

RGGI CO₂ BUDGET TRADING PROGRAMS

State CO₂ Allowance Submission Schedule for Regional CO₂ Allowance Auctions

The Regional Greenhouse Gas Initiative (“RGGI”) is a cooperative effort to reduce carbon dioxide emissions from power plants by ten Northeastern and Mid-Atlantic States (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island, and Vermont – the “participating states”).

On March 17, 2008, the participating states released “Design Elements for Regional Allowance Auctions under the Regional Greenhouse Gas Initiative” (“Design Elements”)¹ in which the participating states came to a mutual understanding to participate in uniform regional auctions for the CO₂ Allowances that each state will offer for sale. The Design Elements stated:

All allowances made available for auction by states, for a respective compliance period², will be offered for sale prior to the end of that compliance period. Future allowance vintages³ will be made available for sale in a quantity up to 50-percent of their respective annual allocation, and such offerings may be for allowances extending up to four allocation years into the future.

This document further elaborates the mutual understanding outlined in the Design Elements. The participating states have come to a mutual understanding to the following schedule for making each participating state’s CO₂ Allowances available for sale:

- 1) CO₂ Allowances of allocation years falling within the first control period⁴ will be made available for sale by each participating state in an evenly distributed manner during the first control period.

¹ Available at <http://www.rggi.org>

² This is an informal reference to “control period”. The RGGI Model Rule defines “control period” as follows: The control period is a three-calendar-year time period, unless extended to four years upon occurrence of a stage-two trigger event. The first control period is from January 1, 2009 to December 31, 2011, inclusive, provided if a stage two trigger event occurs during the first control period, then the first control period will be extended one-year to December 31, 2012, inclusive. Each subsequent sequential three-calendar-year period is a separate control period that is subject to one one-year extension upon occurrence of a stage two trigger event during the control period. In no event may a control period be longer than four calendar years.

³ This is an informal reference to a CO₂ allowance’s “allocation year”. The RGGI Model Rule defines “allocation year” as follows: A calendar year for which the REGULATORY AGENCY allocates or awards CO₂ allowances pursuant to Subparts XX-5 and XX-10 of the Model Rule. The allocation year is the first year a CO₂ allowance can be used to demonstrate compliance. The allocation year of each CO₂ allowance is reflected in the unique identification number given to the allowance pursuant to subdivision XX-6.4(c) of the Model Rule.

⁴ The first control period consists of the 2009, 2010, and 2011 allocation years.

- 2) For the September 25, 2008 auction, only 2009 allocation year CO₂ Allowances will be made available for sale.
- 3) By the end of 2009, 5% of available 2012⁵ allocation year CO₂ Allowances will be made available for sale. The schedule for future control period CO₂ allowances that will be made available for sale in 2010 and 2011 is yet to be determined.

The attached table provides a schedule in accordance with the above.

Additionally, the participating states have come to a mutual understanding that CO₂ Allowances of a current control period and CO₂ Allowances of a future control period will be auctioned separately, but on the same day. These separate auctions for current and future allocation year CO₂ Allowances will be noticed through a single auction notice.

The participating states have come to a mutual understanding on dates for regional auctions to be held in 2008 and 2009.

Thursday, September 25, 2008
Wednesday, December 17, 2008
Wednesday, March 18, 2009
Wednesday, June 17, 2009
Wednesday, September 9, 2009
Wednesday, December 2, 2009

Notice: This is a deliberative document and does not represent a final determination on the part of any participating state, state agency or authority, whether or not such participating state, state agency or authority is currently engaged in legislative or rulemaking processes. In particular, any participating state, state agency or authority currently engaged in the legislative or rule-making processes and currently in the required public comment period, will comply with all applicable laws and rules regarding public comments prior to final determination of any legislative or rulemaking action.

⁵ 2012 is the first year of the second three-year control period, unless the first three-year control period is extended from three years to four years due to a stage-two trigger event.

The percentages in this table reflect the amount of each participating state's CO2 allowances of the corresponding allocation year that are expected to be made available for sale in each auction through 2011. The table used to determine the percentages for a particular participating state depends on the number of 2008 auctions a participating state participates in. Each percentage is subject to change due to any participating state's set-aside provisions or unsold allowances.

<i>If a state participates in all 2008 auctions</i>																
		Control Period 1														
2008		2009				2010				2011						
Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period		
Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	
1Q				2009	16.67%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
2Q				2009	16.67%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
3Q	2009	16.67%		2009	16.67%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
4Q	2009	16.67%	2012	0% or 1%	2009	16.67%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD

<i>If a state participates in the 4Q (December 17, 2008) auction(s) but not the 3Q (September 10, 2008) auction</i>																
		Control Period 1														
2008		2009				2010				2011						
Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period		
Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	
1Q				2009	20%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
2Q				2009	20%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
3Q				2009	20%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD	
4Q	2009	20%	2012	0% or 1%	2009	20%	2012	1.25% or 1%	2010	25%	TBD	TBD	2011	25%	TBD	TBD

<i>If a state participates in no 2008 auctions</i>															
		Control Period 1													
2008		2009				2010				2011					
Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period		Current Control Period		Future Control Period	
Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount	Allocation Year	Amount
1Q				2009	25%	2012	1.25%	2010	25%	TBD	TBD	2011	25%	TBD	TBD
2Q				2009	25%	2012	1.25%	2010	25%	TBD	TBD	2011	25%	TBD	TBD
3Q				2009	25%	2012	1.25%	2010	25%	TBD	TBD	2011	25%	TBD	TBD
4Q				2009	25%	2012	1.25%	2010	25%	TBD	TBD	2011	25%	TBD	TBD

The percentage schedule depends on whether any state that is participating in the 4th quarter 2008 auction requires the auctioning of CO2 allowances with allocation years from a future control period. If a state(s) with such a requirement is not participating in the 4th quarter 2008 auction, 0% of 2012 allocation year CO2 allowances will be auctioned in 2008 and 1.25% of 2012 allocation year CO2 allowances will be made available per auction in 2009. If a state(s) with such a requirement is participating in the 4th quarter 2008 auction, the states participating in the 4th quarter 2008 auction will make 1% of their 2012 allocation year CO2 allowances available for sale in the 4th quarter 2008 auction and each of the 2009 auctions.