total projected demand for allowances. Almost half of the projected demand is composed of entities that each account for less than 6 percent of the total demand. Participation by a large number of entities facilitates the competitive performance of the auction.

Figure 1: Projected Demand for RGGI Allowances Shares by Compliance Entity



B. DISPERSION OF BIDS IN AUCTION 6

In the 2009 vintage offering, bids were submitted for a large quantity of allowances relative to the available supply, and the bids were widely dispersed across both compliance entities and non-compliance entities. These are both positive indicators regarding the competitiveness of the auction.

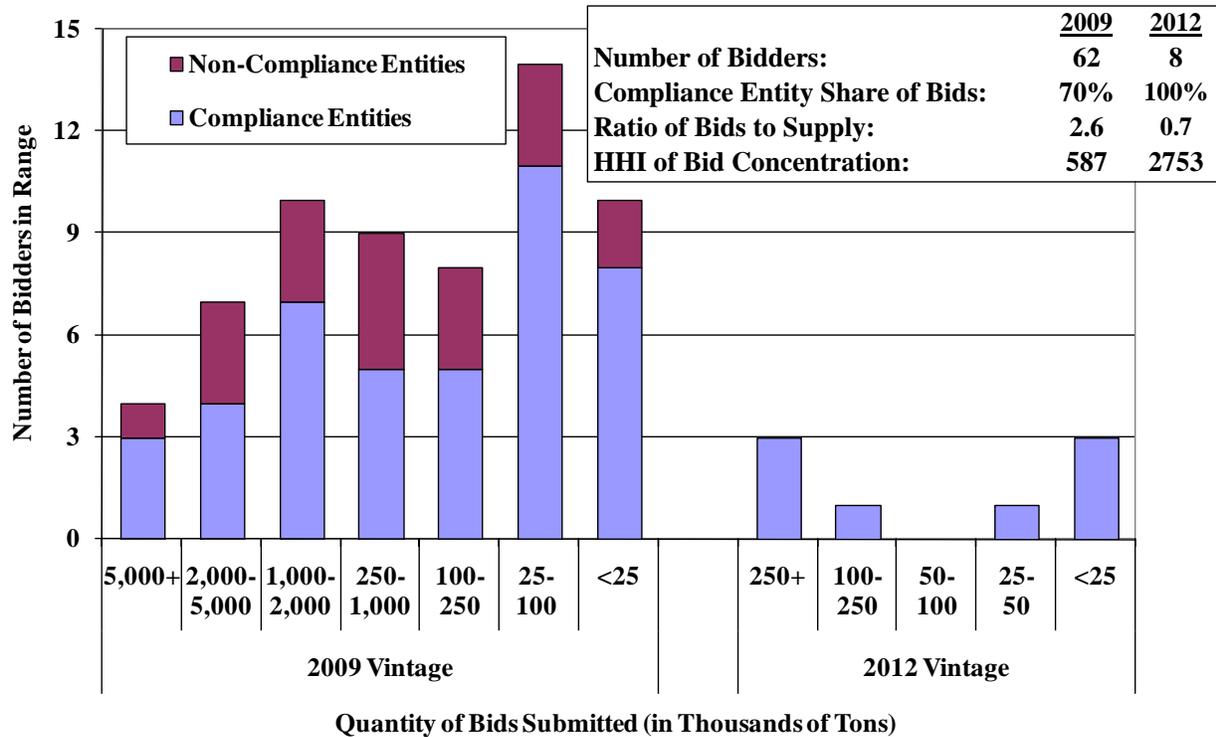
A small number of allowances were also auctioned in advance for the 2012 vintage year, with eight entities submitting bids to purchase 74 percent of the available supply of allowances. The volume of bids submitted declined from Auction 5, reflecting reduced participation by compliance entities. In our review of the bids and the qualification process, we found no material evidence of anti-competitive conduct or significant barriers to participation.

The following figure summarizes the quantities of allowances for which bids were submitted in the two offerings. In the 2009 vintage offering, most of the bidders that submitted bids for a large quantity of allowances (e.g., at least 2 million tons which is 7 percent of the available supply) were compliance entities (or their affiliates). Overall, compliance entities accounted for 70 percent of the quantity of allowances for which bids were submitted in the 2009 vintage offering. Relative to the available supply of allowances, the total quantity of bids submitted was similar to Auction 3, Auction 4, and Auction 5.

In the 2012 vintage offering, the quantity of allowances for which bids were submitted by compliance entities decreased 32 percent from Auction 5. No non-compliance entities participated in the 2012 vintage offerings of either Auction 5 or Auction 6.

In addition to demand exceeding supply by 2.6 to 1, the bid quantities were widely distributed among the 62 bidders in the 2009 vintage offering. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), was very low at 587 in the 2009 vintage offering. Fewer entities submitted bids in the 2012 vintage offering, leading the concentration of bids to be substantially higher (2753). The HHI is a standard measure of concentration calculated by squaring each entity’s share and then summing the squares across all entities (hence, the index ranges from 0 to 10,000).

Figure 2: Quantity of Bids Submitted by Entity
By Type of Entity and Quantity Bid



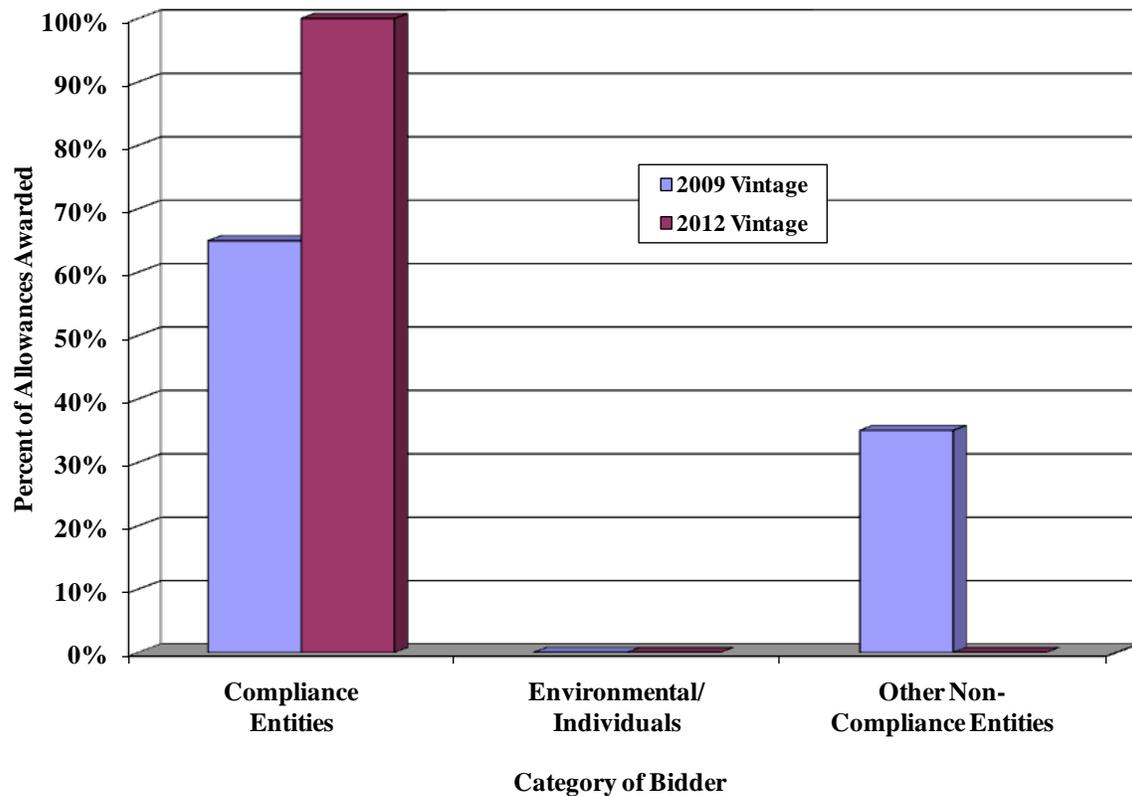
C. SUMMARY OF PURCHASES OF ALLOWANCES IN AUCTION 6

In the 2009 vintage offering, awards were widely distributed across 40 bidders with five bidders purchasing two million tons or more, eight bidders purchasing one million tons or more, and 13 bidders purchasing 250,000 tons or more. In the 2012 vintage offering, awards were distributed across eight bidders with four bidders purchasing approximately 97 percent of the allowances that were sold.

The following figure shows the quantity of allowances purchased in the auction by each of three types of entities:

- *Compliance Entities*: This includes all compliance entities and their affiliates.
- *Environmental/Individuals*: This includes non-compliance entities describing themselves as “Environmental Groups” or “Individual Person” in their qualification application.
- *Other Non-Compliance Entities*: This includes all other non-compliance entities.

**Figure 3: Quantity of Allowances Awarded
By Type of Entity**



The following table shows the quantity of allowances purchased by each bidder. The identity of each bidder is masked, and the bidders are ranked according to the amount of allowances awarded, from largest to smallest.

Table 1: Quantity of Allowances Awarded by Bidder

Bidder	Number of 2009 Allowances Awarded	Bidder	Number of 2012 Allowances Awarded
Bidder 1	7,147,000	Bidder 1	543,000
Bidder 2	5,000,000	Bidder 2	543,000
Bidder 3	4,300,000	Bidder 3	271,000
Bidder 4	2,842,000	Bidder 4	200,000
Bidder 5	2,025,698	Bidder 5	25,000
Bidder 6	1,331,000	Bidder 6	10,000
Bidder 7	1,110,000	Bidder 7	6,000
Bidder 8	1,000,000	Bidder 8	1,000
Bidder 9	825,000		
Bidder 10	500,000		
Bidder 11	500,000		
Bidder 12	300,000		
Bidder 13	265,000		
Bidder 14	191,000		
Bidder 15	150,000		
Bidder 16	114,000		
Bidder 17	108,000		
Bidder 18	100,000		
Bidder 19	92,000		
Bidder 20	89,000		
Bidder 21	80,000		
Bidder 22	80,000		
Bidder 23	61,000		
Bidder 24	55,000		
Bidder 25	50,000		
Bidder 26	50,000		
Bidder 27	47,000		
Bidder 28	38,000		
Bidder 29	35,000		
Bidder 30	30,000		
Bidder 31	25,000		
Bidder 32	25,000		
Bidder 33	6,000		
Bidder 34	5,000		
Bidder 35	3,000		
Bidder 36	3,000		
Bidder 37	3,000		
Bidder 38	3,000		
Bidder 39	2,000		
Bidder 40	1,000		

D. SUMMARY OF BID PRICES IN AUCTION 6

The distribution of bid prices submitted in the auction indicates that the demand for allowances was relatively elastic, which is a signal that the results were competitive.

The following table reports several statistics regarding the bid prices for bids submitted in Auction 6. The median and mean bid prices are weighted by the quantity of each bid.

	<u>2009</u>	<u>2012</u>
Bid Prices:		
Minimum	\$1.86	\$1.86
Maximum	\$5.00	\$2.41
Average (Median)	\$2.00	\$1.87
Average (Mean)	\$2.12	\$1.94
Clearing Prices:	\$2.05	\$1.86

E. NAMES OF POTENTIAL BIDDERS IN AUCTION 6

In accordance with Section 2.8 of the Auction Notice for CO₂ Allowance Auction 6 on December 2, 2009, the Participating States are releasing the names of Potential Bidders in Auction 6. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid.*” The list of 74 Potential Bidders is as follows:

Adirondack Council Inc.	Indeck-Oswego Limited Partnership
AES Eastern Energy, LP	Indeck-Yerkes Limited Partnership
Algonquin Windsor Locks, LLC	James S. Burrell II
Allegheny Energy Supply Company, LLC	JP Morgan Ventures Energy Corporation
ANP Funding I, LLC	J-Power USA Development Co., Ltd.
Astoria Energy, LLC	Koch Supply & Trading LP
Astoria Generating Company, LP	Lake Road Generating Company, L.P.
Barclays Bank PLC	Logan Generating Company, LP
Boston Generating, LLC	Louis Dreyfus Energy Services, LP
Brick Power Holding, LLC	Macquarie Cook Power Inc.
Brookfield Energy Marketing Inc.	Massachusetts Muni. Wholesale Elec. Co.
Brooklyn Navy Yard Cogen Partners, LP	Merrill Lynch Commodities, Inc.
Caithness Long Island, LLC	Millennium Power Partners, LP
Calpine Energy Services, LP	Mirant Energy Trading, LLC
Cargill Power Markets, LLC	Morgan Stanley Capital Group, Inc.
Castleton Power, LLC	National Grid Gen. dba National Grid
CE2 Environmental Markets, LP	New Athens Generating Company, LLC
CE2 Environmental Opportunities I, LP	NextEra Energy Power Marketing, LLC
Chambers Cogeneration, LP	North American Energy Alliance, LLC
Conectiv Energy Supply, Inc.	NRG Power Marketing, LLC
Conn. Municipal Electric Energy Coop.	Old Dominion Electric Cooperative
ConocoPhillips Company	ORBEO
Consolidated Edison Comp. of NY, Inc.	Power Authority of the State of New York
Constellation Energy Commodities Group	PPL EnergyPlus, LLC
Delaware Municipal Electric Corp.	PSEG Energy Resources & Trade, LLC
Dominion Energy Marketing, Inc.	Public Service Company of New Hampshire
DTE Carbon, LLC	RBC
Dynegy Marketing and Trade, LLC	Rochester Gas and Electric Corporation
Element Markets, LLC	Selkirk Cogen Partners, LP
GDF SUEZ Energy Marketing NA, Inc.	Sempra Energy Trading, LLC
Granite Ridge Energy, LLC	Statkraft Markets GmbH
H.Q. Energy Services (US) Inc.	Stonyfield Farm
Hess Corporation (G)	Sunoco Power Generation, LLC
ICAP United Inc.	TAQA Gen X, LLC
Indeck Energy Serv. of Silver Springs	Tradax Green Energy, LLC
Indeck-Corinth Limited Partnership	Verso Paper Corp.
Indeck-Olean Limited Partnership	Vitol Inc.