

The Regional Greenhouse Gas Initiative

an initiative of the New England and Mid-Atlantic States of the U.S.

RGGI Compliance: CO₂ Budget Source Fact Sheet

Under each RGGI participating state's CO₂ Budget Trading Program, each regulated power plant (a "CO₂ budget source") is required to hold one CO₂ allowance for each ton of CO₂ emitted during the preceding three-year control period. The fourth RGGI control period began on January 1, 2018 and extends through December 31, 2020. The CO₂ budget source compliance process occurs in four stages: CO₂ emissions reporting, compliance activities in the RGGI CO₂ Allowance Tracking System (COATS), compliance evaluation, and public reporting.

1. CO₂ Emissions Reporting (CO₂ Budget Sources)

CO₂ budget sources are required to report quarterly CO₂ emissions data to the RGGI participating states through the U.S. Environmental Protection Agency's (U.S. EPA's) Clean Air Markets Division (CAMD) Business System (CBS) in accordance with state CO₂ Budget Trading Program regulations and U.S. EPA regulations at 40 CFR Part 75. Updates made in the CAMD Business System flow to COATS periodically. For more information on U.S. EPA's emissions reporting requirements, please see: <https://www.epa.gov/airmarkets>.

The final quarter of the fourth control period is Q4-2020 (October 1, 2020 – December 31, 2020). The deadline to submit CO₂ emissions data to the U.S. EPA for Q4-2020 is January 30, 2021.

2. Compliance Activities in COATS: Run Draft True-Up, Provide CO₂ Allowances, and Certify Compliance (CO₂ Budget Sources)

CO₂ budget sources must run draft "true-up" in COATS by 11:59 PM ET on March 1, 2021, which will compare their CO₂ compliance obligation to the sum of the CO₂ allowances surrendered and those remaining in the compliance account.

CO₂ budget sources are required to acquire and provide sufficient CO₂ allowances in COATS to meet their remaining "CO₂ compliance obligation" (tons of CO₂ emitted during the preceding three-year control period, less any exempted emissions deductions) by 11:59 PM ET on March 1, 2021. Market participants can obtain CO₂ allowances in quarterly CO₂ allowance auctions or through various secondary markets. Auction 50, to be held on December 2, 2020, is the last CO₂ allowance auction to purchase CO₂ allowances before the end of the fourth control period. For more information on CO₂ allowance auctions, please see the [Auctions](#) section of the RGGI website.

CO₂ budget sources must transfer and hold sufficient CO₂ allowances in their compliance account in COATS by 11:59 PM ET on March 1, 2021. A CO₂ budget source may also optionally identify specific CO₂ allowances to be used for compliance (or "surrender" CO₂ allowances) by using the Compliance Deduction Transaction in COATS between February 1, 2021 and March 1, 2021.

Dates to Remember:

No later than October 6, 2020:

CO₂ Allowance Auction 50 Notice Release

December 2, 2020: CO₂ Allowance Auction 50

January 30, 2021: Deadline to submit Q4-2020 CO₂ emissions data to the U.S. EPA

March 1, 2021 (by 11:59 PM ET): Deadline to provide CO₂ allowances and to certify compliance for fourth control period compliance

March 2, 2021:

- CO₂ allowances (fourth control period allocation year and prior) in compliance accounts are frozen in COATS
- Compliance data submitted by sources publicly available

March 2, 2021 – April 1, 2021: States evaluate compliance for each CO₂ budget source

April 2, 2021 (final true-up):

- CO₂ allowances are automatically deducted from compliance accounts (not including any CO₂ allowances which have already been surrendered)
- State compliance evaluations publicly available
- Following final compliance true-up, CO₂ allowances in compliance accounts are unfrozen (if no allowance shortfall exists after compliance deductions are complete)

CO₂ budget sources must also certify compliance between February 1, 2021 and March 1, 2021 according to each state's CO₂ Budget Trading Program. This may include electronic and/or paper certification. Please note that if a paper compliance certification report is required, all paper materials must be received by the relevant state agency no later than 5:00 PM ET on March 1, 2021. If electronic compliance certification is required, electronic submission must be completed in COATS no later than 11:59 PM ET on March 1, 2021. Please note that only the Authorized Account Representative (AAR) or Alternate Authorized Account Representative (AAAR) for a CO₂ budget source can access the Compliance Certification Report and certify compliance electronically in COATS.

3. Compliance Evaluation (RGGI Participating States)

From March 2, 2021 – April 1, 2021, the RGGI participating states will evaluate each CO₂ budget source's Compliance Certification Report and the number of CO₂ allowances provided for compliance relative to their CO₂ compliance obligation. Final true-up will occur on the first business day following April 1, 2021, which is April 2, 2021. First, second, third, and fourth control period CO₂ allowances in compliance accounts will be frozen from March 2, 2021 through final true-up. During this time, CO₂ budget sources will not be able to transfer or receive first, second, third, and fourth control period CO₂ allowances in their compliance accounts (but will be able to transfer and receive CO₂ allowances held in general accounts regardless of allocation year). CO₂ budget sources are strongly encouraged to have access to a general account if they anticipate transferring or receiving first, second, third, or fourth control period CO₂ allowances in COATS during this time. For more information on how to open a general account, please see the COATS [User's Guide](#).

Following final true-up on April 2, 2021, CO₂ allowances will be automatically deducted from compliance accounts for compliance in accordance with the rules specified in each state's CO₂ Budget Trading Program, state-derived evaluations of compliance will be released publicly, and compliance accounts will be unfrozen, unless there is any shortfall of allowances to meet the CO₂ compliance obligation after final true-up. If there is a shortfall of CO₂ allowances to meet the CO₂ compliance obligation, the CO₂ budget source may not be able to transfer any CO₂ allowances out of their compliance account until excess emissions are resolved. For more information, please see each state's CO₂ Budget Trading Program regulations.

4. Public Reporting (Public)

There are two compliance data reports that will be made available to the public. From March 2, 2021 until final true-up, a **Source-Submitted Compliance Report** will be available in COATS for the public to view data that was submitted by CO₂ budget sources. This report will not include any state-derived evaluations of compliance. On April 2, 2021 this Source-Submitted Compliance Report will be replaced by a **Compliance Summary Report** in COATS, which will include state-derived compliance evaluations. A static form of the Source-Submitted Compliance Report will remain available on the Archived Reports section of the COATS website.

To view public reports in COATS, go to rggi-coats.org and click on the desired report category in the "Public Reports" section. No login is required.

Additional Information:

- The compliance process for CO₂ budget sources is governed by the applicable CO₂ Budget Trading Program of the participating state in which the facility is located. For more information, see: <http://www.rrgi.org/design/regulations>.
- To learn more about CO₂ Budget Source (RGGI) Compliance, see the RGGI website: <https://www.rrgi.org/allowance-tracking/compliance> and the [CO₂ Budget Source Checklist](#).