



Regional Greenhouse Gas Initiative, Inc.
90 Church Street, 4th Floor
New York, NY 10007
212-417-7325

For Immediate Release
October 17, 2008

Contact: Jonathan Schrag
212-417-7325

RGGI States Release Post-Settlement Auction Report on the Nation's First Carbon Dioxide Emissions Auction

(New York, NY) — The ten northeastern and mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI) today released the "Post-settlement Auction Report" providing additional details about the results of the first auction held September 25, 2008. Following completion of financial settlement and transfer of allowances to the winning bidders, the participating states have made available the final report of Potomac Economics, RGGI, Inc.'s independent market monitor.

Potomac Economics observed the auction as it occurred and found that the first auction was administered in a fair and transparent manner and in accordance with the noticed auction procedures. As noted in its report, Potomac Economics monitored participant conduct in the auction and found "no material evidence of collusion or manipulation by bidders," and that "the vast majority of bids were submitted in line with competitive expectations."

The report described the auction as "robust" with 59 separate entities submitting bids to purchase more than four times the available supply of allowances in the auction. The level of "liquidity contributed to generating a clearing price that is consistent with the underlying supply and demand fundamentals governing the CO₂ allowance market." Potomac Economics expressed encouragement that "compliance entities or their affiliates, which should value the allowances most highly, purchased most of the allowances in the auction."

The report also showed that the overall results were consistent with what the expected demand for allowances would be. To support this, Potomac Economics reported to the participating states the dispersion of bids, a summary of purchased allowances, a summary of allowances won by bidder, and a summary of bid prices. The results were that compliance entities and their affiliates accounted for 80 percent of the quantity of bids submitted in the auction, a total of 44 entities won allowances and the bid prices ranged from \$1.86 (the minimum bid allowed) to \$12.00. These statistics all indicate that RGGI's auction was highly competitive.

“Since its inception more than five years ago, RGGI has endeavored to achieve an open and transparent process. With today’s release of the final Post-settlement Auction Report, the RGGI states have continued to display the level of transparency needed for successful market-based, mandatory cap-and-trade programs,” said Jonathan Schrag, Executive Director of the Regional Greenhouse Gas Initiative, Inc. “The report from the market monitor provides information supporting the public’s right-to-know while ensuring that the auction will continue to be open, fair and competitive,” continued Schrag.

The complete report for the RGGI CO₂ Allowance Auction 1 is available at:
http://www.rggi.org/docs/Auction_1_PostSettlement_Report_from_Market_Monitor.pdf .

Today, the RGGI participating states also announced the details of what information market participants and the public can expect will be released in Post-Settlement Auction reports by the Market Monitor following the upcoming RGGI auctions. In addition to the immediate release of the clearing price and total allowances sold, the states will release a report from the market monitor that contains aggregate information including the dispersion of projected demand, the dispersion of bids, a summary of purchased allowances, a summary of allowances won, and a summary of bid prices. The market monitor report will be released after financial settlement has been completed and allowances have been transferred. In addition, the participating states are also committing to release the names of Potential Bidders for Auction 2 and subsequent auctions. Potential Bidders are those applicants that have been qualified to bid and who have filed an Intent to Bid.

To read the agreed on principles for RGGI’s Post-Auction Data Release please turn to:
http://www.rggi.org/docs/Post_Auction_Data_Release.pdf.

In the first “pre-compliance” auction, all of the 12,565,387 allowances offered for sale on September 25, 2008 were sold at a clearing price of \$ 3.07 per allowance. The demand for the allowances was very strong with a total of quantity of 51,761,000 allowances demanded, which was four times the available supply for this first auction. The auction raised \$ 38,575,783 for use by the six RGGI states that offered allowances for sale during the first auction. These states will invest auction funds in energy efficiency and renewable energy technologies, as well as programs to benefit energy consumers.

The RGGI participating states have also released the Auction Notice for the December 17th CO₂ Allowance Auction 2, the corresponding Qualification Application and the Intent to Bid form. All of the ten participating states expect to offer carbon dioxide emissions allowances for sale. This second of the two “pre-compliance” auctions will provide participating bidders another opportunity to become familiar with the qualification process and submitting bids. Proceeds from this and subsequent auctions will be used by states to stimulate the clean energy economy, to create green jobs and further reduce regional greenhouse gas emissions. RGGI intends to hold quarterly auctions during the first RGGI three-year compliance period, which runs from January 1, 2009 to December 31, 2011.

To read the Auction Notice for CO₂ Allowance Auction 2 and to download the corresponding Qualification Application and Intent to Bid forms, turn to: <http://www.rggi.org/co2-auctions/information>.

About the Regional Greenhouse Gas Initiative

The 10 northeastern and mid-Atlantic states participating in RGGI have designed the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. The 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.

Under the RGGI process, the 10 participating states will stabilize power sector CO₂ emissions at the capped level through 2014. The cap will then be reduced by 2.5 percent in each of the four years 2015 through 2018, for a total reduction of 10 percent.

The 10 states participating in RGGI are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont.

For more information about RGGI, turn to: <http://www.rggi.org>

#