To Whom It May Concern

I am writing to provide comments from Ag Methane Advisors regarding the 2016 RGGI program review.

Ag Methane works with dairies across the country to document and monetize the methane reductions created by manure anaerobic digestion projects. Most of our work is focused on the CARB Cap and Trade program given that the market value of the methane reductions is higher than that of RGGI. That said on several occasions over the past 8 years we have considered the opportunities presented by the RGGI program and offset protocol. We think that the manure management offset methodology is well designed and could offer many benefits to project developers. We expect that the process of creating offsets through RGGI would be efficient, which in some ways California's program is not. The efficiency would be an advantage, especially for smaller AD projects of which there are many possible in RGGI states. Since smaller projects produce fewer offsets their ability to be financed with offsets is dependent on reducing the costs (monitoring, verification, accounting, registration) of bringing offsets to market. The structure and efficiency of the RGGI program can help to substantially reduce these costs.

However, to date the price of RGGI allowances and therefore the price of potential RGGI offsets (assumed to always be discounted in relation to allowances) has prevented projects from monetizing their offsets through RGGI. During 2015 as the price of allowances exceeded $6 a number of entities in the digester market took notice and reconsidered their options until RGGI prices declined again.

Given this background we encourage RGGI states to adopt a tight cap and to design the Cost Containment Reserve and Emissions Containment Reserve triggers so that market prices rise. The RGGI price floor of ~$2.75 and ceiling of ~$8 in recent years are simply too low to make offsets viable. Prices upwards of $12 would make bringing offsets to market more feasible and would likely cause new digester projects in RGGI states to use the RGGI program rather than CARB's.

Furthermore (and probably more important), the low value of RGGI allowances means that the costs of compliance for regulated entities is low. Therefore the incentive to reduce GHG emissions is low. When RGGI was created this was likely a benefit to the program and allowed RGGI to be an early example of effective climate policy. However in 2021 and beyond keeping prices low would ignore the real costs of climate change, and serve to delay the structural responses that are needed to transform our energy economy.

Thank you for your consideration of our comments.

Patrick Wood