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RGGI States Announce Results of Third Program Review

The 10 states participating in the Regional Greenhouse Gas Initiative (RGGI) today released the results of their Third Program Review. States agreed to strengthen their regional carbon dioxide (CO₂) emissions cap through 2037, starting in 2027, and establish new mechanisms to protect energy affordability. These updates will ensure the longstanding bipartisan initiative's continued success in promoting clean air, health, and economic benefits across the region. States also agreed to launch their next Program Review no later than 2028, as part of their commitment to regularly evaluate their CO₂ budget trading programs. The next Program Review will consider factors such as changes in energy policy, the pace and scale of electricity load growth, progress in clean energy deployment, and ongoing efforts to ensure energy affordability.

The updates announced today are designed to:

- Provide stability and certainty to market participants, including power producers who purchase allowances to match their emissions and developers of new electricity generation resources.
- Ensure access to sufficient RGGI allowances to meet expected energy demand and bolster price protection for consumers. RGGI states will continue to invest the proceeds from those allowances into programs that lower electricity bills and provide economic benefits to local communities, including energy efficiency, renewable energy, and bill assistance programs.
- Confirm states' long-term commitments to energy affordability, public health, and the environment, maintaining an economic climate in which innovative companies and the region's workforce thrive.

The Success of RGGI

Since RGGI's inception, CO₂ emissions from covered power plants in the region have declined 46% and RGGI allowance auctions have yielded more than \$9 billion to power investment in the clean energy future of the participating states. RGGI states' investments of auction proceeds to date, have directly benefited over 8 million households and 400,000 businesses in the region, and will save ratepayers over \$20 billion on their energy

bills through energy efficiency programs and other consumer support.ⁱ Independent research by the Analysis Group found that RGGI produced \$5.7 billion in net economic benefits and added 48,000 job-years to RGGI states' economies between 2009 and 2020.ⁱⁱ RGGI participation has coincided with reduced costs for consumers, with average residential and commercial bills in RGGI states declining faster than the rest of the US.ⁱⁱⁱ An Abt Associates analysis found RGGI provided \$5.7 billion in health benefits over its first six years alone (2009-2014), including fewer premature deaths, heart attacks, and respiratory illnesses thanks to cleaner air.^{iv}

Overview of Program Review

Program review is an ongoing feature of RGGI whereby the participating states periodically review their CO₂ budget trading programs with stakeholders to assess opportunities to build on and improve benefits and performance. Updates are reflected in a Model Rule that each state uses as a template to adopt changes to its own program's rules through its own legal processes.

Following today's announcement, the states will initiate their own individual processes to implement program changes in their respective state laws. These changes will be effective beginning January 1, 2027. The updated Model Rule, summary of changes, and analyses that informed the program updates can be found at [RGGI.org](https://www.rggi.org).

The latest design updates will ensure RGGI's continued success by maintaining energy affordability while delivering further environmental and economic benefits in the years to come.

Potential Future Participation by Additional States

The RGGI states recognize that there may be states that wish to participate in RGGI in the future that were not participants in the Third Program Review, including states that have previously adopted regulations consistent with the current RGGI market design. The RGGI states recognize the benefits of an expanded trading market, including economic efficiency and the mitigation of potential emissions leakage, and are committed to working with other states to identify mutually beneficial solutions that could enable them to link to the RGGI market in the future should they wish to do so. The RGGI states are always open to conversations with interested parties who wish to learn about this collaborative effort and who may be considering the benefits of participation.

Statements from the RGGI, Inc. Chair and Vice Chair

"The improvements to RGGI announced today by this bipartisan group of states will ensure our consumers enjoy the economic and environmental benefits of clean, more affordable energy. RGGI has a proven track record of delivering big benefits for our states for more than 15 years, and today we are putting it on track to continue those benefits for

years to come.” Elizabeth Mahony, Commissioner of the Massachusetts Department of Energy Resources and Chair of the RGGI, Inc. Board of Directors

“Our states’ commitment to collaboration and regular review has made RGGI into America’s most enduring and successful multistate initiative on clean energy. The RGGI states are proud to show the country, and the world, what we can accomplish when we work together to benefit consumers and fight climate change.” Philip L. Bartlett, Chairman of the Maine Public Utilities Commission and Vice Chair of the RGGI, Inc. Board of Directors.

Additional Information

More information regarding the outcomes from the Third Program Review can be found on the RGGI website at [RGGI.org](https://www.rggi.org).

References

ⁱ RGGI Inc., 2023 Investment Proceeds Report, to be published on RGGI.org

ⁱⁱ Analysis Group, The Economic Impacts of the Regional Greenhouse Gas Initiative on Northeast and Mid-Atlantic States, <https://www.analysisgroup.com/Insights/cases/the-economic-impacts-of-the-regional-greenhouse-gas-initiative-on-northeast-and-mid-atlantic-states/>

ⁱⁱⁱ U.S. Energy Information Administration, EIA-861 Annual Electric Power Industry Report; Electric Power Monthly. RGGI-10: EIA, Average Price by State by Provider; Number of Retail Customers by State by Sector; Retail Sales of Electricity by State by Sector by Provider, 2005-2023. <https://www.eia.gov/electricity/data/state/>

^{iv} Abt Associates, Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative, <https://www.abtglobal.com/insights/publications/report/analysis-of-the-public-health-impacts-of-the-regional-greenhouse-gas>