

Regional Greenhouse Gas Initiative

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

CO₂ Budget Source Compliance Process Checklist: 8 Steps

Under each RGGI participating state's CO₂ Budget Trading Program, each regulated power plant (referred to as a "CO₂ budget source") is required to hold one CO₂ allowance for each ton of CO₂ emitted during the preceding three-year control period. The first RGGI control period began on January 1, 2009, and extends through December 31, 2011. This eight-step checklist serves as a guide to help to help CO₂ budget sources understand the CO₂ budget source compliance process.

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 (CBS), 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 to RGGI COATS periodically. If you need to change your AAR or make changes that cannot be made in the CAMD 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 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 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 EPA CAMD system, not 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. (Recommended) Have a General Account open in RGGI COATS.

Between March 2, 2012 and June 1, 2012, first control period CO₂ allowances in RGGI COATS Compliance Accounts will be frozen and CO₂ budget sources will not be able to transfer or receive first control period CO₂ allowances in their Compliance Account (but will be able to transfer and receive second control period CO₂ allowances, or any allowances held in General Accounts). If you anticipate receiving or transferring first control period CO₂ allowances in RGGI COATS during this time, you are strongly encouraged to open and maintain a General Account. For more information on how to open a General Account, please see the RGGI COATS User's Guide.

4. Acquire sufficient first control period CO₂ allowances to meet your CO₂ Compliance Obligation.

Market participants can obtain CO₂ allowances in two ways:

- **RGGI CO₂ Allowance Auctions:** Auction 14, to be held on December 7, 2011 is the last CO₂ Allowance Auction to purchase CO₂ allowances before the end of the first control period. The Auction 14 Notice will be released no later than 8:00 AM ET on October 11, 2011. For more information on CO₂ Allowance Auctions, please see the Auctions section of the RGGI website: http://www.rggi.org/market/co2_auctions.
- **Secondary Markets:** CO₂ allowances for the first control period can also be obtained through secondary markets. All CO₂ allowances for the first control must be provided for compliance by

11:59 PM ET on March 1, 2012 (see item 6 below). It is strongly recommended that you obtain all CO₂ allowances necessary for compliance *well before* the Allowance Transfer Deadline.

□ **5. Submit your CO₂ emissions data to the U.S. EPA by January 30, 2012.**

CO₂ emissions data for Q4-2011 (the final quarter of the first control period) must be submitted to the U.S. EPA's CAMD Business System no later than January 30, 2012. Please note that CO₂ emissions data updates for the first control period will flow to RGGI COATS from the CAMD Business System through June 2, 2012. If there are any changes to CO₂ emissions data, the relevant state, AAR, AAAR (if applicable), and any Agent(s) (if applicable) associated with the Compliance Account will be notified via RGGI COATS. Any data updates and potential effects on a CO₂ budget source's "CO₂ Compliance Obligation" (tons of CO₂ emitted during the preceding three-year control period, less biomass deductions) will be reviewed by the relevant state.

□ **6. Provide sufficient CO₂ allowances in a RGGI COATS Compliance Account for compliance by the Allowance Transfer Deadline (March 1, 2012).**

All CO₂ budget sources must hold sufficient first control period CO₂ allowances in their Compliance Account (not including any CO₂ allowances surrendered) to meet their CO₂ Compliance Obligation in RGGI COATS by 11:59 PM ET on March 1, 2012. Please note that as the CO₂ Compliance Obligation will take into account any emissions data updates that may occur after March 1, 2012, you should therefore consider the potential for such updates when determining how many first control period CO₂ allowances to transfer and hold in your Compliance Account. Following the release of state compliance evaluations on June 2, 2012, under each state's CO₂ Budget Trading Program, first control period CO₂ allowances will be automatically deducted from the CO₂ budget source's Compliance Account in order of increasing serial number, with the following exceptions:

- **For CO₂ budget sources located in Delaware, New Hampshire, New Jersey, New York, Rhode Island or Vermont:** CO₂ allowances will 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 Connecticut, Maine, Maryland, or Massachusetts:** 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: Early Reduction Allowances from the states of Connecticut and Massachusetts; CO₂ allowances allocated from the state of Connecticut's Customer-side Distributed Resources (CDR) Set-aside Account, Combined Heat and Power (CHP) Useful Thermal Energy Set-aside Account, or CHP Long-term PPA Set-aside Account; CO₂ allowances allocated from the state of Maryland's Long Term Contract Set-aside Account or Clean Generation Set-aside Account; and CO₂ allowances allocated from the state of Maine's Integrated Manufacturing Facility (IMF) Account.

As an optional step, if you wish to identify specific first control period CO₂ allowances to use for compliance (or "surrender" CO₂ allowances), you may do so by using the Compliance Deduction Transaction in RGGI COATS between January 31, 2012 and March 1, 2012. Any CO₂ allowances identified by a CO₂ budget source will be transferred from your Compliance Account to your relevant state's Surrender Account for compliance at the point of the transaction, prior to the March 1, 2012 allowance transfer deadline. Any remaining balance of first control period CO₂ allowances needed to meet your CO₂ Compliance Obligation (as determined by your state) will be automatically deducted as described above on June 2, 2012.

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>.

□ **7. Run Draft True-Up in RGGI COATS by March 1, 2012.**

CO₂ budget sources must run draft "true-up" in RGGI COATS by 11:59 PM ET on March 1, 2012, which will compare their CO₂ Compliance Obligation to the sum of CO₂ allowances surrendered and held in their 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. Compliance evaluations derived from participating states will be released on June 2, 2012.

□ **8. Certify Compliance by the Compliance Certification Deadline (March 1, 2012).**

CO₂ budget sources are required to submit a Compliance Certification Report certifying that they are in compliance with their state's CO₂ Budget Trading Program between January 31, 2012 and 11:59 PM ET on March 1, 2012. Compliance certification may include an electronic certification (submitted by the AAR or AAAR in RGGI 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 CO₂ budget sources located in Maine, Massachusetts, New Hampshire New Jersey, New York, or Rhode Island:** Compliance must be certified electronically, and any relevant attachments must be uploaded into RGGI COATS by 11:59 PM ET on March 1, 2012. A paper copy is not required.
- **For CO₂ budget sources located in Delaware or Vermont:** Compliance must be certified electronically in RGGI COATS by 11:59 PM ET on March 1, 2012, 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. All materials must be received by the relevant state no later than 5:00 PM ET on March 1, 2012.
- **For CO₂ budget sources located in Connecticut or Maryland:** CO₂ 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 agency no later than 5:00 PM ET on March 1, 2012. Electronic certification may also be submitted but is not required.

Please note that only the AAR or AAAR for a CO₂ budget source can access the Compliance Certification Report and submit electronic certification in RGGI COATS. For more information, please see the RGGI COATS User's Guide.

● **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/RGGI_Compliance_2012_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) 323-4542
Maine	Eric Kennedy	Eric.Kennedy@maine.gov	(207) 287-5412
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