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CO₂ Allowances Sold for \$7.50 in 30th RGGI Auction

\$115 Million Raised for Reinvestment in Final Auction of 2015

NEW YORK — The nine Northeastern and Mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory program to reduce greenhouse gas (GHG) pollution, today announced the results of their 30th auction of carbon dioxide (CO₂) allowances.

15,374,274 CO₂ allowances were sold at the auction at a clearing price of \$7.50. Bids for the CO₂ allowances ranged from \$2.05 to \$10.01 per allowance. Additional details are available in the [Market Monitor Report for Auction 30](#), which is also appended.

The December 2nd auction was the fourth and final auction of 2015, and generated \$115.3 million for reinvestment in strategic programs, including energy efficiency, renewable energy, direct bill assistance, and GHG abatement programs. Cumulative proceeds from all RGGI CO₂ allowance auctions exceed \$2.3 billion dollars.

"RGGI's market-based program provides a clear market signal to reduce pollution, while states invest the proceeds in strategic consumer and energy programs. The RGGI states are on pace to cut our 2005 power-sector carbon emissions in half by 2020, while generating customer energy savings and strengthening the economy," said Katie Dykes, Deputy Commissioner for Energy of the Connecticut Department of Energy and Environmental Protection, and Chair of the RGGI, Inc. Board of Directors. "As we work with stakeholders on our 2016 RGGI program review, we hope to build on this success."

"With world leaders now convening in Paris, the attention toward reducing harmful carbon pollution is greater than ever," said Tom Burack, Commissioner of the New Hampshire Department of Environmental Services and Secretary of the RGGI, Inc. Board of Directors. "RGGI's successful approach is reflected in the EPA Clean Power Plan, and serves as a positive example to the nation and the world."

| Auction 30 Results At-A-Glance | |
|--|--------------------|
| Auction Date | Dec. 2, 2015 |
| Allowances Offered for Sale | 15,374,274 |
| Allowances Sold | 15,374,274 |
| Ratio of Bids to Supply | 3.0 |
| Clearing Price | \$7.50 |
| Reserve Price | \$2.05 |
| Proceeds from Auction 30 | \$115,307,055.00 |
| Total Cumulative Proceeds (All Auctions) | \$2,371,023,034.13 |
| Number of Bidders in Auction 30 | 51 |
| Percent of Allowances Purchased by Compliance Entities & their Affiliates in Auction 30 | 80% |
| Percent of Allowances Purchased by Compliance Entities & their Affiliates in Auctions 1-30 | 77% |
| Percent of Allowances Purchased by Compliance-Oriented Entities in Auction 30 | 23% |

More auction data is also available at: http://www.rggi.org/market/co2_auctions/results.

To receive announcements relating to future auctions and other RGGI news, please join the RGGI, Inc. mailing list at http://www.rggi.org/news/mailling_list.

About the Regional Greenhouse Gas Initiative

The Northeast and Mid-Atlantic states participating in the second RGGI control period (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) have implemented the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. The 2015 RGGI cap is 88.7 million short tons. The RGGI cap then declines 2.5 percent each year until 2020. The RGGI states also include interim adjustments to the RGGI cap to account for banked CO₂ allowances. The 2015 RGGI adjusted cap is 66.8 million short tons.

RGGI is composed of individual CO₂ budget trading programs in each state, based on each state's independent legal authority. A CO₂ allowance represents a limited authorization to emit one short ton of CO₂, as issued by a respective state. A regulated power plant must hold CO₂ allowances equal to its emissions for each three-year control period. RGGI's third control period began on January 1, 2015 and extends through December 31, 2017. For more information visit www.rggi.org

About Regional Greenhouse Gas Initiative, Inc.

Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.) was created 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, visit: www.rggi.org/rggi.



**MARKET MONITOR REPORT
FOR AUCTION 30**

Prepared for:

RGGI, Inc., on behalf of the RGGI Participating States

Prepared By:



December 4, 2015

This report was prepared by Potomac Economics (the contractor) in the course of performing work contracted for and sponsored by RGGI, Inc. on behalf of states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont). The opinions expressed in this report do not necessarily reflect those of RGGI, Inc. or any of the states participating in RGGI, and reference to any specific product, service, process, or method does not constitute an implied or expressed recommendation or endorsement of it. Further, RGGI, Inc., the states participating in RGGI, and the contractor make no warranties or representations, expressed or implied, as to the fitness for particular purpose or merchantability of any product, apparatus, or service, or the usefulness, completeness, or accuracy of any processes, methods, or other information contained, described, disclosed, or referred to in this report. RGGI, Inc., the states participating in RGGI, and the contractor make no representation that the use of any product, apparatus, process, method, or other information will not infringe privately owned rights and will assume no liability for any loss, injury, or damage resulting from, or occurring in connection with, the use of information contained, described, disclosed, or referred to in this report.

The Regional Greenhouse Gas Initiative (RGGI) is the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. RGGI is a cooperative effort of Northeast and Mid-Atlantic states to reduce emissions of carbon dioxide (CO₂) from the power sector.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative.

MARKET MONITOR REPORT FOR AUCTION 30

As the Market Monitor for the RGGI CO₂ allowance market, Potomac Economics monitors the conduct of market participants in the auctions and in the secondary market to identify indications of market manipulation or collusion. We also review the administration of the auctions by EnerNOC, Inc. This report summarizes our findings regarding RGGI Auction 30, which was held on December 2, 2015.

We observed the auction as it occurred and have completed our review and analysis of its results. Based on our review of bids in the auction, we find no material evidence of collusion or manipulation by bidders.

Fifty-one bidders participated in the offering of CO₂ allowances. Bids were submitted to purchase 3.0 times the available supply of allowances, resulting in a clearing price of \$7.50 per ton. Compliance-oriented entities purchased 23 percent of the allowances in the offering. There was no indication of barriers to participation in the auction.

Based on our review of the administration of the market, we found that:

- The auction was administered in a fair and transparent manner in accordance with the noticed auction procedures and limitations.
- The auction results were consistent with the market rules and the bids received.
- Sensitive information was treated appropriately by the auction administrator.
- There were no indications of issues with the auction platform such as hardware or software problems, communications issues, or security breaches.

In summary, the results of our monitoring of RGGI Auction 30 raise no material concerns regarding the auction process, barriers to participation in the auction, or the competitiveness of the auction results. The appendix provides additional information about the market for RGGI CO₂ allowances and outcomes of the auction.

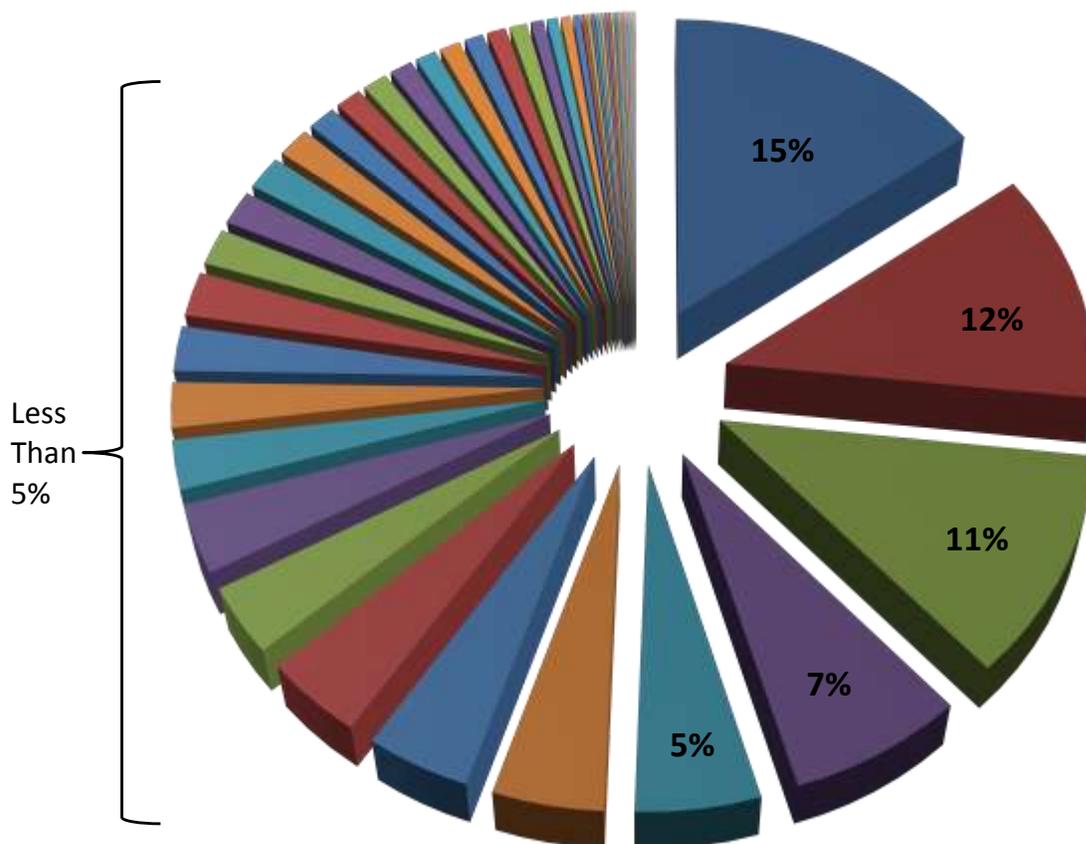
APPENDIX

A. DISPERSION OF PROJECTED DEMAND

The wide dispersion of projected demand for RGGI allowances across compliance entities facilitates the competitive performance of the auction.

The following figure shows the relative shares of projected demand for RGGI allowances by compliance entity in the current control period. The largest compliance entity represents only 15 percent of the total projected demand for allowances. Nearly half of the projected demand is composed of entities that each account for less than 5 percent of the total demand. Participation by a large number of entities facilitates the competitive performance of the auction.

Figure 1: Projected Demand for RGGI Allowances Shares by Compliance Entity



B. SUMMARY OF PURCHASES OF ALLOWANCES IN AUCTION 30

Awards were distributed across 24 bidders with five bidders purchasing one million tons or more and ten bidders purchasing 300,000 tons or more.

This report summarizes participation by compliance entities and their affiliates.¹ In Auction 30, compliance entities and their affiliates purchased 80 percent of the allowances sold. In the first 30 RGGI auctions, all compliance entities and their affiliates purchased 77 percent of the allowances sold.

We also separately report the purchases and holdings of allowances for:

- *Compliance-Oriented Entities*: This includes most compliance entities and their affiliates. This category excludes firms that have compliance obligations but which hold a number of allowances that exceeds their estimated compliance obligations by a margin that suggests they are also buying for re-sale or some other investment purpose.²
- *Other Entities*: This includes all other entities.

The following statistics summarize the purchases and holdings of allowances by type of participant under the RGGI program:

- In Auction 30, compliance-oriented entities purchased 23 percent of the allowances sold.
- After settlement of allowances sold in Auction 30, 55 percent of the allowances in circulation will be held by firms that are believed to hold them for compliance purposes.³

The following table shows the quantity of allowances purchased by each bidder. The identity of each bidder is masked, and the bidders are ranked according to the amount of allowances awarded, from largest to smallest.

¹ In this report, affiliated firms are firms that: (i) have a parent-subsidary relationship with a compliance entity, (ii) are subsidiaries of a parent company that has a large interest in a compliance entity, (iii) have substantial control over the operation of a budget source and/or responsibility for acquiring RGGI allowances to satisfy its compliance obligations.

² The assessment of whether a compliance entity holds a number of allowances that exceeds its compliance obligations by a margin that suggests they are also buying for re-sale or some other investment purpose is based on: (a) the entity's forecasted share of the total compliance obligations for the entire RGGI footprint through 2020 and (b) the total number of allowances in circulation.

³ The number of allowances that are believed to be held for compliance purposes includes 100 percent of the allowances held by compliance-oriented entities and a portion of allowances held by other compliance entities (i.e., compliance entities that are not included in the compliance-oriented category).

Table 1: Quantity of Allowances Awarded by Bidder

| Bidder | Number of Allowances Awarded |
|---------------|-------------------------------------|
| Bidder 1 | 3,643,000 |
| Bidder 2 | 3,113,000 |
| Bidder 3 | 2,000,000 |
| Bidder 4 | 1,900,000 |
| Bidder 5 | 1,000,000 |
| Bidder 6 | 872,274 |
| Bidder 7 | 450,000 |
| Bidder 8 | 400,000 |
| Bidder 9 | 354,000 |
| Bidder 10 | 332,000 |
| Bidder 11 | 250,000 |
| Bidder 12 | 184,000 |
| Bidder 13 | 175,000 |
| Bidder 14 | 155,000 |
| Bidder 15 | 153,000 |
| Bidder 16 | 120,000 |
| Bidder 17 | 106,000 |
| Bidder 18 | 50,000 |
| Bidder 19 | 45,000 |
| Bidder 20 | 30,000 |
| Bidder 21 | 18,000 |
| Bidder 22 | 15,000 |
| Bidder 23 | 7,000 |
| Bidder 24 | 2,000 |

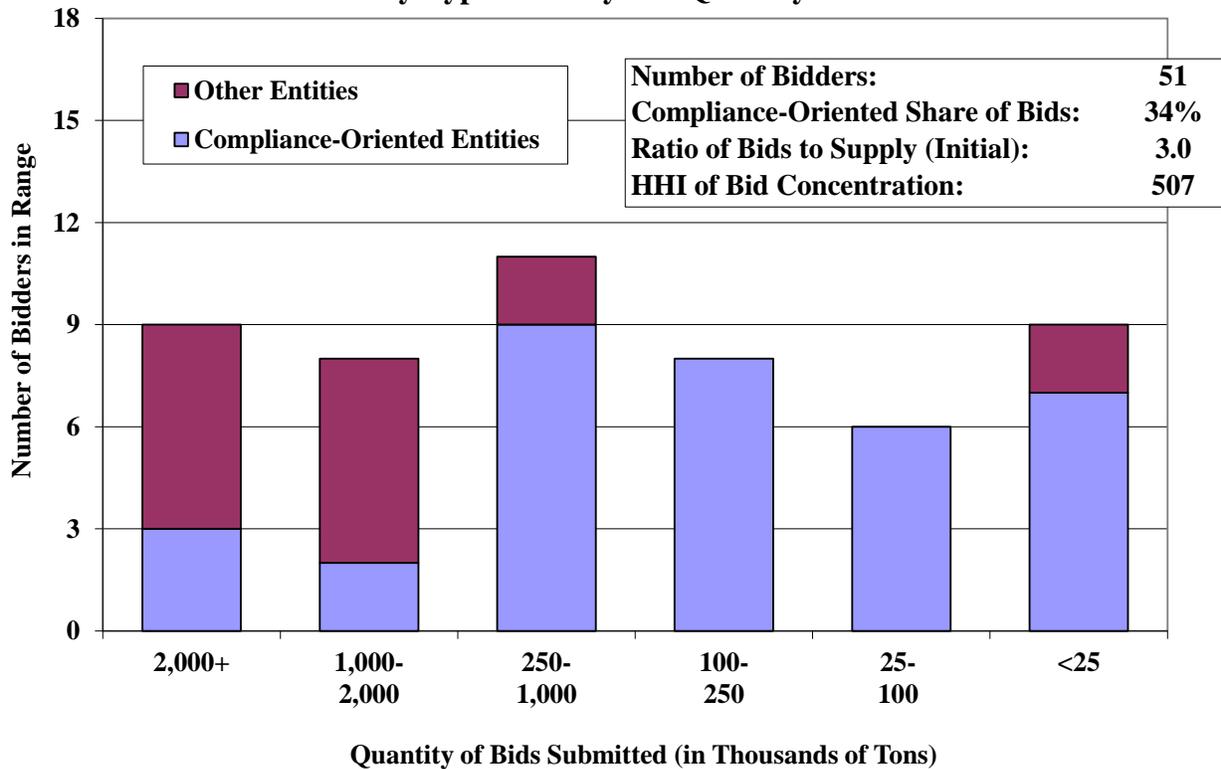
C. DISPERSION OF BIDS IN AUCTION 30

Bids were submitted by 35 compliance-oriented entities and 16 other entities. In our review of the bids and the qualification process, we found no material evidence of anti-competitive conduct or inappropriate barriers to participation.

The following figure summarizes the quantity of allowances for which bids were submitted by each bidder. Three compliance-oriented entities and six other entities submitted bids for a large quantity of allowances (i.e., at least 2 million tons). Overall, compliance-oriented entities accounted for 34 percent of the quantity of allowances for which bids were submitted. The quantity of allowances for which bids were submitted was 3.0 times the available supply. In Auction 29, the quantity of allowances for which bids were submitted was 3.4 times the Initial Offering.

The bid quantities were widely distributed among the 51 bidders. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), is relatively low at 507, consistent with recent auctions. The HHI is a standard measure of concentration calculated by squaring each entity’s share and then summing the squares across all entities (i.e., the index ranges from 0 to 10,000).

**Figure 2: Quantity of Bids Submitted by Entity
By Type of Entity and Quantity Bid**



D. SUMMARY OF BID PRICES IN AUCTION 30

Bids were submitted across a wide range of prices in the auction and the clearing price of \$7.50 was relatively consistent with average bid prices submitted.

The following table reports several statistics regarding the bid prices for bids submitted in Auction 30. The median and mean bid prices are weighted by the quantity of each bid.

| | |
|-------------------------|----------------|
| Bid Prices: | |
| Minimum | \$2.05 |
| Maximum | \$10.01 |
| Average (Median) | \$7.25 |
| Average (Mean) | \$7.03 |
| Clearing Price: | \$7.50 |

E. NAMES OF POTENTIAL BIDDERS IN AUCTION 30

In accordance with Sections 2.8 and 3 of the Auction Notice for CO₂ Allowance Auction 30, the Participating States are releasing the names of Potential Bidders in Auction 30. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid*.” The list of 57 Potential Bidders is as follows:

| | |
|--|---|
| Astoria Energy, LLC | J-Power USA Development Co., Ltd. |
| Biourja Nehme Commodities, LLC | Kendall Green Energy, LLC |
| Blue Delta Energy, LLC | Kleen Energy Systems, LLC |
| Brooklyn Navy Yard Cogen Partners, LP | KMC Thermo, LLC |
| Caithness Long Island, LLC | Koch Supply & Trading, LP |
| Calpine Energy Services, LP | Luminus Energy Partners Master Fund, Ltd. |
| Carbon Lighthouse Association | Massachusetts Muni. Wholesale Elec. Co. |
| Castleton Commodities Merchant Trading, LP | Maxim Power (USA), Inc. |
| Castleton Power, LLC | Mercuria Energy America, Inc. |
| CE2 Carbon Capital, LLC | Millennium Power Partners, LP |
| Consolidated Edison Comp. of NY, Inc. | Morgan Stanley Capital Group, Inc. |
| Delaware City Refining Company, LLC | National Grid Gen. dba National Grid |
| Delaware Municipal Electric Corp. | New Athens Generating Company, LLC |
| Direct Energy Business Marketing, LLC | NextEra Energy Power Marketing, LLC |
| DRW Commodities, LLC | Noble Americas Gas & Power Corp. |
| DTE Energy Trading, Inc. | NRG Power Marketing, LLC |
| EDF Trading North America, LLC | Old Dominion Electric Cooperative |
| Entergy Rhode Island State Energy, LP | Power Authority of the State of New York |
| Essential Power, LLC | PSEG Energy Resources & Trade, LLC |
| Exelon Generation Company, LLC | Public Service Company of New Hampshire |
| GDF SUEZ Energy Marketing NA, Inc. | RBC |
| GenOn Energy Management, LLC | Selkirk Cogen Partners, LP |
| Granite Ridge Energy, LLC | TransCanada Power Marketing, Ltd. |
| Indeck Energy Serv. of Silver Springs | Upstate New York Power Producers, LLC |
| Indeck-Corinth Limited Partnership | Verso Corporation |
| Indeck-Olean Limited Partnership | Village of Freeport |
| Indeck-Oswego Limited Partnership | Vitol Inc. |
| Indeck-Yerkes Limited Partnership | Wallingford Energy, LLC |
| Jamestown Board of Public Utilities | |