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RGGI States Announce Preliminary Release of Auction Application Materials

(New York, NY)—The ten Northeast and Mid-Atlantic States participating in the Regional Greenhouse Gas Initiative (RGGI) today took the next step toward launching the first-in-the-nation auction of carbon dioxide (CO₂) allowances. The RGGI states issued a preliminary release of technical materials outlining the process and requirements for market participants interested in bidding in the first auction. The states have committed to cap and then reduce the amount of CO₂ that power plants in their region are allowed to emit, thus limiting the region's total contribution to atmospheric greenhouse gas levels.

Based on the high level of interest expressed already and comments received from stakeholders, participating states have decided to move the first auction date, previously announced for September 10, 2008, to September 25, 2008. The additional time will provide prospective bidders with 60 days from the release of the final auction materials, scheduled for July 24, to prepare their applications to become qualified to bid at the auction and to arrange the necessary capital or credit to bid.

The materials released today provide a preview of auction applications and procedures for entities interested in participating in the first of the two early auctions to be held in 2008. In response to requests from electricity generators, the participating states are holding these auctions prior to the January 1, 2009, start date for the first compliance period as specified by each participating state. Nearly 12.5 million CO₂ emission allowances will be made available during the nation's first carbon auction. All entities must become qualified if they want to participate in this auction.

This early release of materials provides information related to the auction schedule, the eligibility criteria for bidders, the auction format, and procedures for how potential bidders can become qualified to participate and indicate their intent to bid. Included in these materials is a detailed description of the information that will be included in the formal auction notice, scheduled to be released on July 24, the official start of the 60-day pre-auction process.

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“The RGGI participating states are moving forward with a ground-breaking auction, and the release of these technical materials is a key step in preparing bidders for participation in the auction,” said Jonathan Schrag, Executive Director, of the Regional Greenhouse Gas Initiative, Inc. “For entities planning to bid for CO₂ allowances in September, this is the information they will need to get ready.”

The states offering CO₂ allowances for sale in the September auction will release final versions of the auction documents on July 24, 2008, when the official auction notice and application materials will be released. Also on July 24, RGGI, Inc. will open an online question window on the auction website and host a conference call for prospective bidders from 2-5 p.m. EDT. All documents and information about the online question window and bidders call will be posted on a dedicated auction website, accessible at <http://www.rggi.org/auctions>.

Today, the RGGI participating states also released a schedule for the CO₂ allowances to be offered through 2011 and dates for 2008 and 2009 auctions. Future sales of CO₂ allowances are planned through a steady offering of allowances in quarterly auctions described in the schedule released today. States have committed to offer for sale before the end of 2011 all of the allowances they are putting into the auctions for the first three-year compliance period. Regulated power companies must hold enough allowances to match their CO₂ emissions for the first compliance period by March 1, 2012.

It is expected that the RGGI auction on September 25, 2008 will include allowances from Connecticut, Maine, Maryland, Massachusetts, Rhode Island and Vermont, though power plants in all RGGI states and other parties will be eligible to bid. Other RGGI participating states will offer allowances for sale in future auctions as they complete their necessary rule-making proceedings. A second auction is scheduled for December 2008, with all RGGI participating states expected to offer allowances for sale in the first 2009 auction.

RGGI is the first effort in the United States to reduce greenhouse gas emissions through a mandatory, market-based cap-and-trade program. Under RGGI, the ten participating states will stabilize power sector carbon emissions at their capped level, and then reduce the cap by 10 percent at a rate of 2.5 percent each year between 2015 and 2018. All participating states plan to have implementing regulations in place by January 1, 2009.

CO₂ allowances under RGGI will be distributed primarily via auctions rather than the free allocation methodology used in other carbon markets. By using an auction, participating states are able to provide benefits to consumers. Revenues from the carbon allowance auctions will be invested by the participating states in energy efficiency programs, renewable energy stimulus efforts and other programs to benefit consumers. As a result, RGGI will deliver economic and environmental benefits, save consumers money, and improve energy security through reduced use of fossil fuels.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO₂), a greenhouse gas that causes global warming.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the CO₂ Budget Trading Programs of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

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