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For Immediate Release

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RGGI States Announce Proposed Program Changes: Additional 30% Emissions Cap Decline by 2030

The nine Northeastern and Mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory program to reduce greenhouse gas emissions, today announced consensus on a set of draft program elements that will guide the RGGI states as they conduct final economic analysis and establish a post-2020 path forward for the program.

The RGGI states have a long-standing record of leadership towards a clean energy economy, which continues with today's proposal. The RGGI states propose a regional cap trajectory that will provide an additional 30% cap reduction by the year 2030, relative to 2020 levels. The proposed regional program changes include the addition of an Emissions Containment Reserve (ECR) wherein states can withhold allowances from auction if emission reduction costs are lower than projected. The proposed ECR is an innovative way to adaptively respond to supply and demand in the market.

The announcement brings the RGGI states a step closer to the conclusion of a program review process lasting over a year, and incorporating comprehensive feedback from stakeholders and experts gathered through eight public meetings. More than 120 separate comments were submitted by experts, policymakers, and organizations, as well as more than 29,000 personal comments and petition signatures.

Next Steps

The RGGI states will seek stakeholder comment on the draft program elements in a public meeting to be held on September 25th. Materials, including a stakeholder meeting notice and a supplementary table of year-by-year regional numbers, are posted to the RGGI, Inc. [website](#); additional materials will be provided prior to the public meeting.

After reviewing stakeholder comments, conducting additional economic analysis, and releasing updated materials including a revised Model Rule, states will follow state-specific statutory and regulatory processes to propose updates to their CO₂ Budget Trading Programs.

Proposed RGGI Program Improvements

The proposed changes outlined today build upon RGGI's success and strengthen the program moving forward. They draw on past experience, ongoing trends, modeling results, economic analyses, and stakeholder and expert commentary.

The proposed improvements include:

- A regional cap of 75,147,784 tons of CO₂ in 2021, which will decline by 2.275 million tons of CO₂ per year thereafter, resulting in a total 30% reduction in the regional cap from 2020 to 2030.
- Additional adjustments to the RGGI cap, to account for the full bank of excess allowances at the end of 2020. The amount of this adjustment will be calculated in 2021

according to a formula to be established in the revised Model Rule, and it will be implemented over the period from 2021-2025.

- Modifications to the Cost Containment Reserve (CCR) size and trigger price. The proposed CCR size from 2021 onwards will be 10% of the regional cap. The CCR trigger price will be \$13.00 in 2021, and rise at 7% per year, ensuring that the CCR will only trigger if emission reduction costs are higher than projected.
- Implementation of an Emissions Containment Reserve (ECR) in 2021, wherein states will withhold allowances from circulation to secure additional emission reductions if prices fall below established trigger prices. The states implementing the ECR will withhold up to 10% of the allowances in their base budgets per year. At this time, Maine and New Hampshire do not intend to implement an ECR. Allowances withheld in this way will not be reoffered for sale. The ECR trigger price will be \$6.00 in 2021, and rise at 7% per year, so that the ECR will only trigger if emission reduction costs are lower than projected.

RGGI's Track Record of Success

Through RGGI's implementation and through complementary state policies, the RGGI states have shown that economic benefits, consumer savings, public health improvements, and greenhouse gas emissions reductions can go hand-in-hand.

- **Reducing emissions:** The RGGI states have already significantly reduced power sector carbon emissions, cutting them almost in half. The 2030 cap proposed today will be more than 65% lower than RGGI's 2009 starting cap, continuing the participating states' progress in reducing greenhouse gas emissions.
- **Auctioning and reinvestment:** RGGI's auctioning of allowances has especially been praised as an innovative program design element. These quarterly regional auctions have generated more than \$2.7 billion in proceeds for reinvestment in strategic programs to benefit consumers and build a stronger and cleaner energy system in the RGGI states.
- **Economic benefits:** Independent reports by the Analysis Group have found that RGGI is generating billions of dollars in net economic benefit and tens of thousands of job-years. Investments funded through RGGI proceeds improve the cost-effectiveness and reliability of the grid by reducing peak demand, which in turn lowers wholesale power prices and helps avoid the need for costly infrastructure investments.
- **Health benefits:** Other studies, such as a recent independent report by Abt Associates, have found that RGGI has generated public health benefits which have saved hundreds of lives, prevented thousands of asthma attacks, and saved \$5.7 billion in health-related economic costs.
- **Regular, comprehensive program review:** Finally, the program review process itself has been a highly successful and important program element. As part of the previous program review (much of which took place in 2012), changes were implemented which strengthened and improved RGGI's market-based system. At that time, the RGGI states committed to regular, comprehensive evaluation and improvement, and to begin the next review no later than 2016. The RGGI states have kept that commitment, and have emerged with a proposal for a stronger program which will ensure additional emission reductions out to the year 2030. The RGGI states intend to initiate another program review in 2021 to evaluate the performance of the program changes being proposed today.

Statements from RGGI State Agency Heads

“With today’s announcement, the RGGI states are demonstrating our commitment to a strengthened RGGI program that will utilize innovative new mechanisms to secure significant carbon reductions at a reasonable price on into the next decade, working in concert with our competitive energy markets and reliability goals,” said Katie Dykes, Chair of the Connecticut Public Utilities Regulatory Authority and Chair of the RGGI, Inc. Board of Directors. “I am grateful to the hundreds of stakeholders who have provided insightful comments and feedback to us throughout our review process. As a charter member of the nation’s first market-based carbon emission reduction program, Connecticut is proud to join with our sister states in taking this critical next step forward which will keep Connecticut on track to meet our ambitious carbon reduction targets, while helping families and businesses in our state invest in renewables and energy efficiency.”

“As the lowest-lying coastal state, Delaware is particularly vulnerable to the effects of climate change and must act to reduce greenhouse gas emissions,” said Shawn M. Garvin, Secretary of the Delaware Department of Natural Resources and Environmental Control. “RGGI proves that state leadership and cooperation can result in meaningful greenhouse gas reductions that in turn, mitigate the effects of climate change on our economy, communities and natural resources. RGGI is a cost-effective and flexible mechanism that can serve as a national model for reducing carbon emissions that accelerate climate change.”

"Maryland is proud of the teamwork among states to achieve consensus for a stronger and broader, balanced and sustainable RGGI," said Maryland Environment Secretary Ben Grumbles, who also served as Secretary and was recently elected to serve as Treasurer of the RGGI, Inc. Board of Directors. "This consensus agreement is a win for both our environment and our economy. We are particularly enthusiastic about the climate progress we will make through the 30% reduction in the emissions cap and the innovative new Emissions Containment Reserve."

“Combatting and preparing for the impacts of climate change remains a top priority of the Baker-Polito Administration, and the Commonwealth of Massachusetts continues to focus on strategies to aggressively reduce greenhouse gas emissions to meet the requirements of the Global Warming Solutions Act,” said Massachusetts Department of Environmental Protection Commissioner Martin Suuberg. “The bipartisan agreement announced today by the Regional Greenhouse Gas Initiative demonstrates the collaborative regional approach to addressing climate change in the Northeast and Mid-Atlantic, and positions Massachusetts and other member states to meet important greenhouse gas reduction targets.”

New York State Department of Environmental Conservation (DEC) Commissioner Basil Seggos said, "The continued success of the Regional Greenhouse Gas Initiative (RGGI) sends a clear message--reducing the pollution from greenhouse gas emissions that cause climate change goes hand-in-hand with economic growth while yielding substantial health benefits. The changes announced today will continue that progress and by 2030, the RGGI states will have reduced the emissions cap 65 percent from 2009 levels, far ahead of goals set in the Clean Power Plan or the Paris Climate Accord. As the federal government has abdicated its authority, Governor Cuomo and the governors of the other RGGI states are setting the standard for leadership on climate."

“These proposed changes will substantially strengthen the RGGI program and mark an important milestone in our work to act on climate change,” said Janet Coit, Director of the Rhode Island Department of Environmental Management. “Reducing the emissions cap by 30 percent from 2020 to 2030, in particular, will ensure this successful program continues to drive down harmful emissions and to promote a cleaner energy system well into the future. Rhode Island Public Utilities Commissioner Marion Gold and I feel fortunate to represent Rhode Island on RGGI. And we applaud the work of all state leaders involved in this bipartisan effort to address one of the most challenging – and vital – issues of our time. The RGGI program is an important part of our work in Rhode Island to address a changing climate and to invest in clean energy. This new RGGI agreement will strengthen these efforts, benefiting our families, environment, and economy.”

"RGGI has proved incredibly successful at driving down emissions from the power sector in a way that puts money back in Vermonters' pockets. Vermont is glad to help continue to lead in the absence of federal action," said Julie Moore, Secretary of the Vermont Agency of Natural Resources.

Additional statements from RGGI states' governors will be compiled on the RGGI, Inc. [website](#).

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About the Regional Greenhouse Gas Initiative

The Northeast and Mid-Atlantic states participating in the third RGGI control period (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) have implemented the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. The 2017 RGGI cap is 84.3 million short tons. The RGGI cap declines 2.5 percent each year until 2020. The RGGI states also include interim adjustments to the RGGI cap to account for banked CO₂ allowances. The 2017 RGGI adjusted cap is 62.5 million short tons.

RGGI is composed of individual CO₂ budget trading programs in each state, based on each state's independent legal authority. A CO₂ allowance represents a limited authorization to emit one short ton of CO₂, as issued by a respective state. A regulated power plant must hold CO₂ 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. 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