

# Regional Greenhouse Gas Initiative

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

## Fact Sheet: CO<sub>2</sub> Budget Source Interim Control Period Compliance (Third Control Period)

Under each RGGI participating state's CO<sub>2</sub> Budget Trading Program, each "CO<sub>2</sub> budget source" is required to hold one CO<sub>2</sub> allowance for each ton of CO<sub>2</sub> 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 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 CO<sub>2</sub> budget source interim compliance process occurs in three stages: CO<sub>2</sub> emissions reporting, compliance activities in the RGGI CO<sub>2</sub> Allowance Tracking System (RGGI COATS), and public reporting.

### 1. CO<sub>2</sub> Emissions Reporting (CO<sub>2</sub> Budget Sources)

CO<sub>2</sub> budget sources are required to report quarterly CO<sub>2</sub> emissions data to RGGI participating states through the U.S. Environmental Protection Agency's (U.S. EPA's) Clean Air Markets Division (CAMD) Business System (CBS) in accordance with state CO<sub>2</sub> Budget Trading Program regulations and U.S. EPA regulations at 40 CFR Part 75. Updates made in the CAMD Business System flow directly into RGGI COATS

#### Dates to Remember for Third Control Period Compliance:

**No later than October 2015:** CO<sub>2</sub> Allowance Auction 30 Notice Release

**December 2, 2015:** CO<sub>2</sub> Allowance Auction 30 (last quarterly auction to purchase allowances for 2015 interim compliance)

**January 30, 2016:** Deadline to submit Q4-2015 CO<sub>2</sub> emissions data to the U.S. EPA

**March 1, 2016 (No later than 11:59 PM ET):** Deadline to provide CO<sub>2</sub> allowances for 2015 interim control period compliance

**March 2, 2016:**

- CO<sub>2</sub> allowances are automatically deducted from compliance accounts (not including any CO<sub>2</sub> allowances which have already been surrendered)
- 2015 Interim Compliance Report publicly available

**December 2016:** CO<sub>2</sub> Allowance Auction 34 (last quarterly auction to purchase allowances for 2016 interim compliance)

**January 30, 2017:** Deadline to submit Q4-2016 CO<sub>2</sub> emissions data to the U.S. EPA

**March 1, 2017 (No later than 11:59 PM ET):** Deadline to provide CO<sub>2</sub> allowances for 2016 interim control period compliance

**March 2, 2017:**

- CO<sub>2</sub> allowances are automatically deducted from compliance accounts (not including any CO<sub>2</sub> allowances which have already been surrendered)
- 2016 Interim Compliance Report publicly available

**December 2017:** CO<sub>2</sub> Allowance Auction 38 (last quarterly auction to purchase allowances for third control period compliance)

**January 30, 2018:** Deadline to submit Q4-2017 CO<sub>2</sub> emissions data to the U.S. EPA

**March 1, 2018 (No later than 11:59 PM ET):** Deadline to provide CO<sub>2</sub> allowances for third control period compliance and to certify compliance

**March 2, 2018:**

- First, second, and third control period CO<sub>2</sub> allowances in Compliance Accounts are frozen in RGGI COATS
- Compliance data submitted by sources publicly available

**March 2, 2018 – June 1, 2018:** States evaluate compliance for each CO<sub>2</sub> budget source

**June 4, 2018 (Final Compliance True-Up):**

- CO<sub>2</sub> allowances are automatically deducted from compliance accounts (not including any CO<sub>2</sub> allowances which have already been surrendered)
- State compliance evaluations publicly available

Following final compliance true-up, CO<sub>2</sub> allowances in Compliance Accounts are unfrozen in RGGI COATS (if no allowance shortfall exists after compliance deductions are complete)

periodically. For more information on U.S. EPA's emissions reporting requirements, please see: <http://www.epa.gov/airmarkets/index.html>.

The final quarter of the 2016 interim control period is Q4-2016 (October 1, 2016 – December 31, 2016). The deadline to submit CO<sub>2</sub> emissions data to the U.S. EPA for Q4-2016 is January 30, 2017.

## **2. Interim Compliance Activities in RGGI COATS: Acquire & Provide CO<sub>2</sub> Allowances and Run Draft True-Up (CO<sub>2</sub> Budget Sources)**

CO<sub>2</sub> budget sources are required to acquire and transfer sufficient CO<sub>2</sub> allowances in RGGI COATS into their compliance accounts to meet their CO<sub>2</sub> Interim Compliance Obligation (50 percent of the tons of CO<sub>2</sub> emitted during the preceding one-year interim control period, less biomass deductions) by the allowance transfer deadline of 11:59 PM ET on March 1, 2017. Market participants can obtain CO<sub>2</sub> allowances in quarterly CO<sub>2</sub> allowance auctions or through various secondary markets. Auction 34, to be held on December 7, 2016, is the last CO<sub>2</sub> allowance auction before the end of the 2016 interim control period. For more information on CO<sub>2</sub> allowance auctions, see: [http://www.rggi.org/market/co2\\_auctions](http://www.rggi.org/market/co2_auctions).

CO<sub>2</sub> budget sources must transfer and hold sufficient CO<sub>2</sub> allowances in their Compliance Account in RGGI COATS by 11:59 PM ET on March 1, 2017. A CO<sub>2</sub> budget source may also optionally identify specific CO<sub>2</sub> allowances to be used for interim compliance (or "surrender" CO<sub>2</sub> allowances) by using the Interim Compliance Deduction Transaction in RGGI COATS between January 31, 2017 and March 1, 2017.

CO<sub>2</sub> budget sources must run draft "true-up" in RGGI COATS by 11:59 PM ET on March 1, 2017. This will compare their CO<sub>2</sub> Interim Compliance Obligation to the sum of the CO<sub>2</sub> allowances surrendered and those remaining in the Compliance Account.

Following the allowance transfer deadline on March 1, 2017, CO<sub>2</sub> allowances will be automatically deducted from the CO<sub>2</sub> budget source's Compliance Account and transferred to the states' Surrender Accounts for interim compliance in accordance with the rules specified in each state's CO<sub>2</sub> Budget Trading Program.

## **3. Public Reporting (Public)**

Following the allowance transfer deadline, in March 2017, an **Interim Compliance Summary Report** will be publicly available in RGGI COATS.

In March 2018, the 2016 Interim Compliance Summary Report will be archived and replaced by the third control period Source-Submitted Compliance Report. Following the states' evaluation of compliance, the third control period Source-Submitted Compliance Report will be archived and an updated Compliance Summary Report will be available.

To view public reports in RGGI COATS, go to [www.rggi-coats.org](http://www.rggi-coats.org) and click on the desired report category in the "Public Reports" section. No login is required.

### **Additional Information:**

- The interim 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: <http://www.rggi.org/design/regulations>.
- To learn more about CO<sub>2</sub> Budget Source (RGGI) Compliance, see the RGGI website: <http://www.rggi.org/market/tracking/compliance> and the CO<sub>2</sub> Budget Source Compliance Checklist: [http://www.rggi.org/docs/Compliance/2016/RGGI\\_Interim\\_Compliance\\_2016\\_Checklist.pdf](http://www.rggi.org/docs/Compliance/2016/RGGI_Interim_Compliance_2016_Checklist.pdf).