Regional Greenhouse Gas Initiative

Preparing for CO$_2$ Budget Source
2021 Interim Control Period Compliance

September 28, 2021
Webinar Outline

• Introduction
• Key Terms
• Compliance Timeline & Milestones
• Interim Compliance Process Checklist: 6 Steps
• Interim Compliance in RGGI COATS: Demonstration
• Question & Answer
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What is RGGI CO₂ Budget Source Interim Compliance?

• Under each Regional Greenhouse Gas Initiative (RGGI) participating state’s CO₂ Budget Trading Program, regulated power plants (CO₂ budget sources) are required to provide one CO₂ allowance for each ton of CO₂ emitted during the preceding three-year control period.

• For each interim control period (each of the first two calendar years of each three-year control period), each CO₂ budget source must provide allowances equal to 50 percent of its emissions during each interim control period. (Each CO₂ budget source must hold allowances equal to 100 percent of its emissions for the three-year control period at the end of the control period.)

• A CO₂ allowance represents a limited authorization to emit one short ton of CO₂, as issued by a RGGI state.

• The fifth control period began on January 1, 2021 and extends through December 31, 2023. The current 2021 interim control period began on January 1, 2021 and extends through December 31, 2021.
Introduction

What is RGGI CO$_2$ Budget Source Interim Compliance?

• The RGGI CO$_2$ Allowance Tracking System (COATS) is where compliance transactions occur and is used by each RGGI state to determine compliance with each state’s CO$_2$ Budget Trading Program.

• For a list of current CO$_2$ budget sources, please see the Sources Report on the COATS home page: rggicoats.org.
Key Terms

Note that terms may differ between this presentation, COATS, and state CO$_2$ Budget Trading Programs. If you have any questions on terminology, please contact your state (contact information can be found at the end of this presentation).

- **CO$_2$ Budget Source**: A fossil fuel-fired power plant 25 MW* or greater in size regulated under RGGI.

- **CO$_2$ Interim Compliance Obligation**: 50 percent of the total tons of CO$_2$ emitted during the 2021 interim control period by a CO$_2$ budget source, less any eligible emissions deductions (as determined by each state).

- **Draft True-Up**: The process in COATS which compares the CO$_2$ Interim Compliance Obligation to the sum of any CO$_2$ allowances already surrendered and those remaining in the compliance account. (Draft true-up must be run by 11:59 PM ET on March 1, 2022.)

* New York applicability requirements are 15 MW or greater. See state statutes and regulations for more information.
Key Terms

• **Allowance Transfer Deadline:** Midnight of March 1 occurring after the end of the control period or, if that March 1 is not a business day, midnight of the first business day thereafter.

• **Automatic Deduction of CO₂ Allowances:** The process by which CO₂ allowances (the amount as determined by the relevant state) held in a CO₂ budget source’s compliance account are transferred for interim compliance to the relevant state’s surrender account in COATS upon interim compliance true-up. Interim compliance true-up will occur on March 2, 2022.

• **Surrendering of CO₂ Allowances:** The optional process by which a CO₂ budget source may identify specific CO₂ allowances to be used for compliance by transferring them to the relevant state’s surrender account in COATS by using the Compliance Deduction Transaction in COATS (available from January 31, 2022 through March 1, 2022).
Key Terms

- **Authorized Account Representative (AAR):** For a compliance account (i.e., CO₂ budget source and each CO₂ budget unit at the source), the person who is authorized by the owners and operators of the source and all CO₂ budget units at the source to represent and legally bind each owner and operator in matters pertaining to the CO₂ Budget Trading Program; or, for a general account, the natural person who is authorized to transfer CO₂ allowances held in the general account.

- **Alternate Authorized Account Representative (AAAR):** A person who may act on behalf of the AAR.

- **Electronic Submission Agent (Agent):** A person designated by an AAR or AAAR to act in COATS on their behalf.

- **Reviewer:** A person designated by an AAR or AAAR to review information in COATS on their behalf.
Compliance Timeline & Milestones

December 31, 2021
End of the 2021 interim control period

March 1, 2022 11:59 PM ET
Allowance Transfer Deadline: Provide CO₂ allowances for compliance

Last auction to acquire CO₂ allowances for compliance
Submit Q4-2021 CO₂ emissions data to US EPA CAMD
Run draft true-up & provide CO₂ allowances for compliance*
CO₂ Allowances are deducted for interim compliance (not including previously surrendered allowances)
2021 Interim Compliance Summary Report available

December 1, 2021
• Auction 54: Last auction to acquire CO₂ allowances in the 2021 interim control period

January 30, 2022
• Q4-2021 CO₂ emissions data reporting deadline

March 2, 2022
• 2021 interim compliance true-up

*Note that compliance certification is not required for interim compliance
Interim Compliance Process Checklist: 6 Steps

- **Step 1:** Confirm access to the US EPA’s CAMD Business System.
- **Step 2:** Confirm user registration in COATS.
- **Step 3:** Acquire sufficient CO$_2$ allowances to meet CO$_2$ interim compliance obligation.
- **Step 4:** Submit CO$_2$ emissions data to the US EPA by January 30, 2022.
- **Step 5:** Run draft true-up in COATS by March 1, 2022.
- **Step 6:** Provide sufficient CO$_2$ allowances in COATS compliance account by the allowance transfer deadline (March 1, 2022).
Interim Compliance Process Checklist: 6 Steps

- **Step 1: Confirm access to the US EPA’s CAMD Business System**
  - Facility information including AARs, AAARs, owners, and operators is stored and maintained in the CAMD system, and reflected in COATS.
  - Please ensure you have an AAR and AAAR (if applicable) with access to the CAMD system, and that all information about your facility is up-to-date. Updates made in the CAMD system will flow through to COATS periodically.
  - Note: If you need to change your AAR or make changes that cannot be made in the CAMD system, this process will take time and may require the submission of paper documents. **Please plan accordingly.**
  - See [https://camd.epa.gov/CBS/login/auth](https://camd.epa.gov/CBS/login/auth) for more information about the CAMD Business System.
Step 2: Confirm user registration in COATS

- COATS stores and maintains RGGI accounts and CO₂ allowances, and is where compliance transactions and evaluation are made.

- Please ensure that your facility’s AAR, AAAR (if applicable), any Agents (if applicable), and any Reviewers (if applicable) for COATS are current and have access to COATS.
  - Agents, Reviewers, and general accounts are maintained in COATS.
  - Users cannot make changes to compliance account information in COATS; any changes need to be made in the CAMD system.
  - If you cannot make changes to your CAMD system account information (e.g., the existing AAR has left the company), and/or need to create a new user in COATS, this process will take time and may require the submission of paper documents. Please plan accordingly.
  - See the COATS User’s Guide for more information about COATS.
Step 3: Acquire sufficient CO₂ allowances to meet CO₂ interim compliance obligation

- CO₂ allowances can be obtained in two ways:
  - CO₂ Allowance Auctions
    - Auction 54, to be held on December 1, 2021 is the final RGGI auction to purchase CO₂ allowances before the end of the 2021 interim control period.
    - The Auction 54 Notice will be released in October 2021.
    - For more information on CO₂ Allowance Auctions, please see: https://www.rggi.org/auctions/auction-materials.
  - Secondary Markets
    - CO₂ allowances can also be obtained through the secondary market.

- All CO₂ allowances must be provided for compliance by 11:59 PM ET on March 1, 2022.
  - It is strongly recommended that you obtain all CO₂ allowances necessary for compliance well before the allowance transfer deadline.
Step 4: Submit CO$_2$ emissions data to the US EPA by January 30, 2022

- Emissions for the final quarter of the fourth control period (Q4-2021) must be submitted to US EPA’s CAMD Business System by January 30, 2022.

- CO$_2$ emissions data updates for the 2021 interim control period will continue to flow to COATS from the CAMD system through interim compliance true-up.

- If there are any changes to CO$_2$ emissions data, the relevant state, AAR, and any AAAR, Agent(s), and/or Reviewer(s) associated with the compliance account will be notified via COATS.
Step 5: Run draft true-up in COATS by March 1, 2022

- CO₂ budget sources must run draft true-up in COATS by 11:59 PM ET on March 1, 2022, which will compare their CO₂ interim compliance obligation to the sum of CO₂ allowances surrendered and/or held in their compliance account.

- CO₂ budget sources may run draft true-up in COATS as many times as needed.

- Note that compliance certification is not required for interim compliance.

- Interim compliance true-up will occur on March 2, 2022, and the 2021 Interim Compliance Summary Report will be made available in COATS.
Step 6: Provide sufficient CO$_2$ allowances in COATS compliance account by the allowance transfer deadline (March 1, 2022)

- All CO$_2$ budget sources must hold sufficient CO$_2$ allowances in their compliance account (not including any CO$_2$ allowances previously surrendered) to meet their CO$_2$ interim compliance obligation in COATS by 11:59 PM ET on March 1, 2022.

- Please note the CO$_2$ interim compliance obligation will reflect any emissions data updates that may occur after the emissions reporting deadline of January 30. Therefore, you should consider the potential for such updates when determining how many CO$_2$ allowances to hold in your compliance account for interim compliance.

- Deduction of CO$_2$ Allowances: Following the allowance transfer deadline of March 1, 2022, CO$_2$ allowances will be deducted from each CO$_2$ budget source’s compliance account, and the 2021 Interim Compliance Summary Report will be made available in COATS.
Interim Compliance Process Checklist: 6 Steps

- **Step 6: Provide sufficient CO₂ allowances in COATS compliance account by the allowance transfer deadline (March 1, 2022)**

  - Surrendering of CO₂ Allowances (optional): If you wish to identify specific CO₂ allowances to use for interim compliance, you may do so by using the Compliance Deduction Transaction in COATS between January 31, 2022 and March 1, 2022.
    - Any identified CO₂ allowances will be transferred from your compliance account to your relevant state’s surrender account for compliance at the point of the transaction.
    - Any remaining balance of CO₂ allowances to meet your CO₂ interim compliance obligation will be automatically deducted pursuant to the regulations of the state in which the CO₂ budget source resides.

  - For additional information on COATS transactions, see the COATS User’s Guide.
Compliance in RGGI COATS: 
A How-To Guide
Compliance in RGGI COATS: A How-To Guide

**Step 1:** How to determine your total CO₂ interim compliance obligation

**Step 2:** How to provide CO₂ allowances for interim compliance

**Step 3:** How to conduct draft true-up

**Step 4:** How to view compliance reports

*Note:* Screenshots serve as examples only and do not represent any real data or accounts. Screenshots may not represent exact screens in COATS. Please see the COATS User’s Guide for additional information.
Compliance in RGGI COATS: A How-To Guide

Step 1: How to determine your total CO\textsubscript{2} interim compliance obligation

1. In COATS (rggi-coats.org), click on the Emissions link in the menu navigation bar. This will bring you to the Emissions page, which displays all sources (units) with which you have been associated as an AAR, AAAR, Agent, or Reviewer.
Compliance in RGGI COATS: A How-To Guide

Step 1: How to determine your total CO₂ interim compliance obligation

2. You can choose to view your emissions Quarterly, Annually, or for the Control Period (Note: Only the Annual view is shown below).

![Emissions - Annual View](image)

Use the filter criteria to find a specific source or unit.

Click the Export Data button to download the grid as a .csv file to your local drive.
Step 2: How to provide CO$_2$ allowances for compliance

- The **Allowance Transfer Transaction** in COATS:
  - Allows you to transfer CO$_2$ allowances to your compliance account.
  - Allows you to select CO$_2$ allowances to transfer either automatically or manually by CO$_2$ allowance serial block.
Step 2: How to provide CO₂ allowances for compliance

To transfer CO₂ allowances to your compliance account:

1. In COATS, click on the Transfer Allowances sub-menu under the Allowance Transactions menu.
Step 2: How to provide CO$_2$ allowances for compliance

2. Select the Transferring Account from which you will transfer CO$_2$ allowances.
Step 2: How to provide CO₂ allowances for compliance

3. Select the Acquiring Account which will receive the CO₂ allowances.
Step 2: How to provide CO$_2$ allowances for compliance

4a. Select Allowances to Transfer (Automatic Selection Method): By choosing “Automatic Selection”, COATS will automatically select the CO$_2$ allowances to be transferred based on the allocation year(s) and serial number.

![Image showing the process of selecting allowances to transfer](image-url)
Step 2: How to provide CO₂ allowances for compliance

4b. Select Allowances to Transfer (Serial Block Selection Method): As an alternative to the automatic selection method (described in the previous slide), you may select CO₂ allowances from a specific serial block range.
5. Review and approve the transaction

Transfer Allowances: Step 4 - Review and Approve Transaction

The CO₂ allowance transfer must include a transaction date, which is the date of the completion of the sale or purchase transaction for the CO₂ allowances. If any, and must include the sale or purchase price of the CO₂ allowance that is the subject of a sale or purchase transaction. The “sale or purchase transaction” is the financial transaction associated with the current allowance transfer. Note that the “sale or purchase transaction” may have occurred prior to the date that the allowance transfer is recorded in COATS and that RGGI COATS will automatically record today’s date as the transaction date if you do not report a transaction date.

If the CO₂ allowance transfer is the result of a settlement on a futures exchange, the exchange settlement box below should be checked and the sale or purchase transaction price reported to RGGI COATS should be consistent with the payment instructions to the respective buyer clearing member for the full contract value based upon the expiration day’s settlement price in a means and manner prescribed by the clearing service provider.

Click the Submit button to finalize the allowance transfer.

Enter your COATS Password as your electronic signature to indicate that you agree to the terms of the certification statement.

Click the Submit button to complete the transaction.

If the allowance transfer is a sale or purchase transaction, then the “Price per allowance of associated sale or purchase transaction ($)” field must be completed. If it is not, the “Check here if there is no associated sale or purchase transaction” checkbox must be clicked.

www.rggi.org
Step 2: How to provide CO$_2$ allowances for compliance

6. Confirmation of Allowance Transaction. We recommend that you print the page for your records. Check your email for a system-generated confirmation of the allowance transfer.
Step 2: How to provide CO$_2$ allowances for compliance

The **Compliance Deduction Transaction** in COATS:

- **Is optional** (you are only required to transfer sufficient CO$_2$ allowances to your compliance account).
- Will be available in COATS from January 31 to March 1, 2022.
- Will transfer selected CO$_2$ allowances for surrender from your compliance account to your state’s surrender account for compliance.
- Allows you to select CO$_2$ allowances to surrender either automatically or manually by CO$_2$ allowance serial block.
Step 2: How to provide CO$_2$ allowances for compliance

To conduct a Compliance Deduction Transaction:

1. You must already have transferred CO$_2$ allowances to your compliance account (as described in previous slides).
2. In COATS, click on the **Compliance Deduction** sub-menu under the **Allowance Transactions** Menu.
Step 2: How to provide CO₂ allowances for compliance

Select the Surrendering Account from which you will transfer CO₂ allowances.

**Surrender Allowances: Step 1 - Select Surrendering Account**

Use the radio button to select a transferring account and view the Allowance Holdings available in that account.

Use the filter criteria to find a specific transferring account.

View the Allowance Holdings grid for details on the allowances held in the account, including the Total Allowances Available in the lower right hand corner.
Step 2: How to provide CO\textsubscript{2} allowances for compliance

Select the Surrender Account which will receive the transferred CO\textsubscript{2} allowances (e.g., a Surrender Account for the regulating state)

Use the radio button to select the Surrender Account. Only the Surrender Accounts associated with the state in which the Compliance Account Selected in Step 1 is located will appear in the grid for selection.
Compliance in RGGI COATS: A How-To Guide

Step 2: How to provide CO$_2$ allowances for compliance

4a. Select Allowances to Surrender – Automatic Selection Method

![Diagram showing the process of selecting allowances to surrender in COATS]

- **Automatic Selection**: Choose the automatic selection method.
- **Enter the quantity of allowances**: Specify the amount of allowances to be surrendered.
- **Select Allocation Year of the allowances**: Choose the allocation year from the available grid.
- **Choose the deduction method**: Decide on the method to apply for deduction.

After entering the above criteria and clicking Calculate, COATS will automatically select the allowance serial numbers to transfer.
Step 2: How to provide CO₂ allowances for compliance

4b. Select Allowances to Surrender – Manual Selection Method. As an alternative to the automatic selection method (described on the previous slide), you may manually select CO₂ allowances to transfer choosing from a specific serial block range and selecting the receiving account.

Surrender Allowances: Step 3 - Select Allowances to Surrender

<table>
<thead>
<tr>
<th>Available Allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Year</td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2014</td>
</tr>
</tbody>
</table>

- Use the Select All checkbox if all allowances held in the transferring account will be transferred.
- Check the serial block of allowances you would like to transfer from the transferring account to the acquiring account.
- Enter the quantity of each checked serial block to be transferred.
- Total Allowances to be Surrendered 100
Step 2: How to provide CO\(_2\) allowances for compliance

5. Review and approve the transaction.
Step 2: How to provide CO$_2$ allowances for compliance

6. Confirmation of Allowance Transaction. We recommend that you print the page for your records. Check your email inbox for a system-generated confirmation of the allowance transfer.

Click the Continue button to proceed to the Allowance Transactions page.
Step 3: How to conduct draft true-up

1. View the Compliance Homepage by clicking the Compliance link in the menu navigation bar. This displays the state(s) (in which you have a compliance account) by control period currently available for true-up processing, as indicated by the "Open" Status in the grid.

   **Compliance**

   The control periods by state available below are those with which you have a compliance account. In order to Process True-Up (perform a draft compliance assessment), select a control period in the grid via radio button and click the Process True-Up button.

   Use the filter criteria to find a specific Control Period for a State.

   Select a Control Period for a State from the grid via radio button.

   Click the Process True-Up button once you have selected a Control Period for a State and are ready to proceed to the Select Sources for True-Up Processing page.

   The Status indicates whether the Control Period for the State is available for true-up processing.
Step 3: How to conduct draft true-up

2. **Select Sources for True-Up Processing.** This page displays the sources for which you are affiliated as an AAR, AAAR, Agent, or Reviewer and the results of the last draft (or final) true-up processing performed.

![Select Sources for True-Up Processing](image)

*Use the filter criteria to find a specific source.*

*Select the source for Process True-Up via the check box.*

Click the Process True-Up button once you have selected a source and are ready to proceed to the Compliance Processing page.
Step 3: How to conduct draft true-up

3. **Compliance Processing.** This page displays the results of the current draft true-up processing based on previously surrendered CO₂ allowances and CO₂ allowances held in the compliance account at the time of processing.

### Compliance Processing

*Processing Complete.*

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Account Number</th>
<th>ORIS Code</th>
<th>Unit ID(s)</th>
<th>Total CO₂ Emissions</th>
<th>Biomass Emissions Deducted</th>
<th>CHP Thermal Output Emissions Deducted</th>
<th>CO₂ Interim Compliance Obligation</th>
<th>AAR Surrendered Allowances</th>
<th>Default Deductions</th>
<th>Total Allowances Deducted</th>
<th>Status</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demo 1 Compliance Account</td>
<td>MA1234</td>
<td>1234</td>
<td>11, 12, 13, 14, 15, 16, 17, 18</td>
<td>2,282</td>
<td>0</td>
<td>0</td>
<td>1,141</td>
<td>0</td>
<td>1,141</td>
<td>1,141</td>
<td>Complete CO₂ Interim Compliance Obligation = Allowances</td>
<td></td>
</tr>
</tbody>
</table>

*The Result column will display “CO₂ Interim Compliance Obligation = Allowances” if the draft true-up was successful. If not, it will display "CO₂ Interim Compliance Obligation > Allowances," meaning CO₂ Interim Compliance Obligation is greater than Total Allowances Deducted.*

*The processing box displays the unit by unit processing statuses for the source(s) selected, including any warning messages.*
Step 4: How to view compliance reports

The 2021 Interim Compliance Summary Report

– This report will be publicly available in COATS and will show data regarding CO$_2$ allowances provided by CO$_2$ budget sources to meet their interim compliance obligation for that interim control period.

– This report will be available to the public following interim compliance true-up.
Step 4: How to view compliance reports

• Go to the COATS homepage and click on the desired report category in the "Public Reports" section of the screen. No login is required.
Question & Answer

- **To ask a question during the webinar:** Send your question via the “Q&A” function to the presenters on your webinar screen.

- **To ask a question after the webinar:** If you have additional questions following the webinar, you can email them to Anna Ngai at RGGI, Inc.: [anna.ngai@rggi.org](mailto:anna.ngai@rggi.org).
Additional Resources

- **State CO₂ Budget Trading Programs**
  - The compliance process for RGGI CO₂ budget sources is governed by the applicable of the state in which the facility is located. For more information, see [https://www.rggi.org/program-overview-and-design/state-regulations](https://www.rggi.org/program-overview-and-design/state-regulations).

- **RGGI Website**
  - Additional information related to compliance can be found at: [https://www.rggi.org/allowance-tracking/compliance](https://www.rggi.org/allowance-tracking/compliance).

- **RGGI COATS**:
  - RGGI COATS can be accessed at: [rggi-coats.org](https://rggi-coats.org).
  - For more information, see the RGGI COATS [User’s Guide](https://rggi-coats.org).

- **US EPA’s Emissions Reporting Requirements**
  - See the US EPA CAMD website at [https://www.epa.gov/airmarkets](https://www.epa.gov/airmarkets).
Contacts

• For questions related to COATS, please email rggi-coats@gdit.com.
• For other questions related to compliance, please contact the relevant state contact person below.

<table>
<thead>
<tr>
<th>State</th>
<th>Contact Person</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT</td>
<td>Mike LaFleur</td>
<td><a href="mailto:Michael.LaFleur@ct.gov">Michael.LaFleur@ct.gov</a></td>
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</tr>
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<td>(302) 324-2090</td>
</tr>
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<tr>
<td>VA</td>
<td>Samuel Ressin</td>
<td><a href="mailto:Samuel.Ressin@deq.virginia.gov">Samuel.Ressin@deq.virginia.gov</a></td>
<td>(804) 698-4200</td>
</tr>
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</table>
Thank You!

A recording of this presentation will be made available on the RGGI website at: