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All Ten States of the Regional Greenhouse Gas Initiative Issue Notice for Second Precompliance Auction

(New York, NY)—Today, the Regional Greenhouse Gas Initiative (RGGI) initiated the bidding process for its second auction of carbon dioxide (CO₂) emission allowances, to be held on December 17, 2008.

The second RGGI auction for CO₂ allowances expects to offer allowances from all ten states participating in RGGI. Those states are: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. States will offer a total of 31,505,898 allowances for sale.

The reserve price for Auction 2 will remain \$1.86, according to determinations by Participating States that cited the very early stage of the development of a secondary market for CO₂ allowances. Before CO₂ Allowance Auction 3, the Participating States will consider whether enough data is available to justify the calculation of a current market reserve price.

Today's release of the Auction Notice, Qualification Application, and Intent to Bid opens the process that potential bidders must follow to qualify for, and participate in, December's CO₂ allowance auction. The ten RGGI states urge prospective bidders to apply and qualify for the auction by downloading auction documents from the RGGI website at:
<http://www.rggi.org/co2-auctions/information>

All potential bidders must have successfully completed the qualification process to participate in the auction.

More information about the auction will be available through a webinar to be held from 2:00 PM ET to 4:00 PM ET on Tuesday, October 14, 2008. Instructions to participate in the webinar are available at: www.rggi.org/webinaraccess.

The December 17th auction follows a strong first RGGI auction held on September 25th, which produced a clearing price of \$3.07 per allowance and was described by the independent market monitor as “robust”.

RGGI, Inc.’s Executive Director Jonathan Schrag said, “The second RGGI auction will build upon the success of the September auction, demonstrating that the RGGI states are administering this market in a dependable, transparent manner. The qualification process is extremely important, so the states urge potential bidders to take advantage of the information and technical assistance being made available online.”

The ten Northeast and Mid-Atlantic states have designed this first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions in a simple and constructive way. These pioneering states have committed to cap and then reduce the amount of CO₂ that power plants in their region are allowed to emit, limiting the region’s total contribution to atmospheric greenhouse gas levels. The auction proceeds will be used by the states for investment in energy efficiency and renewable energy in the RGGI region, and to support consumer benefit programs. The first auction generated more than \$38 million and the six states which offered allowances for sale are using the proceeds to provide consumers with tools to lower their monthly energy bills and to create green jobs.

The RGGI auction was designed by the ten participating RGGI states with input from stakeholders, and provides each state with a mechanism for distributing its CO₂ allowances. Any CO₂ allowances purchased at this auction can be used by a regulated facility for compliance in any of the RGGI states.

Under the RGGI process, after the ten participating states have stabilized power sector carbon emissions at their capped level by 2014, the cap will be reduced by 2.5% each year from 2015 through 2018, for a total of a 10% reduction in CO₂ emissions.

By participating in this auction each of the ten RGGI states will have met their initial commitment three years ago to have a program in place by January 1, 2009. These early auctions will ensure an ample opportunity for bidders to obtain the allowances they will need for compliance across the entire ten-state region.

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NOTES TO EDITORS:

Details on the Webinar

More information about the auction will be available through a webinar to be held from 2:00 PM ET to 4:00 PM ET on Tuesday, October 14, 2008. The webinar will be open to any party interested in participating in Auction 2. The webinar will present the auction format, forms that need to be submitted, and review process. No questions will be taken during the webinar.

To access the webinar audio, call the teleconference access number, 888.875.4624 and enter the participant code, 555661#. To access the webinar slides, go to www.rggi.org/webinaraccess and download them. Alternatively, to view the slides as the presenter goes through them, please go to <http://www.infiniteconferencing.com/Events/worldenergy>. Select the participant option and then enter participant code 555661 and the following information: name, company, email address, and title.

RGGI History

Initial CO₂ allowance auctions are being held in 2008 as pre-compliance events to facilitate market price discovery and compliance planning by regulated CO₂ emitters prior to the beginning of the first RGGI compliance period on January 1, 2009. A CO₂ allowance represents a permit to emit one ton of CO₂, as issued by a respective participating state. A power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each compliance period.

Under RGGI, the ten participating states will stabilize regional power sector CO₂ emissions at their capped level through 2014, and then reduce the cap by 10 percent at a rate of 2.5 percent each year between 2015 and 2018. Regulated power plants will be able to use a CO₂ allowance issued by any of the ten participating RGGI states to demonstrate compliance with an individual state CO₂ Budget Trading Program. Because CO₂ allowances issued by any participating state will be usable across all state programs, the ten individual state CO₂ Budget Trading Programs, in aggregate, will form one regional compliance market for carbon emissions.

All participating states anticipate formal launch of their regulatory programs by the beginning of 2009. Any CO₂ allowances purchased in either of the two pre-compliance auctions can be used to demonstrate compliance in any of the ten state programs