BP Products North America

DATE: December 4th, 2016

Via Email: info@rggi.org

Subject: BP Comments on the 2016 Program Review as welcomed at the first RGGI stakeholder meeting held November 17, 2015 in New York City.

To whom it may concern:

BP, a participant in the Regional Greenhouse Gas Initiative (RGGI) program, supports the Participating States’ commitment to conduct ongoing program evaluation to continually improve RGGI. BP is an active participant in nearly all Environmental Product markets traded globally and looks forward to a relationship with RGGI Inc. to share its insights on best practice and to support the continual development of the market to ensure emissions reductions can be achieved cost effectively.

Specifically BP would like to offer its perspective on the following consultation items:

1. **Broadening the RGGI Market/ Increasing RGGI Trading Partners**

   Reaching the proposed post2020 targets required under the Clean Power plan will require a fundamental transformation in the way U.S states produce and use energy, with uncertainty as to the availability and cost of the technology necessary to allow for that transformation.

   In considering the question; “How do we [RGGI] continue to lead” raised during the workshop, the answer is to encourage action by others that can be sustained over the longer term. This is most effectively achieved through providing a welcoming and accessible approach to allow additional states to join and participate in the Program. Further commitment to demonstrating that the RGGI Cap-and-trade program can continue to be used to achieve compliance in a most efficient and cost-effective manner will assist other states who may not have a progressive electorate or single party control, to take more supportive action to affirm the use of mass-based trading ready plans within their State Implementation Plans. Through fostering a more deep and liquid market, a more robust price signal will form, allowing emissions reductions to be achieved at lowest cost which is ultimately needed to sustain increased ambition among electorates in the longer term.

2. **RGGI Flexibility Mechanisms - Offsets**

   BP supports the use of offset allowances being able to be used to satisfy up to 3.3% of a regulated sources compliance obligation and believe they provide an important source of compliance flexibility and opportunities to support carbon reduction activities and other co-benefits across sectors.
While they have not needed to been relied upon to date in-order to achieve cost-effective emissions reductions, with the proposed cap trajectory required to meet Clean Power Plan objectives, and the likely ramifications that the Cost Containment Reserve and current allowance bank will incentivize, this flexibility will only become more important.

BP understands the complexities associated with incorporating offsets as part of one’s State Implementation Plan. In avoiding this complexity yet still providing for the flexibility the offset mechanism was intended to bring RGGI Inc. could look to re-consider eligible offset categories in order to aligning with the potential opportunities proposed under the Clean Power Plan. Namely to allow for biomass-derived projects where direct (ie biogas being fed to a genset to create power) or indirect (ie biogas to a pipeline with connectivity to a gas turbine with proof of capacity on that connection) grid displacement. Biomass eligibility requirements could be guided through a ‘pre-approved list’. This would allow RGGI states to leverage at least part of the Renewable Set Aside provisions provided for under the Clean Power Plan.

3. Control Periods

BP supports streamlining the RGGI control periods to align with the CPP in anticipation of the administrative and transitional simplicity that would be achieved. In addition, we support the proposal to extend the fourth RGGI control period to 2018-2021.

We would be happy to discuss our recommendations in more detail. Please do not hesitate to contact me should you have questions regarding this correspondence.

Sincerely,
Vincent B. Johnson