

# 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 Fact Sheet

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. The CO<sub>2</sub> budget source compliance process occurs in four stages: CO<sub>2</sub> emissions reporting, compliance activities in the RGGI CO<sub>2</sub> Allowance Tracking System (COATS), compliance evaluation, 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 the RGGI participating states through the U.S. Environmental Protection Agency's (U.S. EPA's) Clean Air Markets Division (CAMD) Business System 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 to COATS 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 third control period is Q4-2017 (October 1, 2017 – December 31, 2017). The deadline to submit CO<sub>2</sub> emissions data to the U.S. EPA for Q4-2017 is January 30, 2018.

### 2. Compliance Activities in COATS: Provide CO<sub>2</sub> Allowances, Run Draft True-Up, and Certify Compliance (CO<sub>2</sub> Budget Sources)

CO<sub>2</sub> budget sources are required to acquire and provide sufficient CO<sub>2</sub> allowances in COATS to meet their 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) by 11:59 PM ET on March 1, 2018. Market participants can obtain CO<sub>2</sub> allowances in quarterly CO<sub>2</sub> allowance auctions or through various secondary markets. 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. For more information on CO<sub>2</sub> allowance auctions, please see the [Auctions](#) section of the RGGI website.

CO<sub>2</sub> budget sources must transfer and hold sufficient CO<sub>2</sub> allowances in their compliance account in COATS by 11:59 PM ET on March 1, 2018. A CO<sub>2</sub> budget source may also optionally identify specific CO<sub>2</sub> allowances to be used for compliance (or "surrender" CO<sub>2</sub> allowances) by using the Compliance Deduction Transaction in COATS between January 31, 2018 and 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 the CO<sub>2</sub> allowances surrendered and those remaining in the compliance account. CO<sub>2</sub> budget sources must also certify compliance between January 31, 2018 and March 1, 2018 according to each state's CO<sub>2</sub> Budget Trading Program. This may include

#### Dates to Remember:

**No later than October 10, 2017:**

CO<sub>2</sub> Allowance Auction 38 Notice Release

**December 6, 2017:** CO<sub>2</sub> Allowance Auction 38

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

**March 1, 2018 (by 11:59 PM ET):** Deadline to provide CO<sub>2</sub> allowances and to certify compliance for third control period compliance

**March 2, 2018:**

- CO<sub>2</sub> allowances in compliance accounts are frozen in 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 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 (if no allowance shortfall exists after compliance deductions are complete)

electronic and/or paper certification. Please note that if a paper compliance certification report is required, all paper materials must be received by the relevant state agency no later than 5:00 PM ET on March 1, 2018. If electronic compliance certification is required, electronic submission must be completed in COATS no later than 11:59 PM ET on March 1, 2018. Please note that only the Authorized Account Representative (AAR) or Alternate Authorized Account Representative (AAAR) for a CO<sub>2</sub> budget source can access the Compliance Certification Report and certify compliance electronically in COATS. For more information, please see each state's CO<sub>2</sub> Budget Trading Program regulations: <http://www.rggi.org/design/regulations> or the [CO<sub>2</sub> Budget Source Checklist](#).

### 3. Compliance Evaluation (*RGGI Participating States*)

From March 2, 2018 – June 1, 2018, the RGGI participating states will evaluate each CO<sub>2</sub> budget source's Compliance Certification Report and the number of CO<sub>2</sub> allowances provided for compliance relative to their CO<sub>2</sub> compliance obligation. Final true-up will occur on the first business day following June 1, 2018, which is June 4, 2018. First, second, and third control period CO<sub>2</sub> allowances in compliance accounts will be frozen from March 2, 2018 through final true-up. During this time, 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). CO<sub>2</sub> budget sources are strongly encouraged to have access to a general account if they anticipate transferring or receiving first, second, or third control period CO<sub>2</sub> allowances in COATS during this time. For more information on how to open a general account, please see the COATS [User's Guide](#).

Following final true-up on June 4, 2018, CO<sub>2</sub> allowances will be automatically deducted from compliance accounts for compliance in accordance with the rules specified in each state's CO<sub>2</sub> Budget Trading Program, state-derived evaluations of compliance will be released publicly, and compliance accounts will be unfrozen, unless there is any shortfall of allowances to meet the CO<sub>2</sub> compliance obligation after final true-up. If there is a shortfall of CO<sub>2</sub> allowances to meet the CO<sub>2</sub> compliance obligation, the CO<sub>2</sub> budget source may not be able to transfer any CO<sub>2</sub> allowances out of their compliance account until excess emissions are resolved. For more information, please see each state's CO<sub>2</sub> Budget Trading Program regulations.

### 4. Public Reporting (*Public*)

There are two compliance data reports that will be made available to the public. From March 2, 2018 until final true-up, a **Source-Submitted Compliance Report** will be available in COATS for the public to view data that was submitted by CO<sub>2</sub> budget sources. *This report will not include any state-derived evaluations of compliance.* On June 4, 2018 this Source-Submitted Compliance Report will be replaced by a **Compliance Summary Report** in COATS, which will include state-derived compliance evaluations. A static form of the Source-Submitted Compliance Report will remain available on the COATS website.

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

#### 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>.
- 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 Checklist](#).