About the Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort among eleven Eastern states to reduce carbon dioxide (CO₂) emissions from power plants within each participating state.

Together, the participating states have established a regional cap on CO₂ emissions, which sets a limit on the emissions from regulated power plants within the RGGI states. Over time, the regional cap declines, so that CO₂ emissions decrease in a planned and predictable way. Since 2005, the RGGI-10 states¹ have reduced annual power sector emissions 50%, which is almost 50% faster than the nation as a whole, and have so far raised over $7 billion to invest into local communities.

How Does RGGI Work?

Within the RGGI states, certain power plants must acquire one RGGI CO₂ allowance for every short ton of CO₂ they emit. The RGGI states distribute these allowances at quarterly auctions, where they can be purchased by power plants and other entities. Some states hold a limited number of allowances in set-aside accounts to sell at a fixed price or otherwise distribute outside of the auction process. Once an allowance is distributed, it can be held and traded, which creates a secondary market for allowances.

Each participating state originates allowances in proportion to its share of the regional cap. To comply with their state’s regulations, fossil fuel-fired power plants sized 25 megawatts² or greater must acquire enough RGGI allowances to cover their emissions. See Tracking and Compliance on page 2 for more details.

Happening Now: Third Program Review

The RGGI states work together to develop a Model Rule, which acts as a template for each state to shape its own CO₂ budget trading program. Once a state has implemented its program it is able to participate in RGGI auctions and access other shared aspects of this regional effort.

The RGGI states periodically conduct Program Review to examine the successes, impacts, and design of their CO₂ budget trading programs, and to consider updates to the Model Rule and their individual state programs. During the first two Program Reviews, the states implemented changes that improved program design and reduced the regional emissions cap. In September 2021, the states launched the Third Program Review, which will include opportunities for public engagement. For more information, visit the Program Review page of the RGGI website.

Investing in a Clean and Equitable Future

The RGGI states receive the proceeds from selling RGGI allowances, and each state has discretion over how to best use their proceeds. Most of the proceeds have been invested by states back into their communities, including funding of clean energy programs, energy efficiency, and bill assistance to local businesses and communities. Investments targeting low-income households have increased over time and reached 18% of total proceeds invested in 2021. View the Investment of RGGI Proceeds page of the RGGI website for more information.

¹ RGGI-10 refers to the group of states which includes CT, DE, MA, MD, ME, NH, NJ, NY, RI, and VT, but not PA. Data is from the U.S. Energy Information Administration electricity sector CO₂ emissions data for 2022.
² In New York, power plants sized 15 megawatts or greater are regulated under RGGI.
³ Pennsylvania’s RGGI regulation is under ongoing litigation which prevents the state from fully participating in RGGI at this time.
About RGGI Auctions and Allowance Tracking

Auctions are the primary way that the RGGI states distribute CO₂ allowances. Auctioning allowances ensures all parties have access to allowances under uniform terms, helps establish a market-based value for the price of CO₂ allowances, avoids windfall profits for power plant owners, and supports investments in a clean and equitable future. The RGGI states have established multiple ways to enhance the stability of the market for RGGI allowances, described in Auction Mechanisms below. An independent market monitor provides oversight of the auctions, as well as activity on the secondary market, to ensure integrity of, and confidence in, the market. You can learn more and view the Market Monitor reports here.

Auction Mechanisms

The RGGI auction mechanisms are designed to provide some measure of stability to the market. The Minimum Reserve Price is the minimum price that allowances can be sold for at a RGGI auction. In 2024, the reserve price is $2.56 per allowance.

The Cost Containment Reserve (CCR) and Emissions Containment Reserve (ECR) are reserves of allowances that help provide market stability if the cost of reducing emissions is higher or lower than expected. CCR allowances are made available for sale at an auction if the allowance price would otherwise exceed a set trigger price. Conversely, ECR allowances are withheld from sale at an auction, if the price would otherwise fall below a set trigger price. In 2024, the CCR trigger price is $15.92 and the ECR trigger price is $7.35. For more information about auction mechanisms, visit the Elements of RGGI page of the RGGI website.

Tracking & Compliance

The RGGI CO₂ Allowance Tracking System (RGGI COATS) is the platform that is used for acquiring, transferring, retiring, and surrendering RGGI allowances. Any individual who successfully sets up a RGGI COATS login, and creates a RGGI COATS account, can receive, transfer, and hold RGGI allowances within the RGGI COATS platform.

Every year, regulated power plants must surrender allowances equal to one half of their CO₂ emissions for that year. Every three years, called a control period, they must surrender allowances for all emissions from year three, plus all remaining emissions from years one and two. The three-year control period provides power plants flexibility for meeting the program requirements. More information on compliance is available in the Compliance section of the RGGI website.

Offset Allowances

Certain projects that reduce CO₂ and other greenhouse gas emissions outside of RGGI regulations may be eligible for awards of RGGI CO₂ offset allowances. To be eligible for offset allowances, a project must be located within one of the RGGI states and fall into one of the offset project categories accepted by that state. These project categories, and which states accept each category, can be found in the Offsets section of the RGGI website. Offset allowances are transferable and may be used by regulated power plants to meet up to 3.3% of compliance obligations. CO₂ offset allowances account for less than 0.01% of the total number of allowances issued by the program since its inception in 2009.

To learn more about RGGI, please visit the RGGI website or send a message to info@rggi.org.

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