

# Regional Greenhouse Gas Initiative

an Initiative of the Northeast and Mid-Atlantic States of the U.S.

## **Request for Stakeholder Input in Preparation for RGGI Program Review**

November 5, 2010

The Regional Greenhouse Gas Initiative (RGGI) is a collaborative effort of ten Northeast and Mid-Atlantic states to reduce carbon dioxide (CO<sub>2</sub>) emissions from the power sector. Based on the independent statutory and/or regulatory authority of each state, CO<sub>2</sub> Budget Trading Programs in each of the participating states took effect on or before January 1, 2009.

The RGGI participating states are preparing to conduct the 2012 program review called for in the RGGI Memorandum of Understanding (MOU), including an evaluation of program success, program impacts, additional CO<sub>2</sub> reductions, electricity imports and potential emissions leakage, and offsets.

The RGGI participating states have engaged ICF International to conduct electricity sector modeling using the Integrated Planning Model (IPM) and are holding meetings with stakeholders to receive input on the IPM modeling. The first stakeholder meeting to review modeling considerations was held on September 13, 2010.

A second stakeholder meeting is scheduled for November 12, 2010, to review the IPM reference case, provide input on sensitivity runs, comment on a retrospective analysis of CO<sub>2</sub> emissions and begin discussion of possible responses to the results of the reference case modeling that should be considered during program review. The slides to be presented at the meeting are available at [www.rggi.org](http://www.rggi.org). The RGGI participating states expect to continue stakeholder dialogue throughout the RGGI program review process.

**Agenda**  
**Stakeholder Meeting**  
**November 12, 2010**  
**90 Church St., NY, NY, 4th Floor**

**Telephone line: (800) 954-0624**

**Webinar link:** <http://www.webdialogs.com>, Conference ID: 58089

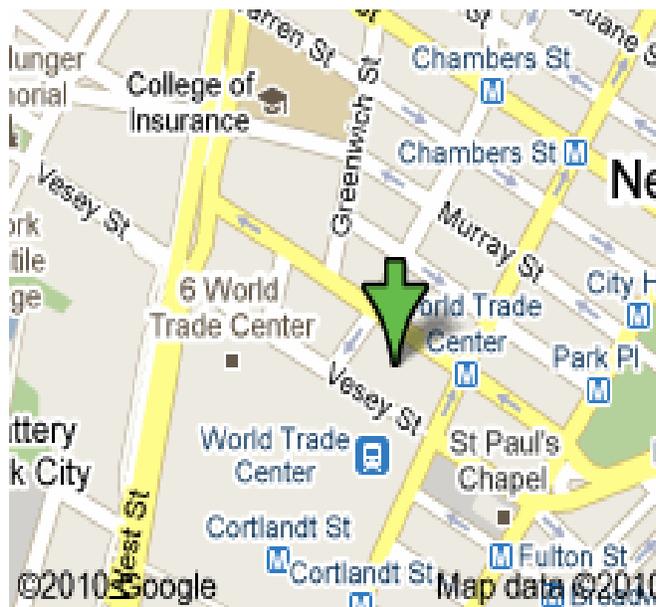
Please allow at least 15 minutes for security

- 9:30 Registration
- 10:00 Welcome  
*Jared Snyder*, Assistant Commissioner, NYSDEC
- 10:10 Call to Order and Introductions  
*Nicole Singh*, RGGI, Inc. (*Co-facilitator*)
- 10:20 Agenda and Procedures Review  
*Mark Lowery*, NYSDEC (*Co-facilitator*)
- 10:30 Relative Effects of Various Factors on RGGI Electricity Sector CO<sub>2</sub> Emissions:  
2009 Compared to 2005  
*Karl Michael*, NYSERDA
- 11:15 Reference Case Assumptions and Results  
*Christopher MacCracken*, ICF
- 12:45 Lunch (on your own)
- 1:45 Sensitivities on the Reference Case: Assumptions and Results  
*Christopher MacCracken*, ICF
- Sensitivity 1: High Load
  - Sensitivity 2: Low Load
  - Sensitivity 3: High Gas / Low Oil
  - Sensitivity 4: Low Gas
  - Sensitivity 5: High Emissions Combination
  - Sensitivity 6: Low Emissions Combination
  - Proposed Sensitivity: Federal Regulatory Policies
- 3:00 Break
- 3:15 Additional Discussion of Reference Case Results  
*Nicole Singh*, RGGI, Inc.
- 4:15 Closing Comments
- 4:30 Adjourn

## Logistics for RGGI Stakeholder Meeting

- LOCATION:** 90 Church Street, 4<sup>th</sup> Floor, New York, NY 10007  
Between Vesey and Barclay streets
- TIME:** Friday, November 12, 2010 from 9:30 AM to 4:30 PM  
9:30 to 10:00 AM – Check-in and registration
- PARTICIPATION:** The meeting is open to the public.
- PRE-REGISTRATION:** By e-mail to [info@rggi.org](mailto:info@rggi.org) (required)  
Registration deadline is Wednesday, November 10, 2010 at 4 PM.
- SECURITY:** Photo identification is required for security check-in at 90 Church St.

### MAP:



### WEBINAR and TELEPHONE DIAL-IN DETAILS:

Telephone line: (800) 954-0624

Webinar info: URL: <http://www.webdialogs.com>  
Conference ID: 58089  
Technical Support: 1-888-376-0105

Webinar participants should dial the telephone line to hear the presentations. No audio will be transmitted via the webinar application. Webinar participants will be able to submit questions and comments remotely via the webinar's chat feature.

**PURPOSE:**

RGGI, Inc. is facilitating this meeting on behalf of the RGGI participating states to gather input on components of an economic model of electricity and CO<sub>2</sub> allowance markets, including the following:

- Retrospective analysis comparing RGGI electricity sector CO<sub>2</sub> emissions in 2005 and 2009
- Assumptions and results of the reference case
- Assumptions and results of sensitivity analyses completed to date
- Additional discussion of reference case results

**FORMAT AND MATERIALS:**

Presentations will be made on each of the above topics. After each presentation there will be opportunity for stakeholder questions and comments. Slides describing the reference case assumptions and results and the sensitivity assumptions and results, as well as the retrospective analysis document, are available at [www.rggi.org](http://www.rggi.org).

## Instructions for Written Comments

Written comments are encouraged and should be submitted by email to [info@rggi.org](mailto:info@rggi.org) by November 30, 2010, 5:00 PM. Written comments should be organized by topic with the topic title clearly noted at the top of each section. All written comments submitted will be posted at [www.rggi.org](http://www.rggi.org) by December 6, 2010.

The participating states are seeking input based on the following questions:

### IPM Model Reference Case:

Do you have any comments or suggestions on the reference case results?

### IPM Model Reference Case Sensitivities:

Do you have any comments or suggestions regarding use of specific assumptions in any of the sensitivity runs?

Do you have any comments or questions on the results of the sensitivities?

Are there additional sensitivities that should be considered in the analysis?

### Retrospective Analysis of CO<sub>2</sub> Emissions, 2005 to 2009:

Do you have any comments on the approach or methodology used in the retrospective analysis?

### IPM Reference Case Results:

- 1) The IPM reference case results indicate that CO<sub>2</sub> emissions from RGGI compliance entities are projected to be less than the regional CO<sub>2</sub> allowance budget for the foreseeable future. What are the implications and issues the participating states should consider in looking at the projected CO<sub>2</sub> emissions levels and the RGGI CO<sub>2</sub> allowance budget? If the RGGI participating states consider changes to the regional CO<sub>2</sub> allowance budget, what guidance would you provide on ways to do this? Potential examples for purposes of discussion include:
  - a. Retire unsold CO<sub>2</sub> allowances at the end of each control period
  - b. Revise the regional CO<sub>2</sub> allowance budget; a few examples include:
    - i. Revise the regional CO<sub>2</sub> allowance budget to reflect recent average CO<sub>2</sub> emissions (e.g., 2008-2010 emissions; 131mt);
    - ii. Extend the scheduled 2.5% annual CO<sub>2</sub> emissions reductions beyond 2018
    - iii. Other
  - c. Create a strategic reserve of CO<sub>2</sub> allowances as a cost containment mechanism
  - d. Other options

What suggestions do you have for modeling or otherwise assessing options for addressing the RGGI CO<sub>2</sub> allowance budget?

- 2) The IPM reference case results project a bank of accrued CO<sub>2</sub> allowances from the first control period (representing both CO<sub>2</sub> allowances distributed to the market and CO<sub>2</sub> allowances that go unsold at auctions). What are the implications and issues the states should consider in looking at the potential bank of CO<sub>2</sub> allowances? If the RGGI participating states consider adjusting the regional CO<sub>2</sub> allowance budget to account for an accrued CO<sub>2</sub> allowance bank, what guidance would you provide for ways to do this? Potential examples for purposes of discussion include:
  - a. Retire unsold CO<sub>2</sub> allowances
  - b. Reduce the regional CO<sub>2</sub> allowance budget below projected CO<sub>2</sub> emissions levels to compensate for surplus allowances
  - c. Other options

What suggestions do you have for modeling or otherwise assessing options for evaluating the potential CO<sub>2</sub> allowance bank?

#### Other Options for Program Review

- 1) The RGGI participating states expect to continue stakeholder dialogue throughout the RGGI program review process. Stakeholders are invited to propose options for potential program adjustment that the states should consider in program review, as well as how these options might be assessed. Potential examples for purposes of discussion include:
  - a. Adjustments in procedures of the RGGI program
  - b. Adjustments in scope of the RGGI program
- 2) What other comments or topics do you recommend the RGGI participating states consider as they prepare for program review?

Thank you for your comments and suggestions!