

# 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 (RGGI) Compliance

Under each RGGI participating state's CO<sub>2</sub> Budget Trading Program, each regulated power plant (referred to as 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 first RGGI control period began on January 1, 2009, and extends through December 31, 2011. 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 (RGGI 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 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 to RGGI COATS periodically. For more information on U.S. EPA's emissions reporting requirements, please see: <http://camddataandmaps.epa.gov/gdm/>.

The final quarter of the first control period is Q4-2011 (October 1, 2011 – December 31, 2011). The deadline to submit CO<sub>2</sub> emissions data to the U.S. EPA for Q4-2011 is January 30, 2012.

### 2. Compliance Activities in RGGI COATS: Acquire & 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 first control period CO<sub>2</sub> allowances in RGGI COATS to meet their "CO<sub>2</sub> Compliance Obligation" (tons of CO<sub>2</sub> emitted during the preceding three-year control period, less biomass deductions) by 11:59 PM ET on March 1, 2012. Market participants can obtain CO<sub>2</sub> allowances in quarterly CO<sub>2</sub> allowance auctions or through various secondary markets. Auction 14, to be held on December 7, 2011, is the last CO<sub>2</sub> allowance auction to purchase CO<sub>2</sub> allowances before the end of the first 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 first control period CO<sub>2</sub> allowances in their Compliance Account in RGGI COATS by 11:59 PM ET on March 1, 2012. 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 RGGI COATS between January 31, 2012 and March 1, 2012.

#### Dates to Remember:

**October 11, 2011:** CO<sub>2</sub> Allowance Auction 14 Notice Release

**December 7, 2011:** CO<sub>2</sub> Allowance Auction 14

**January 30, 2012:** Deadline to submit Q4-2011 CO<sub>2</sub> emissions data to the U.S. EPA

**March 1, 2012 (No later than 11:59 PM ET):** Deadline to provide first control period CO<sub>2</sub> allowances for compliance and to certify compliance

**March 2, 2012 – June 1, 2012:**

- States evaluate compliance for each CO<sub>2</sub> budget source
- First control period CO<sub>2</sub> allowances in Compliance Accounts are frozen in RGGI COATS
- Compliance data submitted by sources publicly available

**June 2, 2012:**

- 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
- First control period CO<sub>2</sub> allowances in Compliance Accounts are unfrozen in RGGI COATS (if no allowance shortfall exists after compliance deductions are complete)

CO<sub>2</sub> budget sources must run draft “true-up” in RGGI COATS by 11:59 PM ET on March 1, 2012, 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, 2012 and March 1, 2012 according to each state’s CO<sub>2</sub> Budget Trading Program. This may include 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, 2012. If electronic compliance certification is required, electronic submission must be completed in RGGI COATS no later than 11:59 PM ET on March 1, 2012. 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 RGGI COATS. For more information, please see each state’s CO<sub>2</sub> Budget Trading Program regulations: <http://www.rggi.org/design/regulations>.

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

From March 2, 2012 – June 1, 2012, RGGI participating states will evaluate each CO<sub>2</sub> budget source’s Compliance Certification Report and the number of first control period CO<sub>2</sub> allowances provided for compliance (including CO<sub>2</sub> allowances surrendered and held in their Compliance Account) relative to their CO<sub>2</sub> Compliance Obligation. During this time, first control period CO<sub>2</sub> allowances in RGGI COATS Compliance Accounts will be frozen and CO<sub>2</sub> budget sources will not be able to transfer or receive first control period CO<sub>2</sub> allowances in their Compliance Account (but will be able to transfer and receive second control period CO<sub>2</sub> allowances, or any allowances held in General Accounts). CO<sub>2</sub> budget sources are strongly encouraged to have access to a General Account if they anticipate transferring or receiving first control period CO<sub>2</sub> allowances in RGGI COATS during this time. For more information on how to open a General Account, please see the RGGI COATS User’s Guide: [https://RGGI.COATS.org/eats/rggi/image/help/\\_rggi/RGGIGettingStartedGuide.pdf](https://RGGI.COATS.org/eats/rggi/image/help/_rggi/RGGIGettingStartedGuide.pdf).

On June 2, 2012, first control period 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 first control period CO<sub>2</sub> allowances in RGGI COATS 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 after deductions are complete, 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, 2012 – June 1, 2012, a **Source-Submitted Compliance Report** will be available in RGGI 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 2, 2012 this Source-Submitted Compliance Report will be replaced by a **Compliance Summary Report** in RGGI COATS, which will include state-derived compliance evaluations. A static form of the Source-Submitted Compliance Report will be available on the RGGI website on June 2, 2012.

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 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/RGGI\\_Compliance\\_2012\\_Checklist.pdf](http://www.rggi.org/docs/RGGI_Compliance_2012_Checklist.pdf).