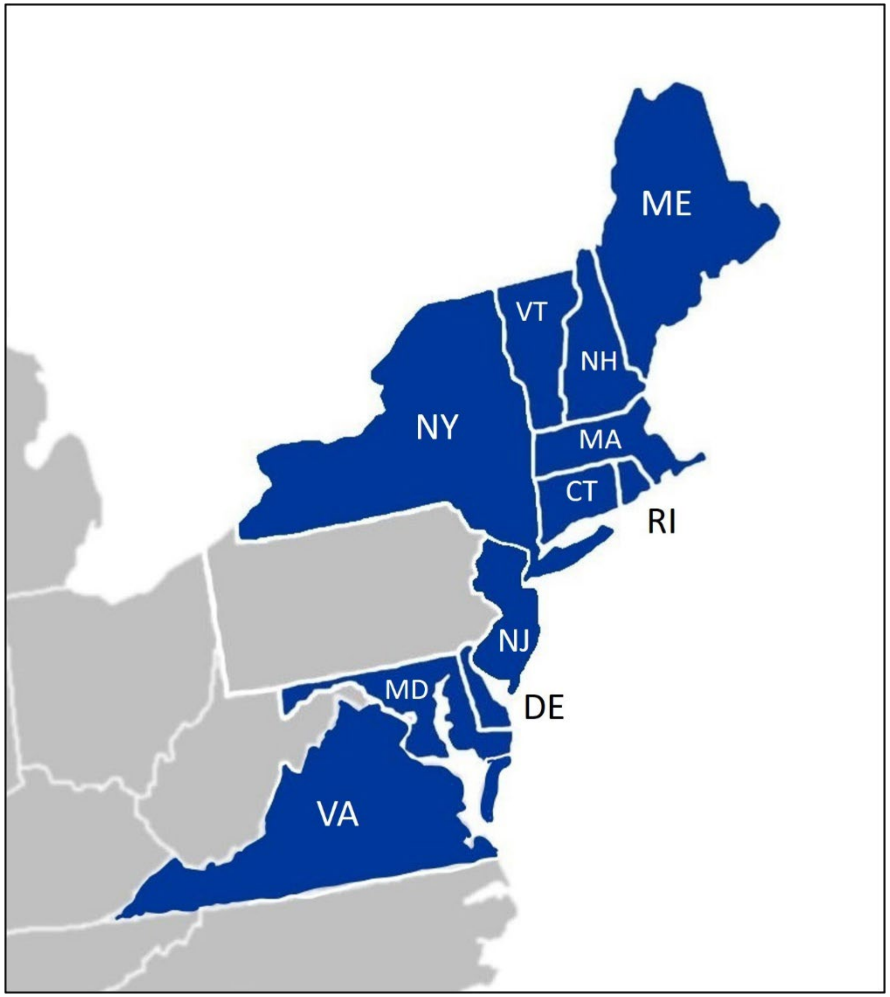
Regional Greenhouse Gas Initiative

Introduction to RGGI Auctions

RGGI States



RGGI in Brief

- Eastern states cap and reduce carbon dioxide emissions from the power sector
  - Allowances issued by states - distributed primarily through auctions
  - Fungible; Bankable; Tradable
- Regional cap
  - 90.0 MM-tons in 2026
  - CCR: 1.15 million allowances remaining in 2026
  - ECR: 8.43 million allowances in 2026

RGGI in Brief

- RGGI states have distributed 90% of allowances via quarterly allowance auctions
  - Open to all
  - Independent Market Monitor
  - Centralized platform for tracking: RGGI COATS
  - Historic clearing price range: $1.86 to $35.00
  - Around 1½ billion allowances sold at auction
  - Over $10 billion in proceeds

Reinvestment of Proceeds

- The RGGI states may reinvest auction proceeds in strategic programs
  - Over $4.8 billion invested through 2023
  - Billions in consumer energy bill savings
  - Pollution reductions

RGGI Experience: A Triple Set of Benefits

- Environmental Benefits
- Consumer Benefits
- Economic Benefits

RGGI Experience: Environmental Benefits

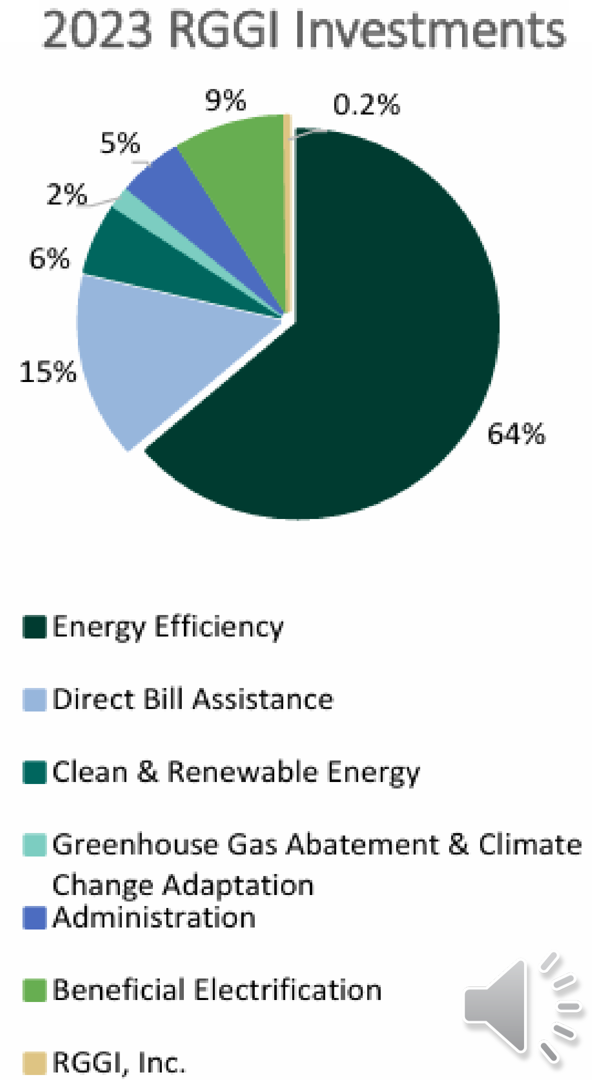
- Significantly reduced power sector CO_2 pollution since program launched

- **Half** of total power generation in the RGGI states is clean or renewable

- Independent research shows RGGI is driving public health benefits (Abt Associates) as well as improving children's health (Columbia University)

Reinvestment of Proceeds

- RGGI states reinvest auction proceeds in strategic programs.
  - Through 2023, states reinvested over $4.8 billion in energy efficiency, clean and renewable energy, direct bill assistance, and GHG abatement programs.
  - These programs have generated billions in consumer energy bill savings as well as additional pollution reductions.



RGGI Experience: Economic Benefits

Years 2018-2020

- $669 million in net economic benefit
- 7,874 additional job-years

All-time

- Net economic benefits on the order of $5.7 billion
- Tens of thousands of additional job-years

Source: Analysis Group, 2023 Report on RGGI Economic Impacts

Tutorial Outline

- Introduction and Overview
- Schedule
- What's New for Auction 73
- Participation Requirements
- Review Process
- Financial Security
- RGGI CO_2 Allowance Tracking System Account
- Confidential Information
- Limitation on Communication
- Auction Platform (the "Exchange") Overview
- Bid Limitations
- Cost Containment Reserve and Emissions Containment Reserve Overview and Mechanics
- Auction Examples
- Bid Value Examples

Auction 73

- September 9, 2026 (9:00 AM - 12:00 PM ET)
- Auction 73: 27,389,847 CO_2 allowances ("Initial Offering") available for sale from Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia
- Minimum Reserve Price of $2.69 per CO_2 allowance
- Auction 73 will have only one offering of allowances
- The Cost Containment Reserve mechanism is in effect
  - Auction 73 CCR is 1,148,000 CCR allowances
- The Emissions Containment Reserve mechanism is in effect
  - Auction 73 ECR is 8,432,161 ECR allowances

Bidder Preparations

- Auction guidance & materials at https://rggi.org/auctions/auction-materials
- All bidders must be qualified to participate
- Approximately 57 days to provide adequate time to process applications and arrange for financial security
- Question Submission
  - Send questions to: auctionmanager.enelxnorthamerica@enel.com
  - To the extent any relevant questions are not currently addressed in the FAQs, the document will be updated and reposted on Wednesday, July 22, 2026

Dates to Remember

- No later than 5:00 PM ET on Wednesday, July 29, 2026 – *Qualification Application* and/or *Intent to Bid* due
- No later than 5:00 PM ET on Wednesday, September 2, 2026 – Financial security due
- Bidder training sessions
  - 3 one-hour-long sessions from 1:00 to 4:00 PM ET on Monday, August 31, 2026
  - 3 one-hour-long sessions from 1:00 to 4:00 PM ET on Tuesday, September 1, 2026

Schedule [1]

Event	Date	Time
Release of Auction documents: • *Auction Notice* • *Frequently Asked Questions*	Tuesday, July 14, 2026	No later than 5:00 PM
RGGI Portal provides access to submit: • *Qualification Application* • *Intent to Bid* • Financial Security Information	Tuesday, July 14, 2026	No later than 5:00 PM
Release tutorial	Wednesday, July 15, 2026	10:00 AM
Update FAQs, as needed	Wednesday, July 22, 2026	5:00 PM
Auction forms deadline • ***Qualification Application*** • ***Intent to Bid***	**Wednesday, July 29, 2026**	**No later than 5:00 PM**
Remediation notification deadline: • *Qualification Application* • *Intent to Bid*	Wednesday, August 5, 2026	No later than 5:00 PM
Remediated auction forms deadline	**Wednesday, August 19, 2026**	**No later than 5:00 PM**

[1] All due dates specified in the Auction Notice refer to the date and time on which the item(s) must be received by the Auction Manager.

Schedule [2]

Event	Date	Time
Qualification status sent to Applicants	Tuesday, August 25, 2026	No later than 5:00 PM
Auction Platform training sessions	Monday, August 31, 2026	1:00 PM ET to 4:00 PM
Auction Platform training sessions	Tuesday, September 1, 2026	1:00 PM ET to 4:00 PM
Financial security deadline	**Wednesday, September 2, 2026**	**No later than 5:00 PM**
Notification of participation status sent to Applicants	Friday, September 4, 2026	No later than 5:00 PM
Auction 73	**Wednesday, September 9, 2026**	**9:00 AM ET - 12:00 PM**
Auction clearing price posted at https://www.rggi.org/ • Directly after, Bidders can view awards on Auction Platform.	Friday, September 11, 2026	10:00 AM
Optional cash settlement deadline	Wednesday, September 16, 2026	No later than 5:00 PM
Unused cash financial security return	Wednesday, September 23, 2026	No later than 5:00 PM
Allowance transfer and confirmation	Thursday, September 24, 2026	No later than 5:00 PM

What's New for Auction 73

- Minimum Reserve Price is $2.69 per CO_2 allowance
- The Cost Containment Reserve ("CCR") for calendar year 2026 is 9,001,278 CO_2 allowances
  - 1,148,000 CCR allowances are available in Auction 73
- The Emissions Containment Reserve ("ECR") for calendar year 2026 is 8,432,161 CO_2 allowances
  - All ECR allowances are available in Auction 73
- The CCR Trigger Price for 2026 is $18.22 per CO_2 allowance
- The ECR Trigger Price for 2026 is $8.41 per CO_2 allowance
- As of November 12, 2025, Pennsylvania is no longer a Participating State in RGGI
- As of July 1, 2026, Virginia is a RGGI Participating State

Participation Requirements

Eligible Party

- New Applicant
  1. RGGI COATS Account
  2. *Qualification Application*
  3. *Intent to Bid*
  4. Financial Security
- Previously Qualified Applicant
  - Material Change
    1. RGGI COATS Account (if applicable)
    2. *Qualification Application*
    3. *Intent to Bid*
    4. Financial Security
  - No Material Change
    1. *Intent to Bid*
    2. Financial Security

New Applicants

- Open general account or retrieve compliance account number (if created) in the RGGI CO_2 Allowance Tracking System (RGGI COATS)
- Submit the *Qualification Application* through the RGGI Portal
- Submit the *Intent to Bid* through the RGGI Portal
- Meet the financial security requirements

Previously Qualified Applicant [1]

- Previously qualified applicant with a material change to information previously submitted becomes a new applicant
- Update and submit a new *Qualification Application* and *Intent to Bid* through the RGGI Portal
- Meet financial security requirements
- Material changes:
  - General Information: Any change constitutes a material change, except Street Address, City, State/Province," Postal Code, Country, Years in Business, and URL for Applicant's Web Site

Previously Qualified Applicant [2]

- Material changes (continued):
  - Authorized Auction Representative(s): Only a change to the Authorized Auction Representative(s) First Name and/or Last Name constitutes a material change
  - COATS Account: Any change constitutes a material change
  - Corporate Associations: Any change constitutes a material change
  - Bidding Associations: Any change constitutes a material change
  - Attestations: Any change constitutes a material change
- For all other fields, please update the forms as needed

Qualification Application Submission Instructions

- The *Qualification Application* is contained in the RGGI Portal on the Auction Platform (the "Exchange")
  - All sections of the *Qualification Application* are required for all new applicants or previously qualified applicants with a material change
  - The RGGI Portal and *Qualification Application* provides:
    - Landing page with messaging on next steps
    - Auto-populated from the new applicant registration form or from a previously qualified applicant's information
    - Auto save functionality
- Must be submitted no later than 5:00 PM ET on Wednesday, July 29, 2026
  - Submission window automatically closes at the deadline

Intent to Bid
Submission Instructions

- The *Intent to Bid* is also contained in the RGGI Portal on the Auction Platform
  - All sections of the online *Intent to Bid* are required for all applicants
- Must be submitted no later than 5:00 PM ET on Wednesday, July 29, 2026
  - Submission window automatically closes at the deadline

Qualification Application Review and Determination [1]

- Confirmations will be sent out via email immediately after successful submission
- Initial Review
  - Failure to provide any information required will result in the *Qualification Application* being deemed incomplete or otherwise deficient
  - Remediation notifications via email will be sent no later than 5:00 PM ET on Wednesday, August 5, 2026
- Remediation
  - Failure to remediate may result in qualification denial
  - Additional information must be provided no later than 5:00 PM ET on Wednesday, August 19, 2026

Qualification Application Review and Determination [2]

- State Review
  - Each state will review each Applicant's *Qualification Application* and make a determination to grant or deny qualification to each Applicant
- Qualification Notification
  - Each Applicant will be notified via email no later than 5:00 PM ET on Tuesday, August 25, 2026 as to whether its qualification has been granted or denied

Intent to Bid Review and Determination [1]

- Confirmations will be sent out via email immediately after successful submission
- Initial Review
  - Failure to provide any information required will result in the Intent to Bid being declared incomplete
  - Failure to submit a *Qualification Application* due to a material change will result in the *Qualification Application* being deemed incomplete or otherwise deficient
  - Remediation notifications via email will be sent no later than 5:00 PM ET on Wednesday, August 5, 2026

Intent to Bid Review and Determination [2]

- Remediation
  - Failure to remediate may result in Auction 73 participation or qualification denial
  - Additional information must be provided no later than 5:00 PM ET on Wednesday, August 19, 2026
- State Review
  - Each state will review each *Intent to Bid* and make a determination as to the completeness of each Applicant's *Intent to Bid*
- Completeness Notification
  - Each Applicant will be notified via email no later than 5:00 PM ET on Tuesday, August 25, 2026, as to whether its *Intent to Bid* has been determined to be complete or not

Financial Security [1]

- Only three acceptable forms of financial security: (1) bond (2) cash in the form of a wire transfer or certified funds, (3) an Irrevocable Letter of Credit (ILOC)
- Financial security, in United States dollars (USD), must be received no later than 5:00 PM ET on Wednesday, September 2, 2026
- The amount of financial security will be used to set a bidding limitation
- Appendices are available in Word format at the auction website: https://www.rggi.org/auctions/auction-materials
  - Form of bond is provided in Appendix A and form of ILOC is provided in Appendix B
- No material changes will be permitted to the form of bond or ILOC
  - To the extent the submitted bond or ILOC differs from the forms provided, the Potential Bidder assumes the risk that the bond or ILOC may be rejected

Financial Security [2]

- Applicants must provide information regarding their financial security through the RGGI Portal
  - Please refer to the RGGI Portal – Training and Support tutorial for information on how to submit the financial security information.
- All unused cash balances will be returned via Automated Clearing House ("ACH") credit no later than Wednesday, September 23, 2026
- Each winning bidder who submits an ILOC or bond can settle its transaction with cash via a wire transfer
  - Wire transfers must be received no later than 5:00 PM ET on Wednesday, September 16, 2026
  - Failure to settle a transaction in this manner will result in a sight draft against the bond or ILOC on Thursday, September 17, 2026

RGGI CO_2 Allowance Tracking System Account [1]

- Applicant's RGGI CO_2 Allowance Tracking System (RGGI COATS) account is where awarded CO_2 allowances will be transferred.
- Applicant must have active RGGI COATS account to submit a Qualification Application.
- Either a "general" or "compliance" account may be registered. The majority of affected sources in the states participating in the RGGI control period have been approved by their respective state agencies for compliance accounts. An applicant without a compliance account may create and register a general account for the auction.

RGGI CO_2 Allowance Tracking System Account [2]

- If not already a RGGI COATS user, applicants are encouraged to start the user application process immediately to ensure establishment of a RGGI COATS general account before submitting CO_2 Allowance Auction Qualification Application – Version 3.3
  - See https://rggi-coats.org for details including the RGGI COATS User's Guide at: https://rggicoats.org/eats/rggi/image/help/_rggi/RGGIGettingStartedGuide.pdf
  - The User's Guide may also be accessed by selecting the User's Guide sub-menu option under the Reference menu option.

Registering to Use RGGI COATS

- In order to create a general account or to access an existing account in RGGI COATS, you must first register to be a user.
- A user account is assigned to one natural person and may not be shared. Each natural person who will access a RGGI COATS general account and/or compliance account as an Authorized Account Representative (AAR), Alternate AAR or electronic submission agent requires a personal user account (login name and password).
- Individuals who did not receive an email invitation to register may request a RGGI COATS user account via https://rggi-coats.org.

Home Login Reference

RGGI CO_2 Allowance Tracking System

RGGI CO_2 Budget Trading Programs

Public Reports

RGGI COATS enables the public to view, customize, and download reports of RGGI data and CO_2 allowance market activity.

Access reports here:

Summary Level Emissions
Quarterly Emissions
Annual Emissions
Control Period Emissions
Sources
Accounts
Transaction Price Report
Special Approvals
Offset Projects
Compliance Summary
2024 Interim Compliance Summary Report

Access archived reports here.

RGGI COATS Accounts

RGGI COATS enables market participants to receive and transfer CO_2 allowances, register offset projects, and submit offset project Consistency Applications and Monitoring and Verification Reports.

A login is required only for authorized account representatives (AARs), alternate account representatives (AAARs), electronic submission agents, or reviewers to access compliance or general accounts.

Click here to log in to RGGI COATS

Register to use RGGI COATS

Click here to register to become a RGGI COATS user.

RGGI COATS is compatible with the following web browsers: Chrome, Edge, Firefox, Opera, and Safari.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative, market-based effort by participating states to cap and reduce CO_2 emissions from the power sector. The RGGI CO_2 Allowance Tracking System (RGGI COATS) is the platform that records and tracks data for each state's CO_2 Budget Trading Program.

RGGI Inc.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the Regional Greenhouse Gas Initiative CO_2 budget trading programs. As of November 17, 2025, the states with RGGI compliant regulations include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Reports | Reference | Home

Help

Registration Information for Access to COATS

Users who are representatives of RGGI COATS accounts and need to manage these accounts through the COATS system must complete the registration below to access the system. Registration is not required for members of the public who wish to access public reports and do not require ability to log in to the COATS system. Fields marked by * are required.

Step 1: Enter Information

Title (Mr./Ms.)	
First Name *	
Last Name *	
Middle Initial	
Phone Number *	
Fax Number *	
Company Name	
Address *	
Address	
City *	
Country *	
State/Province	
Postal Code *	
Reason for requesting a login *	

Enter required information in the appropriate fields.

Bottom of Registration Page

Important: Enter a valid email address to receive notification of your completed registration as a user. Valid COATS passwords must be a minimum of seven characters in length and contain the following: at least one alphabetic character, and at least one numeric and one special characters.

Email Address *

Re-enter email address *

Email Salutation (e.g. Bill Smith,) *

Create your COATS username *

Create your password *

Re-enter password *

Back Next

Complete the remaining required fields (indicated by an *) and then click Next.

Registering to use RGGI COATS (continued)

- Agree to the terms page displayed after clicking ‘Next’.
- Print, sign in blue ink, and submit the User Login Request Form to RGGI, Inc.:

  RGGI COATS

  RGGI, Inc.

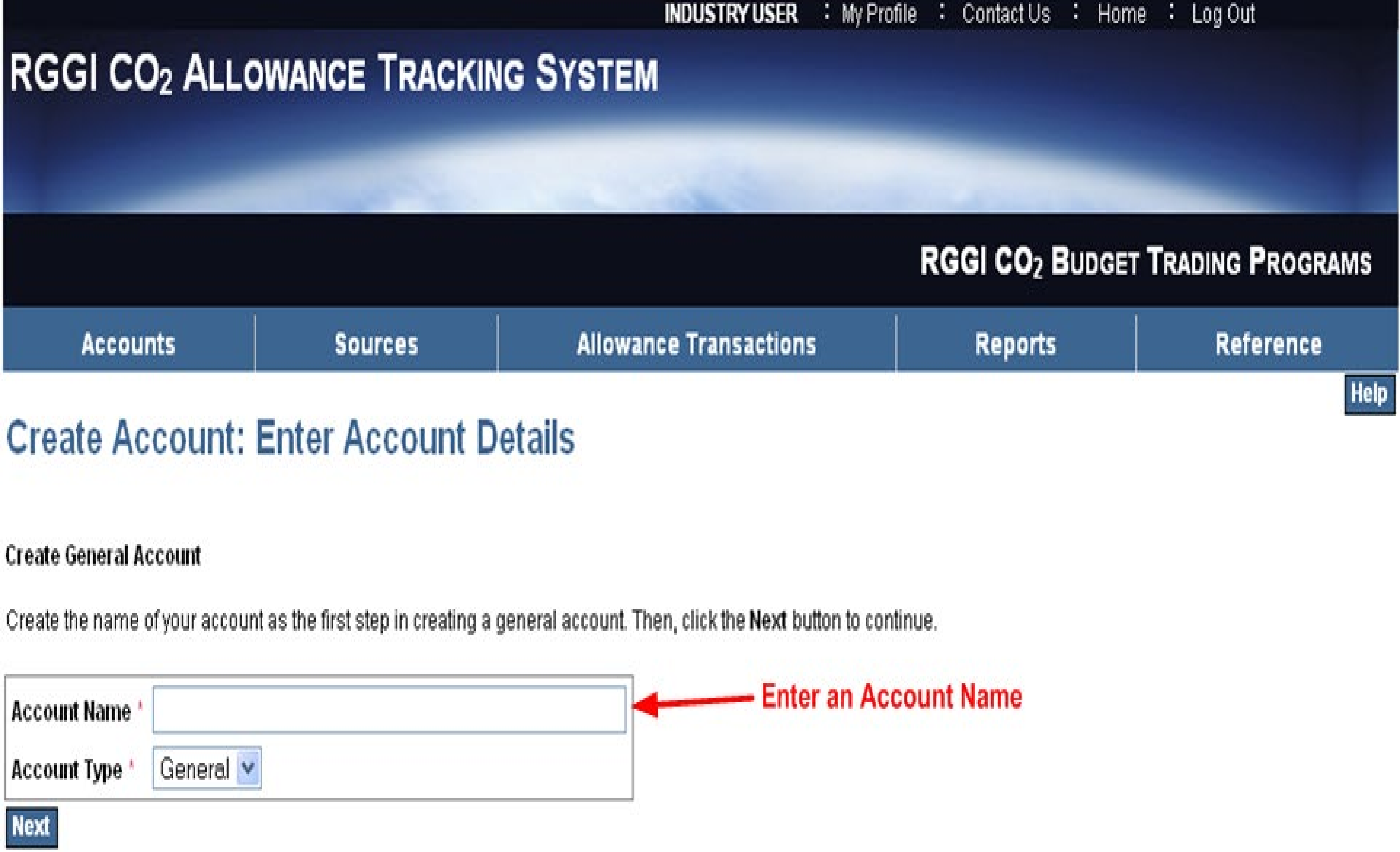
  90 Church Street

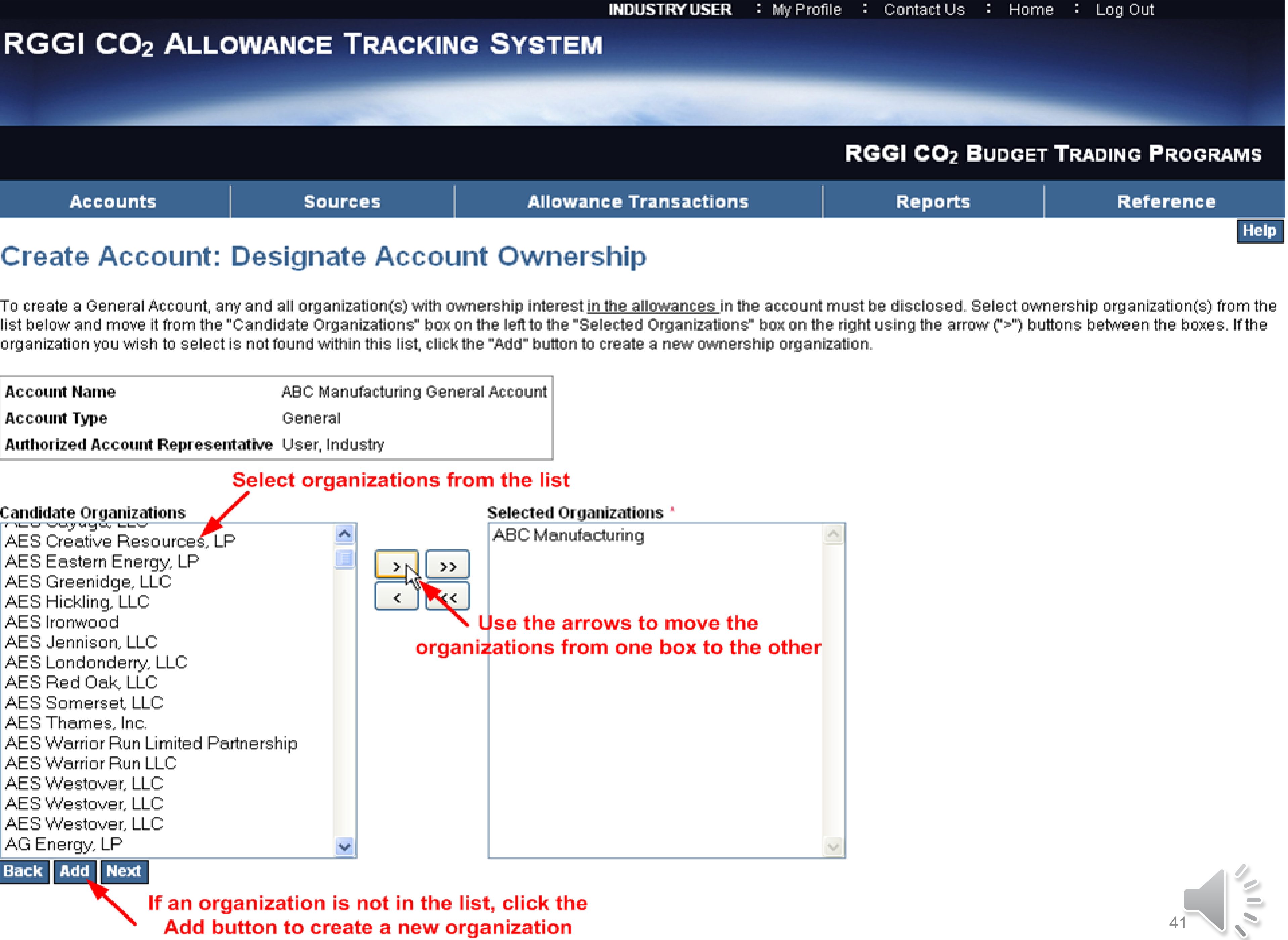
  4th Floor

  New York, NY 10007
- Once RGGI, Inc. has processed the User Login Request Form, you will receive notice at the email address you registered that you can access the system.

Creating a General Account

- Log into RGGI COATS via https://rggi-coats.org
- Select the Create General Account option
- The user creating the general account must be the AAR


INDUSTRY USER : My Profile : Contact Us : Home : Log Out
RGGI CO2 ALLOWANCE TRACKING SYSTEM
RGGI CO2 BUDGET TRADING PROGRAMS
Accounts
Sources
Allowance Transactions
Reports
Reference
Help
Create Account: Enter Account Details
Create General Account
Create the name of your account as the first step in creating a general account. Then, click the Next button to continue.
Account Name *
Account Type *
General
Next
Enter an Account Name


INDUSTRY USER : My Profile : Contact Us : Home : Log Out
RGGI CO2 ALLOWANCE TRACKING SYSTEM
RGGI CO2 BUDGET TRADING PROGRAMS
Accounts
Sources
Allowance Transactions
Reports
Reference
Help
Create Account: Designate Account Ownership
To create a General Account, any and all organization(s) with ownership interest in the allowances in the account must be disclosed. Select ownership organization(s) from the list below and move it from the "Candidate Organizations" box on the left to the "Selected Organizations" box on the right using the arrow (">") buttons between the boxes. If the organization you wish to select is not found within this list, click the "Add" button to create a new ownership organization.
Account Name ABC Manufacturing General Account
Account Type General
Authorized Account Representative User, Industry
Select organizations from the list
Candidate Organizations
AES Creative Resources, LP
AES Eastern Energy, LP
AES Greenidge, LLC
AES Hickling, LLC
AES Ironwood
AES Jennison, LLC
AES Londonderry, LLC
AES Red Oak, LLC
AES Somerset, LLC
AES Thames, Inc.
AES Warrior Run Limited Partnership
AES Warrior Run LLC
AES Westover, LLC
AES Westover, LLC
AES Westover, LLC
AG Energy, LP
Selected Organizations *
ABC Manufacturing
Use the arrows to move the organizations from one box to the other
Back
Add
Next
If an organization is not in the list, click the Add button to create a new organization

INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Accounts | Sources | Allowance Transactions | Reports | Reference

Help

Create Account: Select Alternate Authorized Account Representative

Select the optional Alternate Authorized Account Representative ("AAAR"), if any, for the General Account using the radio buttons in the grid below. The grid is initially blank and you must first enter filter criteria in the box to the right to display a specific AAAR or list of AAARs. The designated AAAR will have the same system permissions for the General Account as the AAR. Note that the grid can be sorted by clicking on the grid column

Filter Criteria ▼

First Name

Last Name

Organization Name

Filter Clear

Use the filter to find a person

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	User, Industry

Organizations

Owner/Operator	Owner/Operator Role
ABC Manufacturing	Owner

The AAAR grid is blank by default

Alternate Authorized Account Representative

	Name	Organization Name
	No people match your current filter criteria entered in the box at the top right of the screen.	

Back Add Next

If you cannot find a person using the filter, click the Add button to add a new user

INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Accounts | Sources | Allowance Transactions | Reports | Reference

Help

Create Account: Review and Submit

Account Name	ABC Manufacturing General Account
Account Type	General
Authorized Account Representative	User, Industry
Alternate Authorized Account Representative	User II, Industry

Organizations

Owner/Operator	Owner/Operator Role
ABC Manufacturing	Owner

Certification Statement

I certify that I was selected as the CO_2 authorized account representative or the CO_2 alternate authorized account representative, as applicable, by an agreement that is binding on all persons who have an ownership interest with respect to CO_2 allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under the CO_2 Budget Trading Program on behalf of such persons and that each such person shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision issued to me by the Department or its agent[1] or a court regarding the general account.

Entering your password below acknowledges that you have read and agreed to the above certification.

Enter password *

Back Submit

If the information on the page is correct, enter your COATS system password, and click the Submit button

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Account Details

Account data saved.
Account people relationship data saved.
Account people relationship data saved.
Account owner/operator relationship saved.

The system messages confirm the account creation is complete.

Account Number	GN10875
Account Name	ABC Manufacturing General Account
Account Type	General
Status	Open
Opened on	04/13/2009
Closed on	
Allowances can be Transferred	Yes
Allowances can be Acquired	Yes
State	All States

General Account Number to register for auction.

Save

Account Representative Details | Electronic Submission Agents | Owner Details | Available Allowances

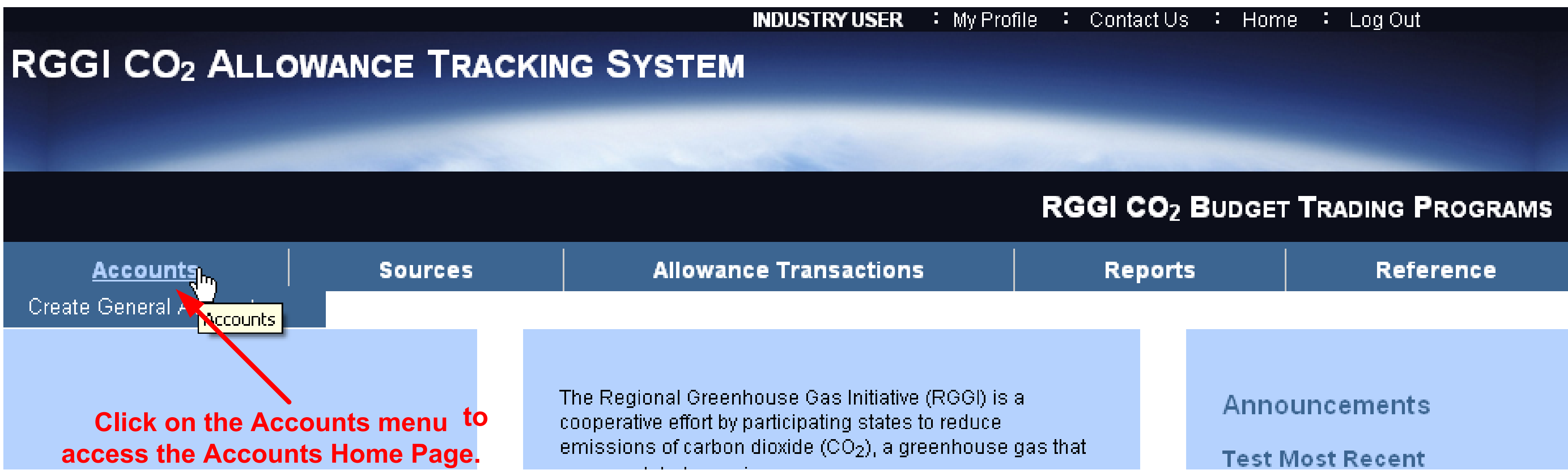
Account Representative Details

	Name	Representative Type	Begin Date
○	User, Industry	Authorized Account Representative	04/13/2009
○	User II, Industry	Alternate Authorized Account Representative	04/13/2009

Change | End Alternate | Show History

Accessing a Compliance Account

- Verify role as the source RGGI representative in EPA's CBS via https://camd.epa.gov/cbs as RGGI COATS mirrors the relationship for RGGI compliance accounts.
- Log into RGGI COATS via https://rggi-coats.org



INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Accounts | Sources | Allowance Transactions | Reports | Reference

Print Help

Accounts

Click on the Account Number link in the grid below to view account details. Use the filter criteria to the right to find a specific account or list of accounts more easily. Click the Export Data button under the grid to export the grid data to Excel (.csv). Also, note that the grid can be sorted by clicking on the grid column headers (first click is ascending, second click is descending).

Filter Criteria ▼

Account Number

Account Name

ORIS Code

Authorized Account Representative

State

Status

Account Type

Filter Clear

Account Number ▲	State	Account Name	ORIS Code	Authorized Account Representative	Account Type	Status
CT10766	CT	819 Source Compliance Account	8190	Reilly, Megan	Compliance	Open
CT10774	CT	Aiya Source Compliance Account	8642	Reilly, Megan	Compliance	Open
CT10788	CT	ABC Source Compliance Account	9630	Reilly, Megan	Compliance	Open

1 - 3 of 3

Export Data

Click on the hyperlinked Account Number to access the Compliance Account Details.

INDUSTRY USER : My Profile : Contact Us : Home : Log Out

RGGI CO_2 ALLOWANCE TRACKING SYSTEM

RGGI CO_2 BUDGET TRADING PROGRAMS

Accounts | Sources | Allowance Transactions | Reports | Reference

Print | Help

Account Details

Account Number	CT10788
Account Name	ABC Source Compliance Account
Account Type	Compliance
Status	Open
Opened on	09/02/2008
Closed on	
Allowances can be Transferred	Yes
Allowances can be Acquired	Yes
State	CT

Compliance Account Number to register for auction.

Back

Source Details | Account Representative Details | Electronic Submission Agents | Owner Details | Available Allowances

Source Details

ORIS Code	Source Name	State Identifier
9630	ABC Source	9-6633-13579

Confidential Information

- Applicant may not publicly release confidential information
  - Confidential information includes, but is not limited to, qualification status, bidding strategy, bid price and/or bid quantity information, and information on financial security to the extent such information is not generally available to the public

Limitation on Communication

- After the relevant *Qualification Application* filing deadline, an Applicant may not communicate with any other Applicant or party about the RGGI auction that has not been disclosed in its qualification application, except as requested by the Auction Manager to remediate a *Qualification Application*

Auction Overview [1]

- Electronic, internet-based auction platform
- Uniform-price, sealed-bid (single-round) auction format
- Bids ranked by their bid price from highest to lowest
  - Cumulative demand noted at each bid price
- Auction includes a Cost Containment Reserve (“CCR”)
  - Auction 73 CCR is 1,148,000 CO_2 allowances
- Auction includes an Emissions Containment Reserve (“ECR”) for
  - Auction 73 ECR is 8,432,161 CO_2 allowances
- Auction Notice provides clear guidance on determining the interim and final clearing price and allowance awards

Auction Overview [2]

- All tied marginal bids will be resolved by a random tiebreaking process
- All bids that exist in the Auction Platform via user submission at the close of the auction will be considered binding offers and eligible for award
  - Contingent bids are not permitted
- Each bid price must be submitted in dollars and whole cents
- Each bid quantity must be submitted in multiples of 1,000
- Bidders can submit an unlimited number of bids; however, only one bid may be submitted for any given bid price
- Bidders can cancel or change their bids at their discretion until the bidding window closes

Bid Limitations [1]

- Reserve Price
  - The reserve price is $2.69 per CO_2 allowance
- Financial Security
  - The value of a bidder’s bids cannot exceed the amount of a bidder’s financial security
  - The value of a bidder’s bids is the maximum value the bidder would be liable to pay in a uniform-price auction format
    - <u>This is the same approach utilized since Auction 2</u>

Bid Limitations [2]

- Quantity of CO_2 Allowances
  - The maximum number of CO_2 allowances that an entity (i.e., an individual person, or an organization and its affiliates and/or agents), may bid for in a single auction is 25% of the CO_2 allowances offered for sale ("Initial Offering")
  - Applicants are associated if they have ties that could allow them to act in concert or that could prevent them from competing actively against each other in an auction
  - There is no prohibition against associations among bidders; however, they must be disclosed properly

Bid Limitations [3]

- Quantity of CO_2 Allowances (cont.)
  - Corporate Associations
    - See Auction Notice for corporate association definition
  - Bidding Associations
    - Bidding associations only relate to CO_2 allowances offered for sale in a RGGI auction
    - See Auction Notice for bidding association definition
- All bid limitations are evaluated at the time of submittal
- The Auction Platform will not allow bids that violate any bid limitation to be submitted

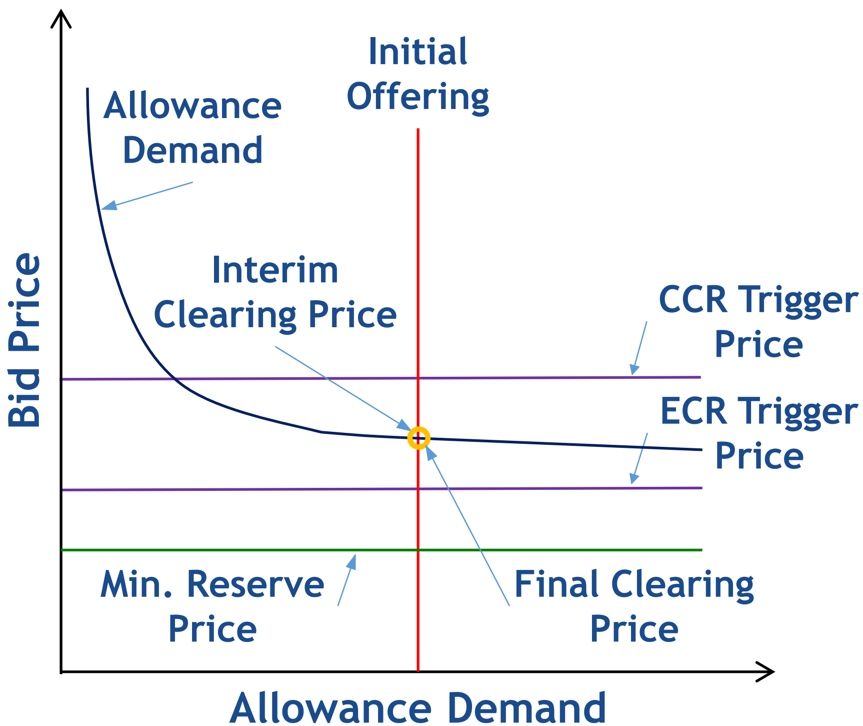
Cost Containment Reserve Overview and Mechanics

- The CCR is designed to moderate the price of CO_2 allowances
  - The CCR contains a number of CO_2 allowances that, under certain circumstances, will be offered for sale
- Once the pool of CO_2 allowances available in the CCR is exhausted, no CCR Allowances will be available for the remainder of that calendar year
- The CCR trigger price (“CCR Trigger Price”) for Auction 73 is \$18.22 per CO_2 allowance

Emission Containment Reserve Overview and Mechanics

- The ECR is designed to support the price of CO_2 allowances
  - The ECR represents a budget (i.e., fixed number) of ECR allowances which, under certain circumstances, can be withheld from the Initial Offering
- Once the limit of ECR allowances available for withholding is reached, no allowances can be withheld for the remainder of that calendar year
- The ECR trigger price (“ECR Trigger Price”) for Auction 73 is \$8.41 per CO_2 allowance

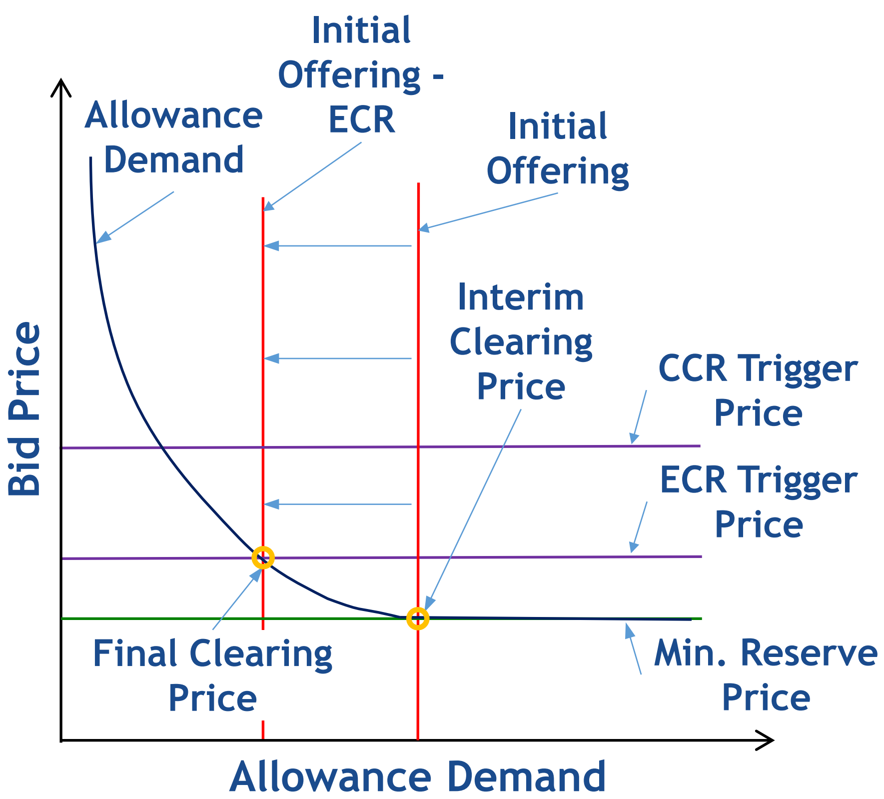
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [1]



Scenario No. 1 – Total Demand > Initial Offering, ECR & CCR are not Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Bid price of the marginal bid or bids
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price > ECR Trigger Price
  - Interim Clearing Price < CCR Trigger Price
  - No ECR allowances are withheld & no CCR allowances are released in this scenario
  - Final Clearing Price = Interim Clearing Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices > Final Clearing Price
  - Tie breaker may apply for marginal bids with bid prices = Final Clearing Price

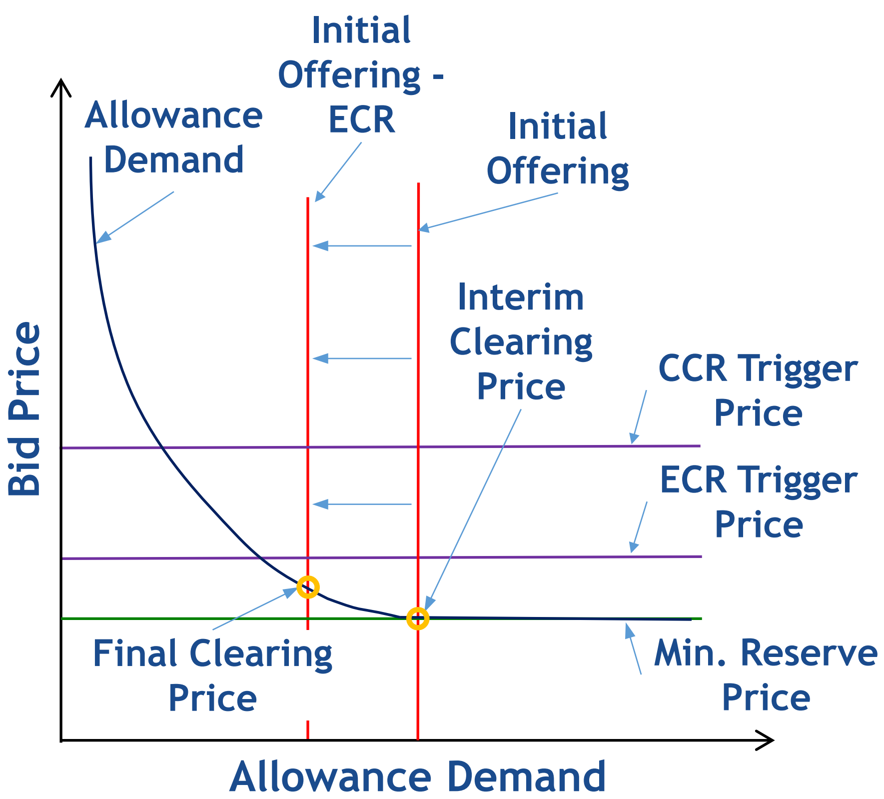
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [2]



Scenario No. 2a – Total Demand ≤ Initial Offering, ECR Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Minimum Reserve Price
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price < ECR Trigger Price
  - In this scenario, ECR Allowances are withheld until Final Clearing Price = ECR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices ≥ Final Clearing Price

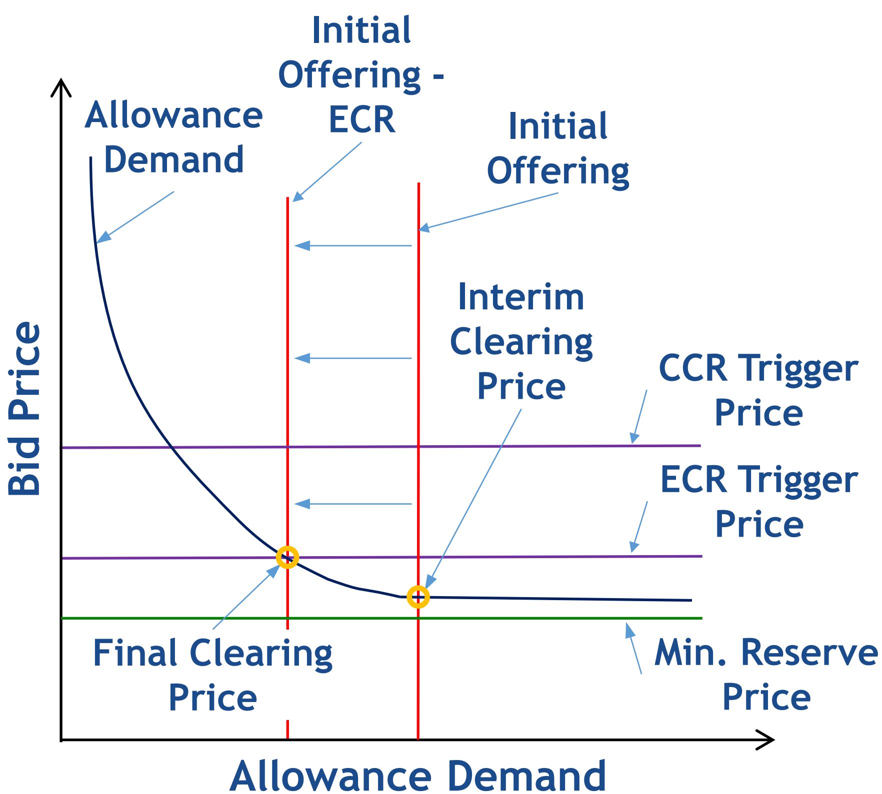
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [3]



Scenario No. 2b – Total Demand ≤ Initial Offering

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Minimum Reserve Price
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price < ECR Trigger Price
  - In this scenario, ECR Allowances are withheld until ECR withholding limit is reached
  - Final Clearing Price = Bid price of the marginal bid or bids and is < ECR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices > Final Clearing Price
  - Tie breaker may apply for marginal bids with bid prices = Final Clearing Price

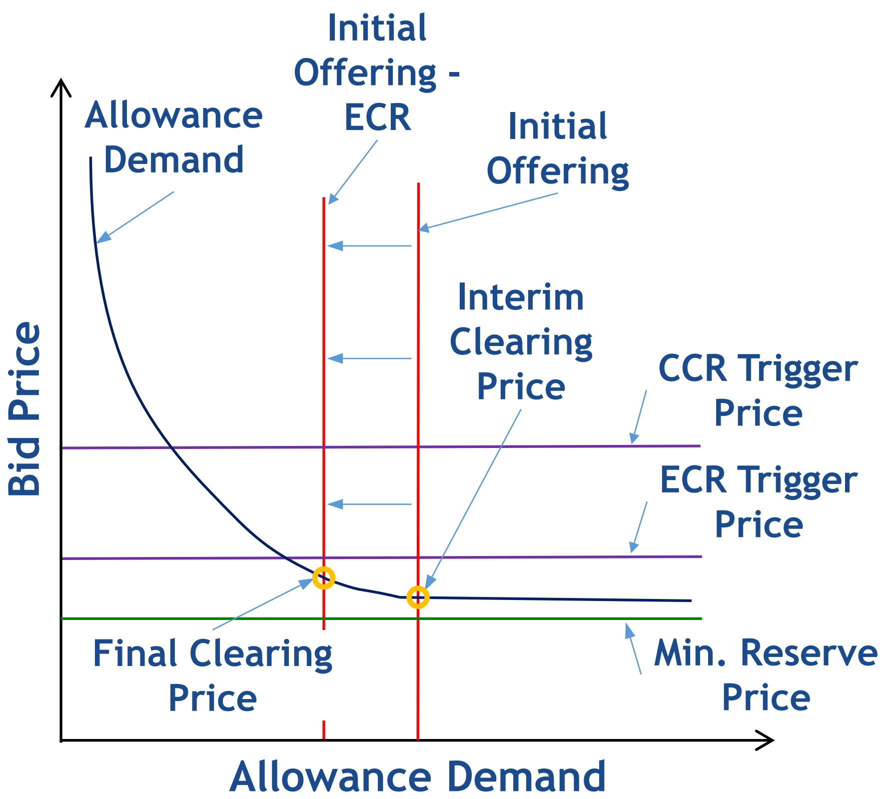
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [4]



Scenario No. 3a – Total Demand > Initial Offering, ECR is Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Bid price of the marginal bid or bids
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price < ECR Trigger Price
  - In this scenario, ECR Allowances are withheld until Final Clearing Price = ECR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices ≥ Final Clearing Price

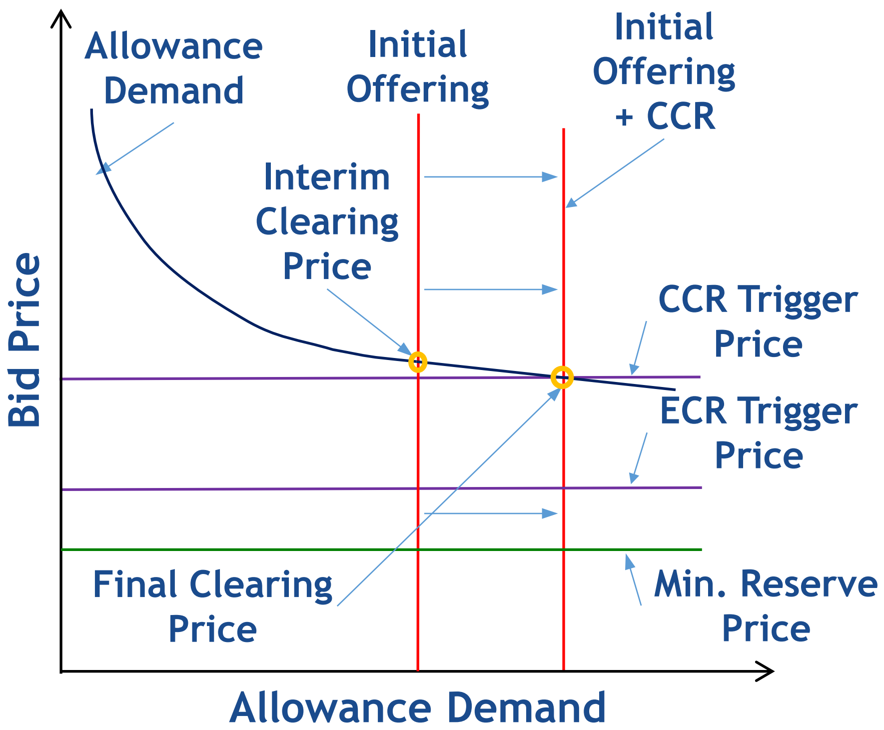
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [5]



Scenario No. 3b – Total Demand > Initial Offering, ECR is Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Bid price of the marginal bid or bids
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price < ECR Trigger Price
  - In this scenario, ECR Allowances are withheld until ECR withholding limit is reached
  - Final Clearing Price = Bid price of the marginal bid or bids and is < ECR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices > Final Clearing Price
  - Tie breaker may apply for marginal bids with bid prices = Final Clearing Price

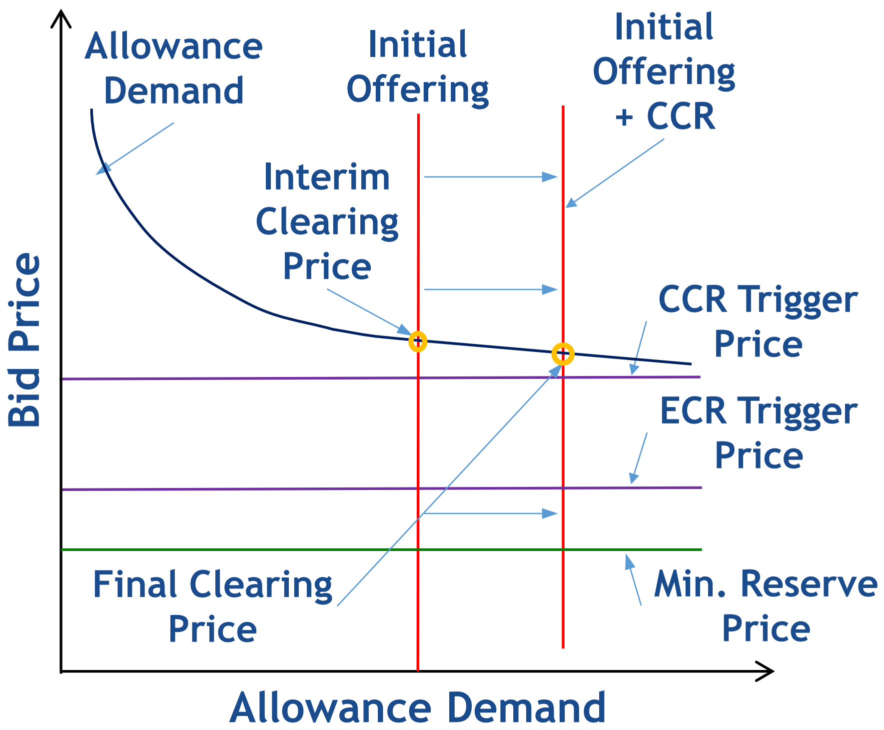
Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [6]



Scenario No. 4a – Total Demand > Initial Offering, CCR is Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Bid price of the marginal bid or bids
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price > CCR Triger Price
  - In this scenario, CCR allowances are released until Final Clearing Price = CCR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices ≥ Final Clearing Price

Mechanics of the ECR & CCR: Clearing Price and Allowance Awards [7]



Scenario No. 4b – Total Demand > Initial Offering, CCR is Triggered

- Step 1: The Interim Clearing Price
  - Interim Clearing Price = Bid price of the marginal bid or bids
- Step 2: Triggering the ECR or CCR and the Final Clearing Price
  - Interim Clearing Price > CCR Trigger Price
  - In this scenario, CCR allowances are released until CCR is exhausted
  - Final Clearing Price = Bid price of the marginal bid or bids and is > CCR Trigger Price
- Step 3: CO_2 Allowance Awards
  - Allowances awarded to bids with bid prices > Final Clearing Price
  - Tie breaker may apply for bids with bid prices = Final Clearing Price

Auction Format Example No. 1

- Sample auction for 100,000 CO_2 allowances
- All bids are ranked by bid price from highest to lowest
  - Cumulative demand is noted at each bid
- Awards made until supply of CO_2 allowances is exhausted, which is Bidder B's bid for 17,000 CO_2 allowances at $7.40

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand
Bidder E	$8.00	21,000	21,000
Bidder A	$7.95	18,000	39,000
Bidder A	$7.80	23,000	62,000
Bidder D	$7.70	21,000	83,000
Bidder B	$7.40	17,000	100,000
Bidder E	$7.10	12,000	112,000
Bidder C	$6.85	10,000	122,000
Bidder E	$6.80	10,000	132,000
Bidder B	$6.75	15,000	147,000
Bidder C	$6.25	20,000	167,000
Bidder A	$6.20	25,000	192,000
Bidder C	$6.00	22,000	214,000
Bidder D	$5.10	10,000	224,000
Bidder A	$5.05	13,000	237,000

- Clearing price is the bid price after the marginal bid, or $7.10 per CO_2 allowance

Auction Format Example No. 2

- Sample auction for 100,000 CO_2 allowances
- Bidder E's, D's, A's, & B's bids at $6.75 cause cumulative demand to exceed supply
  - Clearing price is the bid price of the tied marginal bids, or $6.75
- Tied marginal bids are broken by a random process

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	Random Number
Bidder E	$8.00	13,000	13,000	
Bidder A	$7.50	6,000	19,000	
Bidder B	$7.10	8,000	27,000	
Bidder D	$7.05	14,000	41,000	
Bidder E	$7.00	9,000	50,000	
Bidder A	$6.95	11,000	61,000	
Bidder C	$6.85	18,000	79,000	
Bidder E	$6.75	10,000	89,000	3
Bidder D	$6.75	5,000	94,000	1
Bidder A	$6.75	15,000	109,000	2
Bidder B	$6.75	10,000	119,000	4
Bidder A	$6.25	30,000	149,000	
Bidder C	$6.00	40,000	189,000	
Bidder E	$5.85	35,000	224,000	

- Allowances awarded to each tied bidder in increasing order of their random number

Auction Format Example No. 3 [1]

- Sample auction for 100,000 CO_2 allowances with an ECR of 50,000 allowances
- The ECR trigger price is $6.00 per CO_2 allowance

<u>Step 1: The Interim Clearing Price</u>

- Bidder A's bid causes cumulative demand to exceed supply

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	
Bidder E	$7.00	8,000	8,000	
Bidder A	$6.95	11,000	19,000	
Bidder A	$6.80	9,000	28,000	
Bidder D	$6.70	11,000	39,000	
Bidder B	$6.50	13,000	52,000	
Bidder E	$6.00	12,000	64,000	< Final Clearing Price
Bidder C	$5.85	8,000	72,000	
Bidder E	$5.80	9,000	81,000	
Bidder B	$5.75	11,000	92,000	
Bidder C	$5.25	8,000	100,000	
Bidder A	$5.05	12,000	112,000	< Interim Clearing Price
Bidder C	$5.00	40,000	152,000	
Bidder D	$4.25	16,000	168,000	
Bidder A	$4.15	13,000	181,000	

- Interim clearing price is the bid price of the marginal bid or bids

Auction Format Example No. 3 [2]

Step 2: Triggering the ECR and the Final Clearing Price

- Since the interim clearing price is below the ECR trigger price, ECR Allowances are withheld
  - 58,000 ECR allowances are withheld from the Initial Offering

Step 3: CO_2 Allowance Awards

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	
Bidder E	$7.00	8,000	8,000	
Bidder A	$6.95	11,000	19,000	
Bidder A	$6.80	9,000	28,000	
Bidder D	$6.70	11,000	39,000	
Bidder B	$6.50	13,000	52,000	Final
Bidder E	$6.00	12,000	64,000	< Clearing
Bidder C	$5.85	8,000	72,000	Price
Bidder E	$5.80	9,000	81,000	
Bidder B	$5.75	11,000	92,000	
Bidder C	$5.25	8,000	100,000	Interim
Bidder A	$5.05	12,000	112,000	< Clearing
Bidder C	$5.00	40,000	152,000	Price
Bidder D	$4.25	16,000	168,000	
Bidder A	$4.15	13,000	181,000	

- Allowances are awarded to all bids with a bid price greater than or equal to the final clearing price

Auction Format Example No. 4 [1]

- Sample auction for 100,000 CO_2 allowances with a CCR of 50,000 allowances
- The CCR trigger price is $13.00 per CO_2 allowance

<u>Step 1: The Interim Clearing Price</u>

- Bidder D's bid causes cumulative demand to equal supply

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	
Bidder A	$14.50	16,000	16,000	
Bidder E	$14.00	17,000	33,000	
Bidder A	$13.95	21,000	54,000	
Bidder A	$13.80	24,000	78,000	
Bidder D	$13.70	22,000	100,000	Interim
Bidder B	$13.50	10,000	110,000	< Clearing
Bidder E	$13.45	9,000	119,000	Price
Bidder C	$13.30	10,000	129,000	
Bidder E	$13.05	7,000	136,000	Final
Bidder B	$13.00	12,000	148,000	< Clearing
Bidder C	$12.68	20,000	168,000	Price
Bidder A	$12.05	12,000	180,000	
Bidder C	$12.00	40,000	220,000	
Bidder D	$11.25	16,000	236,000	

- Interim clearing price is the bid price <u>after</u> the marginal bid

Auction Format Example No. 4 [2]

Step 2: Triggering the CCR and the Final Clearing Price

- Since the interim clearing price is above the CCR Trigger Price, CCR Allowances are released
  - CCR allowances are released from the CCR into the Initial Offering

Step 3: CO_2 Allowance Awards

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand	
Bidder A	$14.50	16,000	16,000	
Bidder E	$14.00	17,000	33,000	
Bidder A	$13.95	21,000	54,000	
Bidder A	$13.80	24,000	78,000	
Bidder D	$13.70	22,000	100,000	
Bidder B	$13.50	10,000	110,000	< Interim Clearing Price
Bidder E	$13.45	9,000	119,000	
Bidder C	$13.30	10,000	129,000	
Bidder E	$13.05	7,000	136,000	
Bidder B	$13.00	12,000	148,000	< Final Clearing Price
Bidder C	$12.68	20,000	168,000	
Bidder A	$12.05	12,000	180,000	
Bidder C	$12.00	40,000	220,000	
Bidder D	$11.25	16,000	236,000	

- Allowances are awarded to all bids with a bid price greater than or equal to the final clearing price

Bid Value Example No. 1

- Bids are ranked by bid price from highest to lowest
- Bid price is multiplied by the bidder's cumulative demand at that bid price to calculate a bid value
- The largest bid value calculated and therefore the maximum cost, is the total value of the bidder's bids and is counted against the financial security bid limit - $502,500

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price	
Bidder A	$8.00	17,000	17,000	If this bid is accepted, Bidder A wins 17,000 CO_2 allowances and pays at most $8.00 per CO_2 allowance.	$136,000.00	
Bidder A	$7.50	50,000	67,000	If this bid is accepted, Bidder A wins 67,000 CO_2 allowances and pays at most $7.50 per CO_2 allowance.	$502,500.00	< Max Bid Value
Bidder A	$5.50	17,000	84,000	If this bid is accepted, Bidder A wins 84,000 CO_2 allowances and pays at most $5.50 per CO_2 allowance.	$462,000.00	
Bidder A	$5.00	15,000	99,000	If this bid is accepted, Bidder A wins 99,000 CO_2 allowances and pays at most $5.00 per CO_2 allowance.	$495,000.00	
				Bidder A's maximum bid value is counted against the financial security bid limitation.	**$502,500.00**	

Bid Value Example No. 2

- Bids are ranked by bid price from highest to lowest
- Bid price is multiplied by the bidder's cumulative demand at that bid price to calculate a bid value
- The largest bid value calculated and therefore the maximum cost, is the total value of the bidder's bids and is counted against the financial security bid limit - $438,000

Bidder Name	Bid Price	Bid Quantity	Cumulative Demand		Bid Value at each Bid Price	
Bidder B	$6.85	10,000	10,000	If this bid is accepted, Bidder A wins 10,000 CO_2 allowances and pays at most $6.85 per CO_2 allowance.	$68,500.00	
Bidder B	$6.25	20,000	30,000	If this bid is accepted, Bidder A wins 30,000 CO_2 allowances and pays at most $6.25 per CO_2 allowance.	$187,500.00	
Bidder B	$6.05	21,000	51,000	If this bid is accepted, Bidder A wins 51,000 CO_2 allowances and pays at most $6.05 per CO_2 allowance.	$308,550.00	
Bidder B	$6.00	22,000	73,000	If this bid is accepted, Bidder A wins 73,000 CO_2 allowances and pays at most $6.00 per CO_2 allowance.	$438,000.00	< Max Bid Value
				Bidder B's maximum bid value is counted against the financial security bid limitation.	**$438,000.00**	

Thank you!

Website: https://rggi.org/auctions/auction-materials

Questions: auctionmanager.enelxnorthamerica@enel.com