

THE REGIONAL GREENHOUSE GAS INITIATIVE

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

RGGI Program Review-Summary of Proposed Changes to RGGI Regional CO₂ Allowance Budget

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Summary of Proposed Changes to RGGI CO₂ Allowance Budget

- The following slides summarize the proposed changes to the RGGI regional CO₂ allowance budget as a result of the 2012 RGGI program review.
- More information on the proposed changes to the RGGI regional CO₂ allowance budget can be found in the [*Updated Model Rule*](#) (Sections XX-1.2 and XX-5.3) and [*Summary of Recommendations to Accompany Model Rule Amendments*](#) available at http://www.rggi.org/design/program_review.

List of Proposed Changes to RGGI CO₂ Allowance Budget

- The CO₂ allowance base budget will be reduced to 91 million short tons in 2014
- The CO₂ allowance base budget will be reduced 2.5% per year for 2015-2020
- Two *Interim Adjustments for Banked Allowances* will be made to address the private bank of allowances held by market participants:
 - The first interim adjustment will be **released no later than January 15, 2014** and will be applied to the base budget over 7 years (2014-2020)
 - The second interim adjustment **will be released on March 17, 2014** and will be applied to the base budget for 6 years (2015-2020)
- Market participants may continue to bank allowances

Illustrative Example--Interim Adjustments for Banked Allowances

- The following presents an illustrative example of how the 2014-2020 regional CO₂ allowance budget and interim adjustments for banked allowances would work
- Please note that the numbers used in this example are **not the actual first control period and second control interim adjustments**
- Additional information would be needed to calculate the final interim adjustments including:
 - Annual 2013 RGGI source emissions
 - Allowances sold at upcoming auctions
 - Distribution of allowances from state set aside accounts

Illustrative Example--Interim Adjustments for Banked Allowances (cont.)

- The following illustrative example assumes:
 - First control period bank of allowances is 56 million
 - Second control period bank of allowances is 72 million
- The first control period adjustment is made over a 7 year period (2014-2020) for an adjustment of 8 million allowances per year
- The second control period adjustment is made over a 6 year period (2015-2020) for an adjustment of 12 million allowances per year
- Please note that the numbers used in this example are **not the actual first control period and second control interim adjustments**

Illustrative Example--Interim Adjustments for Banked Allowances (cont.)

Illustrative Example: How Interim Adjustments Would Apply to RGGI CO ₂ Allowance Budget							
	2014	2015	2016	2017	2018	2019	2020
Regional Nine State CO ₂ Budget	91,000,000	88,725,000	86,506,875	84,344,203	82,235,598	80,179,708	78,175,215
First Control Period Interim Adjustment (56 M)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
After First Adjustment	83,000,000	80,725,000	78,506,875	76,344,203	74,235,598	72,179,708	70,175,215
Second Control Period Interim Adjustment (72 M)		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
After Second Adjustment		68,725,000	66,506,875	64,344,203	62,235,598	60,179,708	58,175,215

1. There are 3,087,710 allocation year 2014 allowances in circulation. This includes 279,758 New Jersey allocation year 2014 allowances. The New Jersey allowances are in addition to the 9-state 2014 CO₂ allowance budget.
2. With the exception of the regional nine state CO₂ budget, all numbers used in this chart are examples for illustrative purposes. **These numbers are not the actual first control period and second control period interim adjustments.**
3. Due to current allocation provisions in state regulations, an estimated 124,880 allocation year 2012 and 2013 allowances in state set aside accounts may be distributed or auctioned after the second control period interim adjustment. These allowances would not be included in the interim adjustment.

