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FOR IMMEDIATE RELEASE

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RGGI Auction Sells 19.7 Million CO₂ Allowances at \$1.93

Auction Generates \$38.1 Million for Regional Clean Energy Economy

NEW YORK, NY— The nine Northeastern and Mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory program to reduce greenhouse gas pollution, today announced the results of their 18th auction of carbon dioxide (CO₂) allowances.

19,774,000 CO₂ allowances were sold at the auction, held Wednesday, December 5th, generating \$38.1 million for reinvestment by the RGGI states in a variety of consumer benefit initiatives, including investments in energy efficiency, clean and renewable energy, direct bill assistance, and greenhouse gas abatement and climate change adaptation.

Bids for the CO₂ allowances ranged from \$1.93 to \$5.14 per allowance, with a clearing price of \$1.93. Allowances sold represent 53 percent of the 37,563,083 allowances offered for sale by the nine states.

According to the independent market monitor's report, electricity generators and their corporate affiliates have won 88 percent of CO₂ allowances sold in RGGI auctions since 2008. Additional details are available in the *Market Monitor Report for Auction 18*, available at: http://www.rrgi.org/docs/Auctions/18/Auction_18_Market_Monitor_Report.pdf

"The 2011 RGGI proceeds report illustrates how RGGI is helping to accelerate our region's transition to a clean energy economy," said Collin O'Mara, Secretary of the Delaware Department of Natural Resources and Environmental Control and Chair of the RGGI, Inc. Board of Directors. "The report estimates that over their lifetime these RGGI investments will help avoid the emission of 12 million short tons of carbon dioxide pollution—or the equivalent of the emissions from two million passenger vehicles for a year."

"RGGI's market-based mechanism does more than set a clear and enforceable cap on carbon dioxide pollution – RGGI also delivers environmental, economic, and consumer benefits to the RGGI states with wise allowance investments that save ratepayers money and reduce emissions," said David Littell, a Commissioner of the Maine Public Utilities Commission and Vice-Chair of RGGI, Inc. Board of Directors. "The 2011 proceeds report found that RGGI investments directly benefited 2.9 million households and 7,400 businesses."

The *Regional Investment of RGGI CO₂ Allowance Proceeds, 2011* report found from 2009 to 2011, RGGI investments:

- Channeled over \$617 million into the region's clean energy economy.
- Returned \$69 million in bill credits to an estimated 84,000 low-income families.
- Generated an estimated \$1.3 billion in lifetime energy bill savings for utility customers.

- Offset more than 27 million megawatt hours of electricity generation and 26.7 million BTUs of energy generation over the lifetime of investments.

Auction 18 Results At-A-Glance	
Auction Date	December 5, 2012
Allowances Offered for Sale	37,563,083
Allowances Sold	19,774,000
Ratio of Bids to Supply	0.53x
Clearing Price	\$1.93
Reserve Price	\$1.93
Proceeds from Auction 18	\$38,163,820.00
Total Cumulative Proceeds (All Auctions)	\$1,119,788,758.19
Number of Bidders in Auction 18	29
Percent of Allowances Purchased by Compliance Entities & their Corporate Affiliates in Auction 18	100%

More data is available at: http://www.rggi.org/market/co2_auctions/results.

The next RGGI auction is scheduled for March 13, 2013.

About the Regional Greenhouse Gas Initiative

The Northeast and Mid-Atlantic states participating in the second RGGI control period (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) have implemented the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. Power sector CO₂ emissions are capped at 165 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.

RGGI is composed of individual CO₂ budget trading programs in each state, based on each state's independent legal authority. A CO₂ allowance represents a limited authorization to emit one short ton of CO₂, as issued by a respective 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. RGGI's second control period began on January 1, 2012 and extends through December 31, 2014. For more information visit www.rggi.org

About Regional Greenhouse Gas Initiative, Inc.

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, 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.

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RGGI Inc.



**MARKET MONITOR REPORT
FOR AUCTION 18**

Prepared for:

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

Prepared By:

**POTOMAC
ECONOMICS**

December 7, 2012

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 states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont). The opinions expressed in this report do not necessarily reflect those of RGGI, Inc. or any of the states participating in RGGI, 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 states participating in RGGI, 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 states participating in RGGI, 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 the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. RGGI is a cooperative effort of Northeast and Mid- Atlantic states to reduce emissions of carbon dioxide (CO₂) from the power sector.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative.

MARKET MONITOR REPORT FOR AUCTION 18

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 18, which was held on December 5, 2012.

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.

Twenty-nine bidders participated in the offering of CO₂ allowances for the current control period. Bids were submitted to purchase 53 percent of the available supply of allowances, resulting in a clearing price equal to the reserve price of \$1.93 per ton. Compliance entities or their affiliates purchased 100 percent of the allowances in the offering. There was no indication of barriers to participation in the auction.

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 issues with the auction platform such as hardware or software problems, communications issues, or security breaches.

In summary, the results of our monitoring of RGGI Auction 18 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.

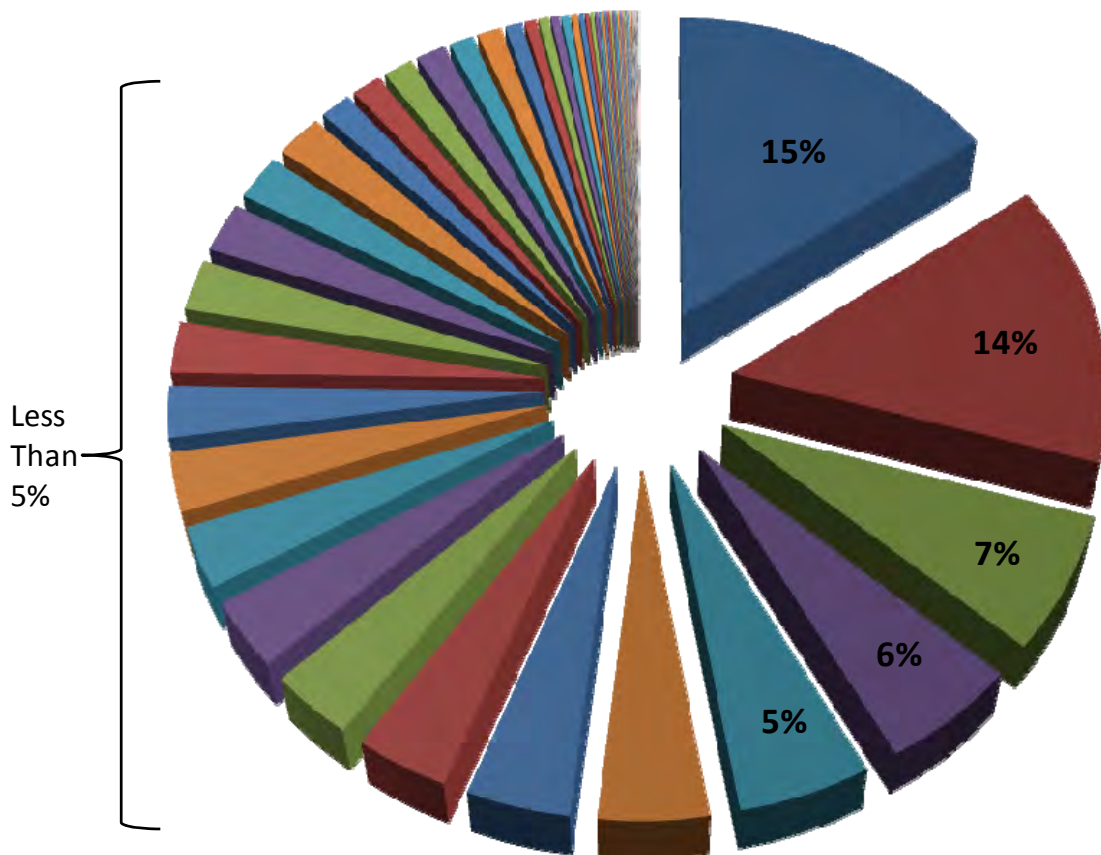
APPENDIX

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 in the current control period. The largest compliance entity represents only 15 percent of the total projected demand for allowances. More than half of the projected demand is composed of entities that each account for less than 5 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



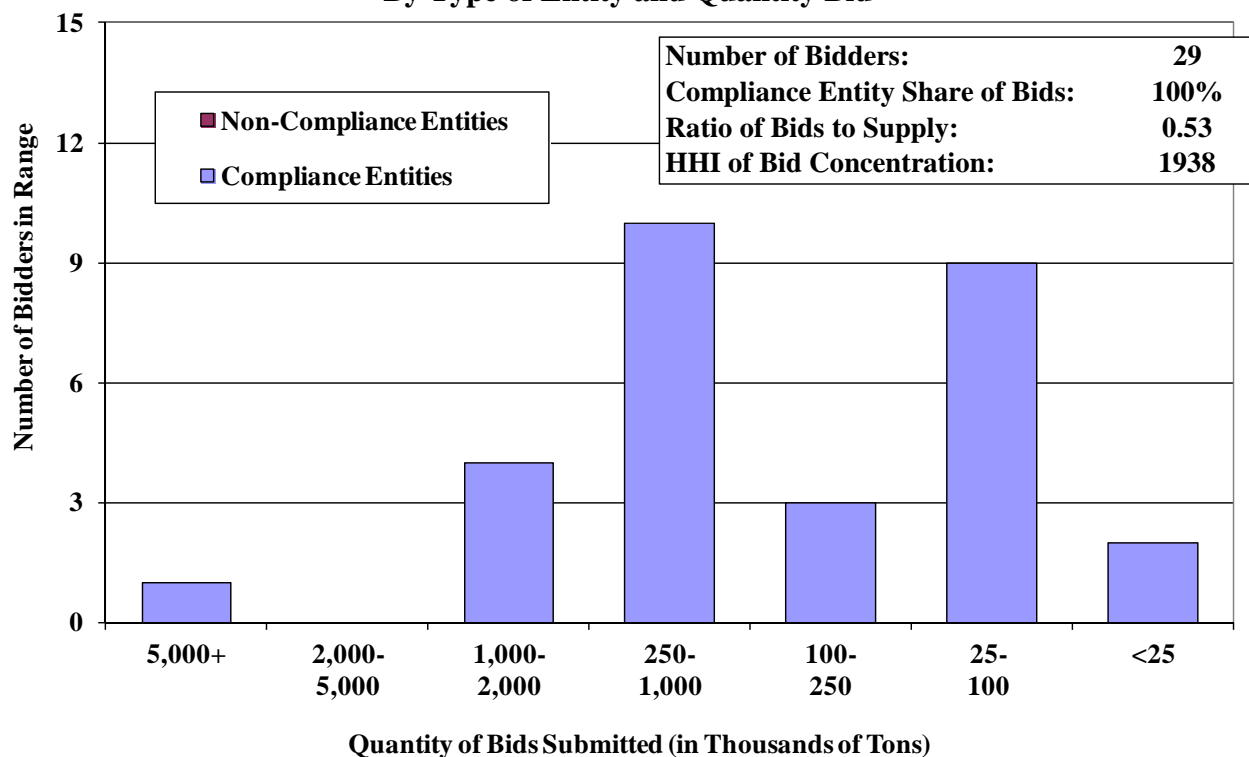
B. DISPERSION OF BIDS IN AUCTION 18

In the offering of allowances for the current control period, bids were submitted by 29 compliance entities and no non-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 quantity of allowances for which bids were submitted by each bidder. One compliance entity submitted bids for a large quantity of allowances (e.g., at least 5 million tons). Overall, compliance entities accounted for 100 percent of the quantity of allowances for which bids were submitted. The quantity of allowances for which bids were submitted decreased to 0.53 times the available supply in Auction 18 from 0.65 times the available supply in Auction 17 and 0.57 times the available supply in Auction 16.

The bid quantities were widely distributed among the 29 bidders. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), rose from 1703 in Auction 17 to 1938 in Auction 18. 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 18

In the offering of allowances for the current control period, awards were distributed across 29 bidders with one bidder purchasing five million tons or more and 15 bidders purchasing 250,000 tons or more. Compliance entities or their affiliates purchased 100 percent of the allowances in the auction.

The share of allowances purchased and several other quantities are reported for two 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.
- *Non-Compliance Entities:* Other firms.

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

- In Auction 18, compliance entities and their affiliates purchased 100 percent of the allowances sold.
- In the first 18 RGGI auctions, compliance entities and their affiliates purchased 88 percent of the allowances sold.
- Compliance entities and their affiliates will hold 94 percent of the allowances in circulation following the settlement of allowances sold in Auction 18.

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 Allowances Awarded
Bidder 1	8,000,000
Bidder 2	1,968,000
Bidder 3	1,500,000
Bidder 4	1,245,000
Bidder 5	1,000,000
Bidder 6	933,000
Bidder 7	800,000
Bidder 8	600,000
Bidder 9	575,000
Bidder 10	450,000
Bidder 11	400,000
Bidder 12	397,000
Bidder 13	380,000
Bidder 14	279,000
Bidder 15	275,000
Bidder 16	161,000
Bidder 17	136,000
Bidder 18	112,000
Bidder 19	99,000
Bidder 20	85,000
Bidder 21	75,000
Bidder 22	75,000
Bidder 23	51,000
Bidder 24	51,000
Bidder 25	50,000
Bidder 26	37,000
Bidder 27	25,000
Bidder 28	14,000
Bidder 29	1,000

D. SUMMARY OF BID PRICES IN AUCTION 18

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

Bid Prices:	
Minimum	\$1.93
Maximum	\$5.14
Average (Median)	\$1.93
Average (Mean)	\$1.98
Clearing Price:	\$1.93

E. NAMES OF POTENTIAL BIDDERS IN AUCTION 18

In accordance with Sections 2.8 and 3 of the Auction Notice for CO₂ Allowance Auction 18 on December 5, 2012, the Participating States are releasing the names of Potential Bidders in Auction 18. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid*.” The list of 34 Potential Bidders is as follows:

AES Warrior Run Cogeneration Facility	Indeck-Corinth Limited Partnership
Astoria Energy, LLC	Jamestown Board of Public Utilities
Astoria Generating Company, LP	J-Power USA Development Co., Ltd.
Berkshire Power Company, LLC	Kleen Energy Systems, LLC
Brookfield Energy Marketing LP	Massachusetts Muni. Wholesale Elec. Co.
Brooklyn Navy Yard Cogen Partners, LP	Millennium Power Partners, LP
Caithness Long Island, LLC	National Grid Gen. dba National Grid
Castleton Power, LLC	New Athens Generating Company, LLC
Consolidated Edison Comp. of NY, Inc.	NextEra Energy Power Marketing, LLC
Constellation Energy Commodities Group	NRG Power Marketing, LLC
Dominion Energy Marketing, Inc.	Power Authority of the State of New York
Dynegy Marketing and Trade, LLC	Public Service Company of New Hampshire
EDF Trading North America, LLC	RBC
Empire Generating Co., LLC	Rochester Gas and Electric Corporation
Entergy Rhode Island State Energy, LP	Selkirk Cogen Partners, LP
EquiPower Resources	Verso Paper Corp.
GenOn Energy Management, LLC	Wallingford Energy, LLC