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Ten States Mark Second Anniversary of Regional Program to Reduce Greenhouse Gas Emissions

Release Results of 9th RGGI CO₂ Allowance Auction

Current Control Period Allowances Sold at \$1.86

Future Control Period Allowances Sold at \$1.86

(NEW YORK, NY) – The ten states participating in the Regional Greenhouse Gas Initiative (RGGI) conducted their 9th regional auction of carbon dioxide (CO₂) allowances Wednesday, September 8th. The auction marks two years since the debut of the RGGI CO₂ allowance auctions, and highlights the successful implementation of the nation's first market-based regulatory program to reduce greenhouse gas emissions.

Since September 2008, proceeds from RGGI auctions have totaled \$729,281,959, over 80 percent of which is being invested in strategic energy programs to benefit consumers and build a clean energy economy.

The offering of current control period CO₂ allowances (2009-2011) in Wednesday's auction yielded a total of \$63,997,020 from the sale of 34,407,000 allowances. Over 75 percent of allowances offered for sale were sold. The auction clearing price was \$1.86 per allowance, the reserve price for the auction. Forty-five entities submitted winning bids, with bids ranging from \$1.86 to \$3.00. Electric generators and their corporate affiliates purchased 92 percent of the total number of current control period allowances sold.

States also offered a smaller number of CO₂ allowances for a future control period (2012-2014). The offering of future control period CO₂ allowances yielded a total of \$2,440,320 from the sale of 1,312,000 allowances. Over 61 percent of future control period allowances offered for sale were sold. The auction clearing price was \$1.86 per allowance. Six bidders submitted winning bids, with bids ranging from \$1.86 to \$1.92. Electric generators and their corporate affiliates purchased 100 percent of the total number of future control period allowances sold.

As they have for previous auctions, the participating states released the report of the independent market monitor, which contains aggregate auction results and a list of all qualified auction participants that submitted their intent to bid in the auction. According to the market monitor's report for Auction 9, electric generators and their corporate affiliates have won 84 percent of all CO₂ allowances sold in Auctions 1-9 and will hold 95 percent of CO₂ allowances in circulation following the settlement of allowances sold in Auction 9. Additional details may be found in the *Market Monitor Report for Auction 9*, appended below.

"RGGI auctions continue to set an example for the nation," said David Littell, a Commissioner of the Maine Public Utilities Commission and Chair of the RGGI, Inc. Board of Directors. "Nine successful CO₂ auctions have delivered allowances to the power plants that need them for compliance and enabled states to return millions of dollars to consumers through investments in energy savings and clean energy."

The quarterly CO₂ allowance auctions are just one component of a program that regulates CO₂ emissions from 209 power plants across 10 states. The RGGI participating states have also built an interactive online emissions and allowance tracking system to track, record, and publicly report RGGI program data and market activity, including CO₂ emissions from regulated power plants and CO₂ allowance transactions among market participants.

RGGI shows how a market-based program to reduce greenhouse gas emissions can help build a clean energy economy. Overall, RGGI participating states are investing more than two thirds of proceeds from RGGI CO₂ allowance auctions to improve energy efficiency and accelerate the deployment of renewable energy technologies. States are investing an additional 14 percent to provide direct consumer benefits, including energy bill payment assistance to low-income ratepayers.

These investments generate significant energy and cost savings for consumers across the region.

“RGGI state investments in efficiency and renewable energy sources provide triple benefits – to the environment, consumers and the economy,” said Shari Wilson, Secretary of the Maryland Department of the Environment. “By leveraging federal, state, and private investments, the investments made with RGGI proceeds in Maryland this year will save families and businesses more than \$125 million, while creating 630 new green collar jobs.”

“New Hampshire’s investment of RGGI auction proceeds in energy efficiency has created or helped retain more than 700 jobs across the state,” said Clifton Below, a Commissioner of the New Hampshire Public Utilities Commission. “The growing demand for energy auditors, HVAC technicians and energy-efficiency contractors is building a green workforce and serving as an engine for economic growth in our state.”

“In 2009, energy efficiency programs, funded in part by RGGI, saved enough electricity to power more than 313,000 homes for a year,” said Amey Marrella, Commissioner of the Connecticut Department of Environmental Protection. “Over the life of these efficiency projects, the people of our state will save more than \$533 million in energy costs – a very impressive figure.”

“New York State’s investment of RGGI proceeds is helping to reduce energy costs today while building a clean energy economy for the future,” said Francis J. Murray Jr., President and CEO of NYSERDA. “These funds will help New York create new financing options to expand energy efficiency programs for households and small businesses, support workforce training and create jobs in the clean energy sector. Through our Green Jobs\Green NY initiative, we are partnering with community-based organizations to encourage activities at the local level to reduce the emissions of greenhouse gases, which will benefit our environment for years to come.”

“Expanded efficiency programs, funded in part by RGGI, will generate roughly \$6 billion in consumer energy savings in Massachusetts over the next three years,” said Phil Giudice, Commissioner of the Massachusetts Department of Energy Resources. “The same programs will also avoid more than 15 million tons of CO₂ pollution across our state.”

RGGI’s “auction and invest” design provides a model for a national program to reduce greenhouse gas emissions. Innovative aspects of RGGI, including allowance auctions and strategic reinvestment of auction proceeds, are serving as a model for Congressional proposals, as well as other regional market-based climate protection programs, including the Western Climate Initiative (WCI) and the Midwest Greenhouse Gas Reduction Accord (MGGRA).

“In the absence of federal legislation, the states will continue to implement market-based programs as a part of a broader climate action agenda,” said Justin Johnson, Commissioner of the Vermont

Department of Environmental Conservation. "RGGI states look forward to continued collaboration with the Western Climate Initiative, and other jurisdictions, to share best practices for the implementation of CO₂ allowance auctions and other program components."

To learn more about how each state is investing RGGI auction proceeds, please visit: http://www.rggi.org/rggi_benefits/program_investments.

The next RGGI auction is scheduled for December 1, 2010. All parties are eligible to participate. Information is available at http://www.rggi.org/market/co2_auctions/information.

About the Regional Greenhouse Gas Initiative

The 10 Northeast and Mid-Atlantic states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont) have implemented the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. Power sector CO₂ emissions are capped at 188 million short tons per year 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.

A CO₂ allowance represents a limited authorization to emit one short ton of CO₂, as issued by a respective participating state. A regulated power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each three-year control period. The first control period for fossil fuel-fired electric generators under each state's CO₂ Budget Trading Program took effect on January 1, 2009 and extends through December 31, 2011. Allowances for the first (2009-2011) control period may be used to meet current compliance obligations, or may be banked for use in future control periods. CO₂ allowances for the second (2012-2014) control period can only be used to meet compliance obligations beginning in 2012. CO₂ allowances issued by any participating state are usable across all state programs, so that the ten individual state CO₂ Budget Trading Programs, in aggregate, form one regional compliance market for CO₂ emissions. For more information turn to: www.rggi.org

About Regional Greenhouse Gas Initiative, Inc.

RGGI, Inc. was created in September 2007 to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative. RGGI, Inc. is a 501(c) (3) nonprofit organization. For more information please visit: www.rggi.org/rggi.

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