The Northeast Regional Greenhouse Gas Coalition

RGGI Policy Recommendations

Key RGGI Principles

As a stakeholder in the Regional Greenhouse Gas Initiative, the Northeast Regional Greenhouse Gas Coalition (the GHG Coalition) has been evaluating design options for a CO_2 cap-and-trade program in the Northeast. The GHG Coalition believes that RGGI is of immense significance because it stands to serve as a model for other areas of the country and even for the country as a whole. The Coalition offers the following principles as fundamental to the design of RGGI:

- developing a cost effective program that reduces GHG emissions over time; does not negatively impact the economies of the region; incorporates electric system reliability, fuel supply and fuel diversity concerns; incorporates additional industry sectors; and contains provisions for the seamless transition to an eventual national program;
- creating a model program that can be readily adopted by other states and regions in the United States;
- establishing emission trading linkages with other climate change programs being developed domestically and internationally;
- fully leveraging compliance flexibility mechanisms to enable the reduction of CO_2 emissions from the electricity sector most cost effectively;
- giving appropriate consideration to early actions undertaken by RGGI-affected sources to reduce CO_2 emissions prior to the first compliance period;
- accounting for and mitigating the likely increase in CO_2 emissions from electricity imports into the RGGI region as a result of regional CO_2 regulation (i.e., leakage);
- including carbon offset provisions that create a carbon price signal for other economic sectors to reduce GHG emissions;
- developing and implementing a robust carbon offset credit trading mechanism with low transaction costs, based on rigorous criteria that build off domestic and international progress on the issue made to date;
- defining a clear process for carbon offset credit creation, registration and use for compliance purposes;
- utilizing an updating, output based approach to allocating allowances to affected entities;
- leveraging the existing and evolving electric generation tracking infrastructure of the three northeast power pools to expedite implementation and administration;
- utilizing RGGR to provide the necessary infrastructure for RGGI, including emission inventory accounting and reporting, allowance tracking, and the creation and use of carbon offset credits; and
- apportioning allowances to RGGI states to reflect changes in the competitive electricity markets (i.e., the shift of generating capacity among states since 1990) by utilizing a recent historical baseline.

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