

The Northeast Regional Greenhouse Gas Coalition

RGGI Policy Recommendations Compliance and Enforcement



As a stakeholder in the Regional Greenhouse Gas Initiative, the Northeast Regional Greenhouse Gas Coalition (the GHG Coalition) has been evaluating alternative design options for a CO₂ cap-and-trade program in the Northeast. The GHG Coalition has developed a comprehensive policy framework outlining its recommendations for the design of the RGGI program. This one-pager summarizes GHG Coalition recommendations regarding the compliance and enforcement provisions.



Compliance and enforcement provisions are essential for effective implementation of emission cap-and-trade programs. Under the RGGI program, compliance and enforcement activities will be the responsibility of the individual RGGI states. The GHG Coalition offers the following general recommendations:



- build on 40 CFR Part 75 and the existing infrastructure within EPA's Clean Air Markets Division to obtain the necessary CO₂ emissions data from RGGI-affected electric generating units;



- do not require so-called "fuel based" reporting and third-party verification of CO₂ emissions data from RGGI affected sources. (In the event that RGGI is expanded in the future to include other stationary source sectors, additional monitoring and reporting methods can be developed for those sectors);



- use the Regional Greenhouse Gas Registry (RGGR) as the CO₂ allowance tracking registry for RGGI. RGGR should track similar information to that tracked by EPA's NO_x Allowance Tracking System - account information, account holdings, and transfers of CO₂ allowances and facilitate linkages with EU ETS registries;



- allow RGGR to serve as an integrated and user-friendly electronic data tool for RGGI-affected sources to transfer allowances among accounts and for RGGI state agencies to ensure that the RGGI CO₂ cap is achieved; and



- include monetary penalties for noncompliance that are comparable to the EU ETS emission penalties and require that emissions are offset in the following compliance period (with discretion in the enforcement authorities to adjust financial penalties and offset requirements on a case-by-case basis).

More information on the GHG Coalition is available at <http://www.mjbradley.com/ghgcoalition.htm>.