

# Regional Greenhouse Gas Initiative

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

## RGGI Compliance: CO<sub>2</sub> Budget Source Checklist: 8 Steps

Under each RGGI participating state's CO<sub>2</sub> Budget Trading Program, each regulated power plant (a "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 RGGI control period began on January 1, 2015 and extends through December 31, 2017. This 8-step checklist serves as a guide to help CO<sub>2</sub> budget sources understand the compliance process.

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

Facility information for CO<sub>2</sub> 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 CO<sub>2</sub> Allowance Tracking System (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 to 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 your regulatory state. Please plan accordingly.

### □ 2. Confirm your user registration in COATS.

COATS stores and maintains RGGI accounts and CO<sub>2</sub> 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 Electronic Submission Agent(s) (Agent(s)) (if applicable) for COATS are up-to-date and have access to COATS. Note that AAR, AAAR, and facility data is managed in the CAMD Business System, not COATS. For more information on COATS, please see the COATS [User's Guide](#).

### □ 3. *(Recommended)* Have a General Account open in COATS.

From March 2, 2018 through final compliance true-up, first, second, and third control period CO<sub>2</sub> allowances in COATS compliance accounts will be frozen and CO<sub>2</sub> budget sources will not be able to transfer or receive first, second, or third control period CO<sub>2</sub> allowances in their compliance accounts (but will be able to transfer and receive CO<sub>2</sub> allowances held in general accounts regardless of allocation year). If you anticipate receiving or transferring first, second, or third control period CO<sub>2</sub> allowances in COATS during this time, you are strongly encouraged to open and maintain a general account. Final compliance true-up will occur on the first business day following June 1, 2018, which is June 4, 2018. For more information on how to open a general account, please see the COATS [User's Guide](#).

### □ 4. Acquire sufficient CO<sub>2</sub> allowances to meet your CO<sub>2</sub> compliance obligation.

Market participants can obtain CO<sub>2</sub> allowances in two ways:

- **RGGI CO<sub>2</sub> Allowance Auctions:** Auction 38, to be held on December 6, 2017 is the last CO<sub>2</sub> Allowance Auction to purchase CO<sub>2</sub> allowances before the end of the third control period. The Auction 38 Notice will be released by October 10, 2017. For more information on CO<sub>2</sub> Allowance Auctions, please see the [Auctions](#) section of the RGGI website.
- **Secondary Markets:** CO<sub>2</sub> allowances can also be obtained through secondary markets.

All CO<sub>2</sub> allowances for the third control period must be provided for compliance by the allowance transfer deadline of 11:59 PM ET on March 1, 2018 (see item 6 below). It is strongly recommended that you obtain all CO<sub>2</sub> allowances necessary for compliance *well before* the allowance transfer deadline.

□ **5. Submit your CO<sub>2</sub> emissions data to the U.S. EPA by January 30, 2018.**

CO<sub>2</sub> emissions data for Q4-2017 (the final quarter of the third control period) must be submitted to the CAMD Business System no later than January 30, 2018. Please note that CO<sub>2</sub> emissions data updates for the third control period will flow to COATS from the CAMD Business System through final compliance true-up. If there are any changes to CO<sub>2</sub> emissions data, the relevant state, AAR, AAAR (if applicable), and any Agent(s) (if applicable) associated with the compliance account will be notified via COATS. Any data updates and potential effects on a CO<sub>2</sub> budget source's remaining "CO<sub>2</sub> compliance obligation" (tons of CO<sub>2</sub> emitted during the preceding three-year control period, less any exempted emissions deductions) will be reviewed by the relevant state.

□ **6. Provide sufficient CO<sub>2</sub> allowances in a COATS compliance account by the allowance transfer deadline (11:59 PM ET on March 1, 2018).**

All CO<sub>2</sub> budget sources must hold sufficient CO<sub>2</sub> allowances in their compliance account (not including any CO<sub>2</sub> allowances surrendered) to meet their CO<sub>2</sub> compliance obligation in COATS by 11:59 PM ET on March 1, 2018. Please note that as the CO<sub>2</sub> compliance obligation will take into account any emissions data updates that may occur after March 1, 2018, you should therefore consider the potential for such updates when determining how many CO<sub>2</sub> allowances to transfer and hold in your compliance account. Following final compliance true-up on June 4, 2018, under each state's CO<sub>2</sub> Budget Trading Program, CO<sub>2</sub> allowances will be automatically deducted from the CO<sub>2</sub> budget source's compliance account in order of increasing serial number, with the following exceptions:

- **For CO<sub>2</sub> budget sources located in Connecticut:** The commissioner or an agent on his behalf shall first deduct CO<sub>2</sub> offset allowances, up to the 3.3 percent offset limit, in chronological order (CO<sub>2</sub> offset allowances from earlier allocation years shall be deducted before CO<sub>2</sub> offset allowances from later allocation years). The commissioner or an agent on his behalf will then deduct other available CO<sub>2</sub> allowances in chronological order (CO<sub>2</sub> allowances from earlier allocation years shall be deducted before CO<sub>2</sub> allowances from later allocation years). In the event that chronological order cannot be determined, the commissioner shall deduct CO<sub>2</sub> offset allowances and CO<sub>2</sub> allowances by serial number, with lower serial number CO<sub>2</sub> offset allowances and CO<sub>2</sub> allowances deducted before higher serial number allowances.
- **For CO<sub>2</sub> budget sources located in Delaware, Massachusetts, New Hampshire, New York, Rhode Island or Vermont:** CO<sub>2</sub> offset allowances, up to the 3.3 percent offset limit, will be deducted in chronological order (CO<sub>2</sub> offset allowances from earlier allocation years shall be deducted before CO<sub>2</sub> offset allowances from later allocation years). CO<sub>2</sub> allowances, other than CO<sub>2</sub> offset allowances, will then be deducted in chronological order (CO<sub>2</sub> allowances from earlier allocation years will be deducted before CO<sub>2</sub> allowances of later allocation years), in order of increasing serial number for each year.
- **For CO<sub>2</sub> budget sources located in Maine:** CO<sub>2</sub> allowances that were allocated to units at the source will be deducted before other CO<sub>2</sub> allowances, in order of increasing serial number. CO<sub>2</sub> allowances that were allocated to units at the source include: CO<sub>2</sub> allowances allocated from the state of Maine's Integrated Manufacturing Facility (IMF) Account. Any other allocated CO<sub>2</sub> allowances, other than CO<sub>2</sub> offset allowances, will then be deducted in order of increasing serial number for each year. Then CO<sub>2</sub> offset allowances, up to the 3.3 percent offset limit, will be deducted in chronological order in order of increasing serial number for each year.
- **For CO<sub>2</sub> budget sources located in Maryland:** CO<sub>2</sub> allowances that were allocated to units at the source will be deducted before other CO<sub>2</sub> allowances, in order of increasing serial number. CO<sub>2</sub>

allowances that were allocated to units at the source include: CO<sub>2</sub> allowances allocated from the state of Maryland's Long Term Contract Set-aside Account or Clean Generation Set-aside Account. CO<sub>2</sub> offset allowances, up to the 3.3 percent offset limit, will then be deducted in chronological order (CO<sub>2</sub> offset allowances from earlier allocation years shall be deducted before CO<sub>2</sub> offset allowances from later allocation years), in order of increasing serial number for each year. Then CO<sub>2</sub> allowances, other than CO<sub>2</sub> offset allowances, will be deducted in chronological order (CO<sub>2</sub> allowances from earlier allocation years will be deducted before CO<sub>2</sub> allowances of later allocation years), in order of increasing serial number for each year.

As an optional step, if you wish to identify specific CO<sub>2</sub> allowances to use for compliance, you may do so by using the Compliance Deduction Transaction in COATS between January 31, 2018 and March 1, 2018. Any CO<sub>2</sub> allowances identified by a CO<sub>2</sub> budget source will be transferred from the compliance account to the relevant state's surrender account for compliance at the point of the transaction, prior to the March 1, 2018 allowance transfer deadline. Any remaining balance of CO<sub>2</sub> allowances needed to meet your CO<sub>2</sub> compliance obligation (as determined by your state) will be automatically deducted as described above upon final compliance true-up on June 4, 2018.

For more information on COATS transactions, please see the COATS [User's Guide](#). For more information on state CO<sub>2</sub> Budget Trading Programs, please see: <http://www.rggi.org/design/regulations>.

**□ 7. Run draft true-up in COATS by March 1, 2018.**

CO<sub>2</sub> budget sources must run draft "true-up" in COATS by 11:59 PM ET on March 1, 2018, which will compare their CO<sub>2</sub> compliance obligation to the sum of CO<sub>2</sub> allowances surrendered and held in their compliance account for automatic deduction at the time that the most recent draft true-up is run. CO<sub>2</sub> budget sources may run draft true-up as many times as needed. Compliance evaluations derived from participating states will be released following final compliance true-up on June 4, 2018.

**□ 8. Certify compliance by the compliance certification deadline (11:59 PM ET on March 1, 2018).**

CO<sub>2</sub> budget sources are required to submit a Compliance Certification Report certifying that they are in compliance with their state's CO<sub>2</sub> Budget Trading Program between January 31, 2018 and 11:59 PM ET on March 1, 2018. Compliance certification may include an electronic certification (submitted by the AAR or AAAR in COATS) and/or paper certification process as required by each state. Please follow the guidelines below for the compliance certification process of the state in which your facility resides:

- **For CO<sub>2</sub> budget sources located in Connecticut or Maryland:** CO<sub>2</sub> budget sources must print, sign and send a paper copy of the electronic Compliance Certification Report from RGGI COATS and any attachments to the relevant state agency. Paper materials must be received by the relevant state by 5:00 PM ET on March 1, 2018. Electronic certification may also be submitted but is not required.
- **For CO<sub>2</sub> budget sources located in Delaware or Vermont:** Compliance must be certified electronically in RGGI COATS, and a paper copy of the electronic Compliance Certification Report must also be printed from RGGI COATS, signed and sent with any attachments to the relevant state agency. Paper materials must be received by the relevant state by 5:00 PM ET on March 1, 2018.
- **For CO<sub>2</sub> budget sources located in Maine, Massachusetts, New Hampshire, or New York:** Compliance must be certified electronically, and any relevant attachments must be uploaded into RGGI COATS. A paper copy is not required.
- **For CO<sub>2</sub> budget sources located in Rhode Island:** Compliance may be certified electronically, and any relevant attachments must be uploaded into RGGI COATS. A paper copy is not required if

certification is completed electronically. If compliance is not certified electronically, then a paper copy of the report must be submitted to the Department by 5:00 PM ET on March 1, 2018.

Please note that only the AAR or AAAR for a CO<sub>2</sub> budget source can access the Compliance Certification Report and submit electronic certification in COATS. For more information, please see the COATS [User's Guide](#).

**Additional Information:**

- The 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>.
- For a list of current CO<sub>2</sub> budget sources, see the public Sources Report on the RGGI COATS Home Page: [rggi-coats.org](http://rggi-coats.org).
- To learn more about RGGI CO<sub>2</sub> Budget Source Compliance, see the RGGI website: <http://www.rggi.org/market/tracking/compliance>.
- For questions related to using COATS please email the COATS System Administrator at [rggi-coats@sra.com](mailto: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	<a href="mailto:Michael.LaFleur@ct.gov">Michael.LaFleur@ct.gov</a>	(860) 424-3462
Delaware	Valerie Gray	<a href="mailto:Valerie.Gray@state.de.us">Valerie.Gray@state.de.us</a>	(302) 739-9402
	Harita Kandarpa	<a href="mailto:Harita.Kandarpa@state.de.us">Harita.Kandarpa@state.de.us</a>	
Maine	Eric Kennedy	<a href="mailto:Eric.Kennedy@maine.gov">Eric.Kennedy@maine.gov</a>	(207) 287-5412
Maryland	Ariane Kouamou-Nouba	<a href="mailto:Ariane.Kouamou-Nouba@maryland.gov">Ariane.Kouamou-Nouba@maryland.gov</a>	(410) 537-4233
Massachusetts	Bill Lamkin	<a href="mailto:William.Lamkin@state.ma.us">William.Lamkin@state.ma.us</a>	(978) 694-3294
New Hampshire	Joe Fontaine	<a href="mailto:Joseph.Fontaine@des.nh.gov">Joseph.Fontaine@des.nh.gov</a>	(603) 271-6794
New York	Mike Sheehan	<a href="mailto:Michael.Sheehan@dec.ny.gov">Michael.Sheehan@dec.ny.gov</a>	(518) 402-8396
Rhode Island	Frank Stevenson	<a href="mailto:Frank.Stevenson@dem.ri.gov">Frank.Stevenson@dem.ri.gov</a>	(401) 222-2808 x7021 (401) 222-2808 x7017
	Dena Gonsalves	<a href="mailto:Dena.Gonsalves@dem.ri.gov">Dena.Gonsalves@dem.ri.gov</a>	
Vermont	Brian Woods	<a href="mailto:Brian.Woods@state.vt.us">Brian.Woods@state.vt.us</a>	(802) 272-4496