RGGI Inc.

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Release

Annual Report on the Market for RGGI CO_2 Allowances: 2016

Report Now Available at:

https://rggi.org/docs/Market/MM_2016_Annual_Report.pdf

May 17, 2017 — The independent market monitor for the RGGI market continues to find no evidence of anti-competitive conduct in the RGGI CO_2 allowance market, according to the *Annual Report on the Market for RGGI CO_2 Allowances: 2016,* released today.

Prepared by Potomac Economics, the report evaluates activity in the market for RGGI CO_2 allowances in 2016, focusing on the following areas: allowance prices, trading and acquisition of allowances in the auctions and the secondary market, participation in the market by individual firms, and market monitoring.

Firms acquire RGGI CO_2 allowances in the primary market, mainly the RGGI CO_2 allowance auctions, and can also buy and sell CO_2 allowances in the secondary market. Participation by many firms promotes competition and helps ensure that CO_2 allowance prices are determined efficiently. The market monitor found that in 2016 there was broad participation in the RGGI market, with the demand for CO_2 allowances dispersed relatively widely across firms.

In reviewing the four auctions in 2016, the market monitor found no material concerns regarding the auction process, barriers to participation in the auctions, or the competitiveness of the results. In the secondary market, the market monitor found that firms have generally purchased quantities of allowances that are consistent with their expected needs.

See the full report, available on the RGGI, Inc. website, for more details on 2016 allowance prices, holdings, and market participation.

About the Regional Greenhouse Gas Initiative (RGGI)

RGGI is the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions, and is composed of individual CO_2 budget trading programs in each state, based on each state's independent legal authority. A CO_2 allowance represents a limited authorization to emit one short ton of CO_2, as issued by a respective state. A regulated power plant must hold CO_2 allowances equal to its emissions for each three-year control period. RGGI's third control period began on January 1, 2015 and extends through December 31, 2017.

The Northeast and Mid-Atlantic states participating in the third RGGI control period are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont. The 2017 RGGI cap is 84.3 million short tons, and declines 2.5 percent each year until 2020. The RGGI states also include interim adjustments to the RGGI cap to account for banked CO_2 allowances. The 2017 RGGI adjusted cap is 62.5 million short tons. For more information visit www.rggi.org.

About Regional Greenhouse Gas Initiative, Inc.

Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.) was created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative. RGGI, Inc. is a 501(c)(3) nonprofit organization. For more information, visit: www.rggi.org/rggi.