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FOR IMMEDIATE RELEASE  
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## **Ten States Mark Second Anniversary of Regional Program to Reduce Greenhouse Gas Emissions**

*Release Results of 9th RGGI CO<sub>2</sub> Allowance Auction*

*Current Control Period Allowances Sold at \$1.86*

*Future Control Period Allowances Sold at \$1.86*

(NEW YORK, NY) – The ten states participating in the Regional Greenhouse Gas Initiative (RGGI) conducted their 9<sup>th</sup> regional auction of carbon dioxide (CO<sub>2</sub>) allowances Wednesday, September 8<sup>th</sup>. The auction marks two years since the debut of the RGGI CO<sub>2</sub> allowance auctions, and highlights the successful implementation of the nation's first market-based regulatory program to reduce greenhouse gas emissions.

Since September 2008, proceeds from RGGI auctions have totaled \$729,281,959, over 80 percent of which is being invested in strategic energy programs to benefit consumers and build a clean energy economy.

The offering of current control period CO<sub>2</sub> allowances (2009-2011) in Wednesday's auction yielded a total of \$63,997,020 from the sale of 34,407,000 allowances. Over 75 percent of allowances offered for sale were sold. The auction clearing price was \$1.86 per allowance, the reserve price for the auction. Forty-five entities submitted winning bids, with bids ranging from \$1.86 to \$3.00. Electric generators and their corporate affiliates purchased 92 percent of the total number of current control period allowances sold.

States also offered a smaller number of CO<sub>2</sub> allowances for a future control period (2012-2014). The offering of future control period CO<sub>2</sub> allowances yielded a total of \$2,440,320 from the sale of 1,312,000 allowances. Over 61 percent of future control period allowances offered for sale were sold. The auction clearing price was \$1.86 per allowance. Six bidders submitted winning bids, with bids ranging from \$1.86 to \$1.92. Electric generators and their corporate affiliates purchased 100 percent of the total number of future control period allowances sold.

As they have for previous auctions, the participating states released the report of the independent market monitor, which contains aggregate auction results and a list of all qualified auction participants that submitted their intent to bid in the auction. According to the market monitor's report for Auction 9, electric generators and their corporate affiliates have won 84 percent of all CO<sub>2</sub> allowances sold in Auctions 1-9 and will hold 95 percent of CO<sub>2</sub> allowances in circulation following the settlement of allowances sold in Auction 9. Additional details may be found in the *Market Monitor Report for Auction 9*, appended below.

"RGGI auctions continue to set an example for the nation," said David Littell, a Commissioner of the Maine Public Utilities Commission and Chair of the RGGI, Inc. Board of Directors. "Nine successful CO<sub>2</sub> auctions have delivered allowances to the power plants that need them for compliance and enabled states to return millions of dollars to consumers through investments in energy savings and clean energy."

The quarterly CO<sub>2</sub> allowance auctions are just one component of a program that regulates CO<sub>2</sub> emissions from 209 power plants across 10 states. The RGGI participating states have also built an interactive online emissions and allowance tracking system to track, record, and publicly report RGGI program data and market activity, including CO<sub>2</sub> emissions from regulated power plants and CO<sub>2</sub> allowance transactions among market participants.

RGGI shows how a market-based program to reduce greenhouse gas emissions can help build a clean energy economy. Overall, RGGI participating states are investing more than two thirds of proceeds from RGGI CO<sub>2</sub> allowance auctions to improve energy efficiency and accelerate the deployment of renewable energy technologies. States are investing an additional 14 percent to provide direct consumer benefits, including energy bill payment assistance to low-income ratepayers.

These investments generate significant energy and cost savings for consumers across the region.

“RGGI state investments in efficiency and renewable energy sources provide triple benefits – to the environment, consumers and the economy,” said Shari Wilson, Secretary of the Maryland Department of the Environment. “By leveraging federal, state, and private investments, the investments made with RGGI proceeds in Maryland this year will save families and businesses more than \$125 million, while creating 630 new green collar jobs.”

“New Hampshire’s investment of RGGI auction proceeds in energy efficiency has created or helped retain more than 700 jobs across the state,” said Clifton Below, a Commissioner of the New Hampshire Public Utilities Commission. “The growing demand for energy auditors, HVAC technicians and energy-efficiency contractors is building a green workforce and serving as an engine for economic growth in our state.”

“In 2009, energy efficiency programs, funded in part by RGGI, saved enough electricity to power more than 313,000 homes for a year,” said Amey Marrella, Commissioner of the Connecticut Department of Environmental Protection. “Over the life of these efficiency projects, the people of our state will save more than \$533 million in energy costs – a very impressive figure.”

“New York State’s investment of RGGI proceeds is helping to reduce energy costs today while building a clean energy economy for the future,” said Francis J. Murray Jr., President and CEO of NYSERDA. “These funds will help New York create new financing options to expand energy efficiency programs for households and small businesses, support workforce training and create jobs in the clean energy sector. Through our Green Jobs\Green NY initiative, we are partnering with community-based organizations to encourage activities at the local level to reduce the emissions of greenhouse gases, which will benefit our environment for years to come.”

“Expanded efficiency programs, funded in part by RGGI, will generate roughly \$6 billion in consumer energy savings in Massachusetts over the next three years,” said Phil Giudice, Commissioner of the Massachusetts Department of Energy Resources. “The same programs will also avoid more than 15 million tons of CO<sub>2</sub> pollution across our state.”

RGGI’s “auction and invest” design provides a model for a national program to reduce greenhouse gas emissions. Innovative aspects of RGGI, including allowance auctions and strategic reinvestment of auction proceeds, are serving as a model for Congressional proposals, as well as other regional market-based climate protection programs, including the Western Climate Initiative (WCI) and the Midwest Greenhouse Gas Reduction Accord (MGGRA).

“In the absence of federal legislation, the states will continue to implement market-based programs as a part of a broader climate action agenda,” said Justin Johnson, Commissioner of the Vermont

Department of Environmental Conservation. "RGGI states look forward to continued collaboration with the Western Climate Initiative, and other jurisdictions, to share best practices for the implementation of CO<sub>2</sub> allowance auctions and other program components."

To learn more about how each state is investing RGGI auction proceeds, please visit: [http://www.rggi.org/rggi\\_benefits/program\\_investments](http://www.rggi.org/rggi_benefits/program_investments).

The next RGGI auction is scheduled for December 1, 2010. All parties are eligible to participate. Information is available at [http://www.rggi.org/market/co2\\_auctions/information](http://www.rggi.org/market/co2_auctions/information).

### ***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 implemented the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. Power sector CO<sub>2</sub> 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 CO<sub>2</sub> allowance represents a limited authorization to emit one short ton of CO<sub>2</sub>, as issued by a respective participating state. A regulated power plant must hold CO<sub>2</sub> 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 CO<sub>2</sub> Budget Trading Program took effect on January 1, 2009 and extends through December 31, 2011. Allowances for the first (2009-2011) control period may be used to meet current compliance obligations, or may be banked for use in future control periods. CO<sub>2</sub> allowances for the second (2012-2014) control period can only be used to meet compliance obligations beginning in 2012. CO<sub>2</sub> allowances issued by any participating state are usable across all state programs, so that the ten individual state CO<sub>2</sub> Budget Trading Programs, in aggregate, form one regional compliance market for CO<sub>2</sub> emissions. For more information turn to: [www.rggi.org](http://www.rggi.org)

### ***About Regional Greenhouse Gas Initiative, Inc.***

RGGI, Inc. was created in September 2007 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](http://www.rggi.org/rggi).

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**RGGI Inc.**



**MARKET MONITOR REPORT  
FOR AUCTION 9**

**Prepared for:**

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

**Prepared By:**

**POTOMAC  
ECONOMICS**

September 10, 2010

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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 (CO<sub>2</sub>), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO<sub>2</sub> Budget Trading Programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

## MARKET MONITOR REPORT FOR AUCTION 9

As the Market Monitor for the RGGI CO<sub>2</sub> 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 9, which was held on September 8, 2010.

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.

A large number of bidders participated in the offering of 2009 vintage and 2010 vintage allowances with 45 entities submitting bids to purchase 75 percent of the available supply of allowances. This resulted in a clearing price equal to the reserve price of \$1.86 per ton. Compliance entities or their affiliates purchased 92 percent of the allowances in the auction.

A small number of allowances were auctioned for the second control period (with a 2013 vintage year). Six entities submitted bids to purchase 61 percent of the available supply of allowances, resulting in a clearing price equal to the reserve price of \$1.86 per ton. Compliance entities or their affiliates purchased 100 percent of the allowances in the 2013 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 9 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 CO<sub>2</sub> allowances and outcomes of the auction.

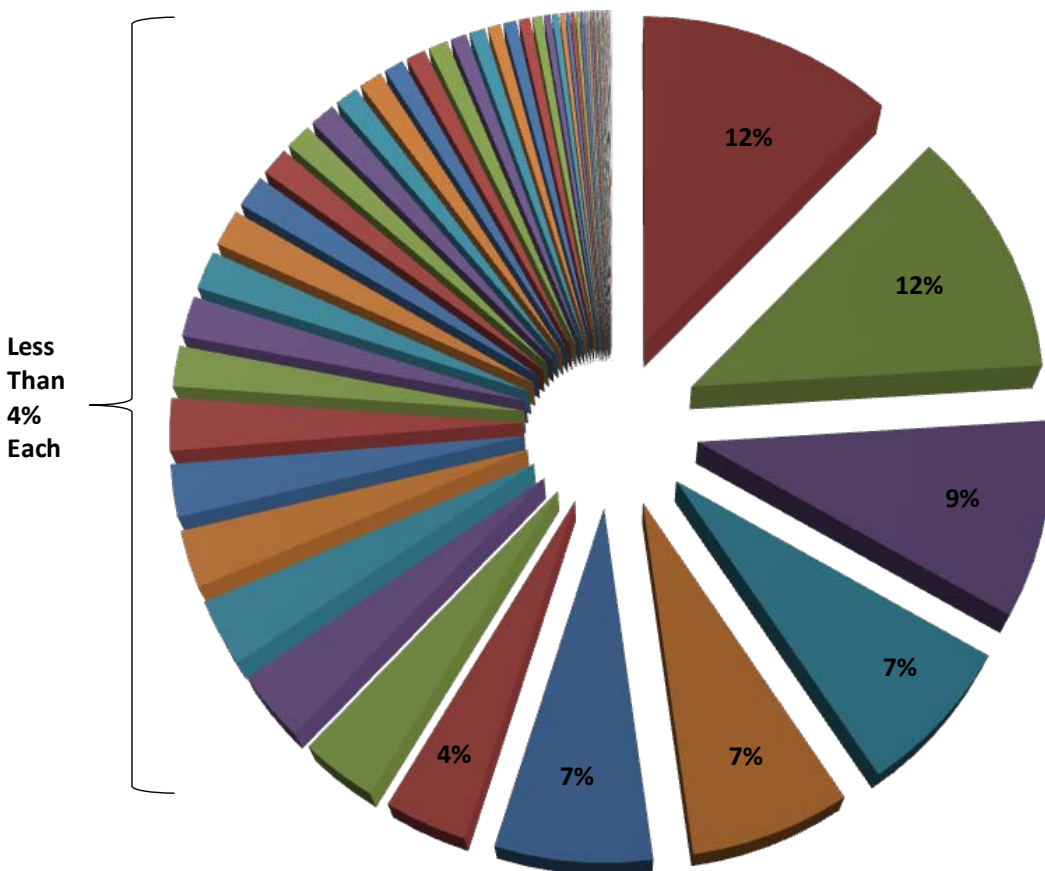
**APPENDIX**

**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 9

*In the offering of 2009 and 2010 vintage allowances, bids were submitted by a large number of entities, 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.*

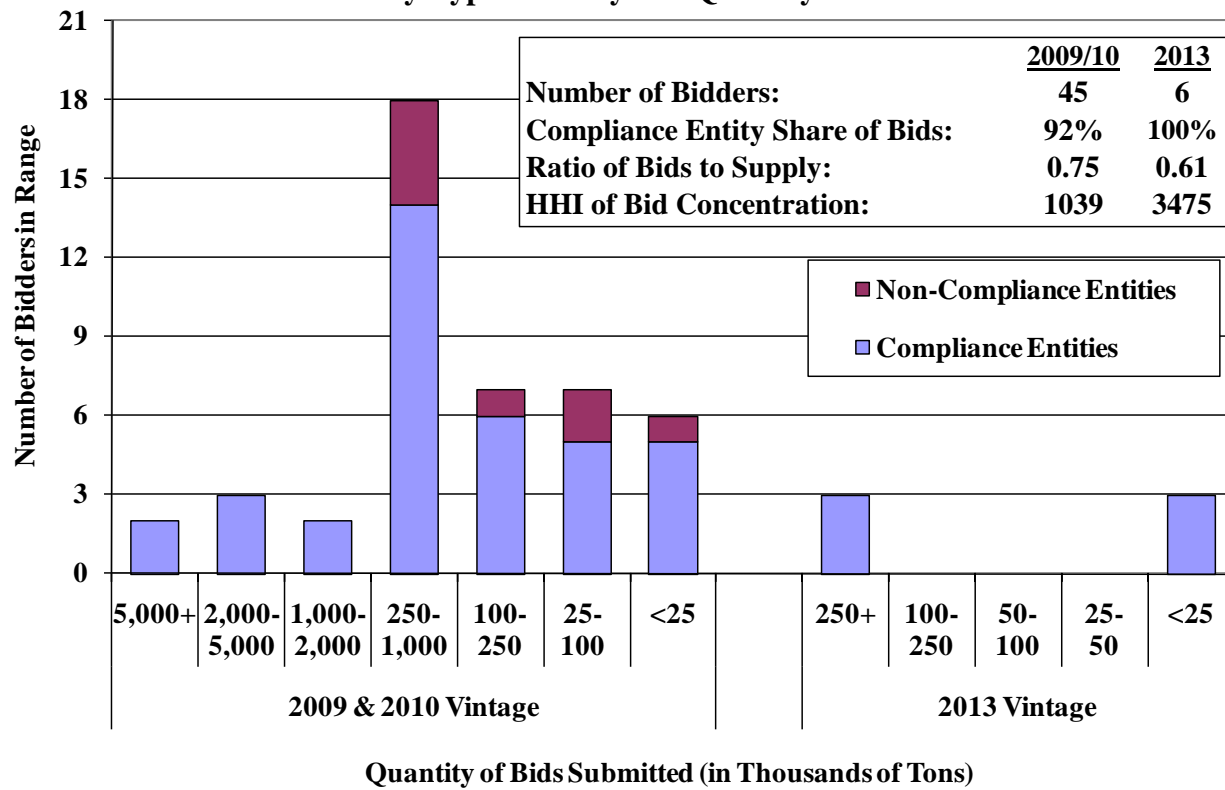
*A small number of allowances were also auctioned in advance for the 2013 vintage year, with six compliance entities or their affiliates submitting bids. In our review of the bids and the qualification process, we found no material evidence of anti-competitive conduct or significant barriers to participation.*

The following figure summarizes the quantities of allowances for which bids were submitted in the two offerings. In the offering of 2009 vintage and 2010 vintage allowances, all of the bidders that submitted bids for a large quantity of allowances (e.g., at least 2 million tons or 5 percent of the available supply) were compliance entities or their affiliates. Overall, compliance entities accounted for 92 percent of the quantity of allowances for which bids were submitted in the offering of 2009 vintage and 2010 vintage allowances. The quantity of allowances for which bids were submitted decreased to 0.75 times the available supply in Auction 9 from 1.3 times the available supply in Auction 8 and 2.3 times the available supply in Auction 7.

In the 2013 vintage offering, the quantity of allowances for which bids were submitted was 0.61 times the available supply. This decreased from 1.2 times the available supply in Auction 8 and 0.98 times the available supply in Auction 7. All of the bids were submitted by compliance entities in the 2013 vintage offering of Auction 9.

The bid quantities were widely distributed among the 45 bidders in the offering of 2009 vintage and 2010 vintage allowances. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), was relatively low at 1039. Fewer entities submitted bids in the 2013 vintage offering, leading the concentration of bids to be substantially higher (3475). 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 9

*In the offering of 2009 vintage and 2010 vintage allowances, awards were widely distributed across 45 bidders with five bidders purchasing two million tons or more, seven bidders purchasing one million tons or more, and 25 bidders purchasing 250,000 tons or more. In the 2013 vintage offering, awards were distributed across six bidders with three bidders purchasing 250,000 tons or more.*

*Compliance entities or their affiliates purchased 92 percent of the allowances in the offering of 2009 vintage and 2010 vintage allowances and 100 percent of the allowances in the offering of 2013 vintage allowances.*

The share of allowances purchased and several other quantities are reported for each of three types of entities:

- *Compliance Entities:* This includes all compliance entities and their affiliates. In this report, affiliated firms are firms that: (i) have a parent-subsidary relationship with a compliance entity, (ii) are subsidiaries of a parent company that has a large interest in a compliance entity, (iii) have substantial control over the operation of a budget source and/or responsibility for acquiring RGGI allowances to satisfy its compliance obligations.
- *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.

The following statistics summarize the purchases and holdings of allowances by compliance entities and their affiliates under the RGGI program:

- In Auction 9, compliance entities and their affiliates purchased:
  - 92 percent of the V2009 & V2010 allowances sold and
  - 100 percent of the V2013 allowances sold.
- In the first nine RGGI auctions, compliance entities and their affiliates purchased:
  - 83 percent of the V2009 & V2010 allowances sold,
  - 96 percent of the V2012 & V2013 allowances sold, and
  - 84 percent of all allowances sold.
- Compliance entities and their affiliates will hold 95 percent of the allowances in circulation following the settlement of allowances sold in Auction 9.

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**

<b>Bidder</b>	<b>Number of 2009 &amp; 2010 Allowances Awarded</b>	<b>Bidder</b>	<b>Number of 2013 Allowances Awarded</b>
Bidder 1	7,526,000	Bidder 1	534,000
Bidder 2	6,450,000	Bidder 2	500,000
Bidder 3	2,650,000	Bidder 3	250,000
Bidder 4	2,150,000	Bidder 4	20,000
Bidder 5	2,000,000	Bidder 5	7,000
Bidder 6	1,000,000	Bidder 6	1,000
Bidder 7	1,000,000		
Bidder 8	993,000		
Bidder 9	967,000		
Bidder 10	876,000		
Bidder 11	870,000		
Bidder 12	793,000		
Bidder 13	657,000		
Bidder 14	611,000		
Bidder 15	600,000		
Bidder 16	591,000		
Bidder 17	545,000		
Bidder 18	500,000		
Bidder 19	435,000		
Bidder 20	400,000		
Bidder 21	390,000		
Bidder 22	300,000		
Bidder 23	267,000		
Bidder 24	250,000		
Bidder 25	250,000		
Bidder 26	184,000		
Bidder 27	140,000		
Bidder 28	119,000		
Bidder 29	110,000		
Bidder 30	100,000		
Bidder 31	100,000		
Bidder 32	100,000		
Bidder 33	79,000		
Bidder 34	75,000		
Bidder 35	70,000		
Bidder 36	65,000		
Bidder 37	50,000		
Bidder 38	50,000		
Bidder 39	35,000		
Bidder 40	17,000		
Bidder 41	16,000		
Bidder 42	15,000		
Bidder 43	9,000		
Bidder 44	1,000		
Bidder 45	1,000		

D. SUMMARY OF BID PRICES IN AUCTION 9

*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 9. The median and mean bid prices are weighted by the quantity of each bid.

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	<u>2009 &amp; 2010</u>	<u>2013</u>
<b>Bid Prices:</b>		
<b>Minimum</b>	<b>\$1.86</b>	<b>\$1.86</b>
<b>Maximum</b>	<b>\$3.00</b>	<b>\$1.92</b>
<b>Average (Median)</b>	<b>\$1.89</b>	<b>\$1.88</b>
<b>Average (Mean)</b>	<b>\$1.92</b>	<b>\$1.88</b>
<b>Clearing Prices:</b>	<b>\$1.86</b>	<b>\$1.86</b>

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E. NAMES OF POTENTIAL BIDDERS IN AUCTION 9

In accordance with Section 2.8 of the Auction Notice for CO<sub>2</sub> Allowance Auction 9 on September 8, 2010, the Participating States are releasing the names of Potential Bidders in Auction 9. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid*.” The list of 56 Potential Bidders is as follows:

Adirondack Council Inc.	Indeck-Corinth Limited Partnership
AES Eastern Energy, LP	Indeck-Olean Limited Partnership
Aircraft Services Corporation	Indeck-Oswego Limited Partnership
ANP Funding I, LLC	Indeck-Yerkes Limited Partnership
Astoria Energy, LLC	J-Power USA Development Co., Ltd.
Astoria Generating Company, LP	Koch Supply & Trading, LP
Barclays Bank PLC	Massachusetts Muni. Wholesale Elec. Co.
Boston Generating, LLC	Massachusetts Water Resources Authority
Brick Power Holding, LLC	Millennium Power Partners, LP
Bridgeport Energy, LLC	Mirant Energy Trading, LLC
Brooklyn Navy Yard Cogen Partners, LP	National Grid Gen. dba National Grid
Caithness Long Island, LLC	New Athens Generating Company, LLC
Calpine Energy Services, LP	NextEra Energy Power Marketing, LLC
Castleton Power, LLC	North American Energy Alliance, LLC
Conn. Municipal Electric Energy Coop.	NRG Power Marketing, LLC
ConocoPhillips Company	Panda Brandywine, LP
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
E.ON Energy Trading SE	Selkirk Cogen Partners, LP
EquiPower Resources	TAQA Gen X, LLC
GDF SUEZ Energy Marketing NA, Inc.	TransCanada Power Marketing, Ltd.
Granite Ridge Energy, LLC	Verso Paper Corp.
H.Q. Energy Services (US) Inc.	Vitol Inc.
Hess Corporation	Wing Fuel, LLC