RGGI Inc.

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Annual 2018 RGGI Market Monitoring Report Available

April 26, 2019 — The independent market monitor for the RGGI CO_2 allowance market continues to find no evidence of anti-competitive conduct, according to the Annual Report on the Market for RGGI CO_2 Allowances: 2018, released today.

Prepared by Potomac Economics, the report evaluates activity in the market for RGGI CO_2 allowances in 2018, 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 through quarterly 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 2018 there was broad participation in the RGGI market, with allowance holdings remaining consistent with competitive expectations.

In reviewing the four auctions of 2018, the market monitor found no material concerns regarding the auction process, barriers to participation in the auctions, or the competitiveness of the results. The average number of auction participants increased in 2018, reflecting more participation by both compliance-oriented entities and investors.

In the secondary market, the market monitor found no evidence of anti-competitive conduct, and found that firms have generally purchased quantities of allowances that are consistent with their expected needs. The market monitor notes that a robust secondary market is beneficial because it provides compliance entities with more flexibility related to when they can purchase CO_2 allowances.

See the full report, available on the Market Monitor Reports page of the RGGI, Inc. website, for more details on 2018 allowance prices, holdings, and market participation.

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About the Regional Greenhouse Gas Initiative (RGGI)

The New England and Mid-Atlantic states participating in the fourth 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 2019 RGGI cap is 80.2 million short tons. The RGGI states also include interim adjustments to the RGGI cap to account for banked CO_2 allowances. The 2019 RGGI adjusted cap is 58.3 million short tons.

RGGI 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 participating state. A regulated power plant must hold CO_2 allowances equal to its emissions for each three-year control period. RGGI's fourth control period began on January 1, 2018 and extends through December 31, 2020. For more information visit www.rggi.org.

About the Regional Greenhouse Gas Initiative, Inc.

The 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.