

Regional Greenhouse Gas Initiative

an Initiative of the Northeast and Mid-Atlantic States of the U.S.

CO₂ Budget Source 2016 Interim Control Period Compliance Process Checklist: 6 Steps

Under each RGGI participating state's CO₂ Budget Trading Program, each "CO₂ budget source" is required to hold one CO₂ allowance for each ton of CO₂ emitted during the preceding three-year control period. The third three-year control period began on January 1, 2015 and extends through December 31, 2017 for the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont.

Starting in the third control period, each CO₂ 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 CO₂ 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.

1. Confirm your access to the U.S. EPA's CAMD Business System.

Facility information for CO₂ 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 the RGGI CO₂ Allowance Tracking System (RGGI COATS). Please make sure you have an Authorized Account Representative (AAR) and Alternate Authorized Account Representative (AAAR) (if applicable) with access to the CAMD Business System. Please also make sure all information about your facility (including AAR, AAAR, facility, and owner/operator) is up to date in the CAMD Business System. Updates made in the CAMD Business System flow directly into RGGI COATS periodically. If you need to change your AAR or make changes that cannot be made in the CAMD Business System, this may take additional time and require paper forms to be sent to the EPA and to the state in which your CO₂ budget source resides. Please plan accordingly.

2. Confirm your user registration in RGGI COATS.

RGGI COATS stores and maintains RGGI accounts and CO₂ allowances, and is the vehicle in which compliance transactions and evaluations will be made. Please ensure that your organization's AAR, AAAR (if applicable), and any Electronic Submission Agent(s) (Agent(s)) (if applicable) for RGGI COATS are up-to-date and have access to RGGI COATS. Note that AAR, AAAR, and facility data is managed in the CAMD Business System, and transferred into RGGI COATS. This data is not managed in RGGI COATS. For more information on RGGI COATS, please see the RGGI COATS User's Guide: https://RGGI.COATS.org/eats/rggi/image/help/_rggi/RGGIGettingStartedGuide.pdf.

3. Acquire sufficient CO₂ allowances to meet your CO₂ Interim Compliance Obligation.

Market participants can obtain CO₂ allowances in two ways:

- **RGGI CO₂ Allowance Auctions:** Auctions are held quarterly. Auction 34, to be held on December 7, 2016, is the last CO₂ Allowance Auction before the end of the 2016 interim control period. The Auction 34 Notice will be released by October 2016. For more information on CO₂ Allowance Auctions, including requirements and procedures to participate in the auctions, please see the Auctions section of the RGGI website: http://www.rrgi.org/market/co2_auctions.
- **Secondary Markets:** CO₂ allowances can also be obtained through secondary markets. All CO₂ allowances for the 2016 interim control period must be provided for compliance by 11:59 PM ET on March 1, 2017 (see item 6 below). It is strongly recommended that you obtain all CO₂ allowances necessary for compliance *well before* the Allowance Transfer Deadline.

□ **4. Submit your CO₂ emissions data to the U.S. EPA by January 30, 2017.**

CO₂ emissions data for Q4-2016 (the final quarter of the 2016 interim control period) must be submitted to the CAMD Business System no later than January 30, 2017. Please note that CO₂ emissions data updates for 2016 will continue to flow to RGGI COATS from the CAMD Business System through final interim compliance true-up. Any data updates and potential effects on a CO₂ budget source's "CO₂ Interim Compliance Obligation" (50 percent of the tons of CO₂ emitted during the preceding one-year interim control period, less biomass deductions) will be reviewed by the relevant state.

□ **5. Run Draft True-Up in RGGI COATS by March 1, 2017.**

CO₂ budget sources must run draft "true-up" in RGGI COATS by 11:59 PM ET on March 1, 2017. This will compare the CO₂ Interim Compliance Obligation to the sum of CO₂ allowances surrendered and held in the Compliance Account for automatic deduction at the time that the most recent draft true-up is run. CO₂ budget sources may run draft true-up as many times as needed.

□ **6. Provide sufficient CO₂ allowances in a RGGI COATS Compliance Account for interim compliance by the Allowance Transfer Deadline (March 1, 2017).**

All CO₂ budget sources must hold sufficient CO₂ allowances in their Compliance Account (not including any CO₂ allowances surrendered) to meet their CO₂ Interim Compliance Obligation in RGGI COATS by 11:59 PM ET on March 1, 2017. Following the Allowance Transfer Deadline, on March 2, 2017, CO₂ allowances will be automatically deducted from the CO₂ budget source's Compliance Account and transferred to the states' Surrender Accounts in order of increasing serial number, with the following exceptions:

- **For CO₂ budget sources located in Delaware, Massachusetts, New Hampshire, New York, Rhode Island or Vermont:** CO₂ offset allowances, up to the offset limit, will be deducted in chronological order (CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). CO₂ allowances, other than CO₂ offset allowances, will then be deducted in chronological order (CO₂ allowances from earlier allocation years will be deducted before CO₂ allowances of later allocation years), in order of increasing serial number for each year.
- **For CO₂ budget sources located in Maine or Maryland:** CO₂ allowances that were allocated to units at the source will be deducted before other CO₂ allowances, in order of increasing serial number. CO₂ allowances that were allocated to units at the source include: CO₂ allowances allocated from the state of Maine's Integrated Manufacturing Facility (IMF) Account; and CO₂ allowances allocated from the state of Maryland's Long Term Contract Set-aside Account or Clean Generation Set-aside Account.
- **For CO₂ budget sources located in Connecticut:** The commissioner or an agent on his behalf shall first deduct CO₂ offset allowances, up to the offset limit, in chronological order (CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). The commissioner or an agent on his behalf will then deduct other available CO₂ allowances in chronological order (CO₂ allowances from earlier allocation years shall be deducted before CO₂ allowances from later allocation years). In the event that chronological order cannot be determined, the commissioner shall deduct CO₂ offset allowances and CO₂ allowances by serial number, with lower serial numbered CO₂ offset allowances and CO₂ allowances deducted before higher serial number allowances.

As an optional step, if you wish to identify specific CO₂ allowances to use for interim compliance (or "surrender" CO₂ allowances), you may do so by using the Interim Compliance Deduction Transaction in RGGI COATS between January 31, 2017 and March 1, 2017. Any CO₂ allowances identified by a CO₂ budget source will be transferred from your Compliance Account to your relevant state's Surrender Account for interim compliance at the point of the transaction, prior to the March 1, 2017 allowance transfer deadline. Any remaining balance of CO₂ allowances needed to meet your CO₂ Interim Compliance Obligation (as determined by your state) will be automatically deducted as described above following the allowance transfer deadline, on March 2, 2017.

For more information on RGGI COATS transactions, please see the RGGI COATS User's Guide. For more information on state CO₂ Budget Trading Programs, see: <http://www.rggi.org/design/regulations>.

- **Additional Information:**

- The compliance process for CO₂ budget sources is governed by the applicable CO₂ Budget Trading Program of the participating state in which the facility is located. For more information, see: <http://www.rggi.org/design/regulations>.
- For a list of current CO₂ budget sources, see the public Sources Report on the RGGI COATS Home Page: www.rggi-coats.org.
- To learn more about CO₂ Budget Source (RGGI) Compliance, see the RGGI website: <http://www.rggi.org/market/tracking/compliance> and the RGGI Compliance Fact Sheet: http://www.rggi.org/docs/Compliance/2016/RGGI_Interim_Compliance_2016_Fact_Sheet.pdf.
- For questions related to using RGGI COATS please email rggi-coats@sra.com. For other questions related to compliance, please contact the appropriate state representative below:

State	Contact Person	Email	Phone
Connecticut	Mike LaFleur	Michael.LaFleur@ct.gov	(860) 424-3462
Delaware	Babatunde Asere	Babatunde.Asere@state.de.us	(302) 739-9402
Maine	Eric Kennedy	Eric.Kennedy@maine.gov	(207) 287-5412
Maryland	Ariane Kouamou-Nouba	ariane.kouamou-nouba@maryland.gov	(410) 537-4225
Massachusetts	Bill Lamkin	William.Lamkin@state.ma.us	(978) 694-3294
New Hampshire	Joe Fontaine	joseph.fontaine@des.nh.gov	(603) 271-6794
New York	Mike Sheehan	michael.sheehan@dec.ny.gov	(518) 402-8396
Rhode Island	Frank Stevenson	frank.stevenson@dem.ri.gov	(401) 222-2808 x7021
Vermont	Brian Woods	Brian.woods@vermont.gov	(802) 272-4496