REGIONAL GREENHOUSE GAS INITIATIVE

RGGI 101

SMART ENERGY INITIATIVE

ANNUAL ENERGY BRIEFING

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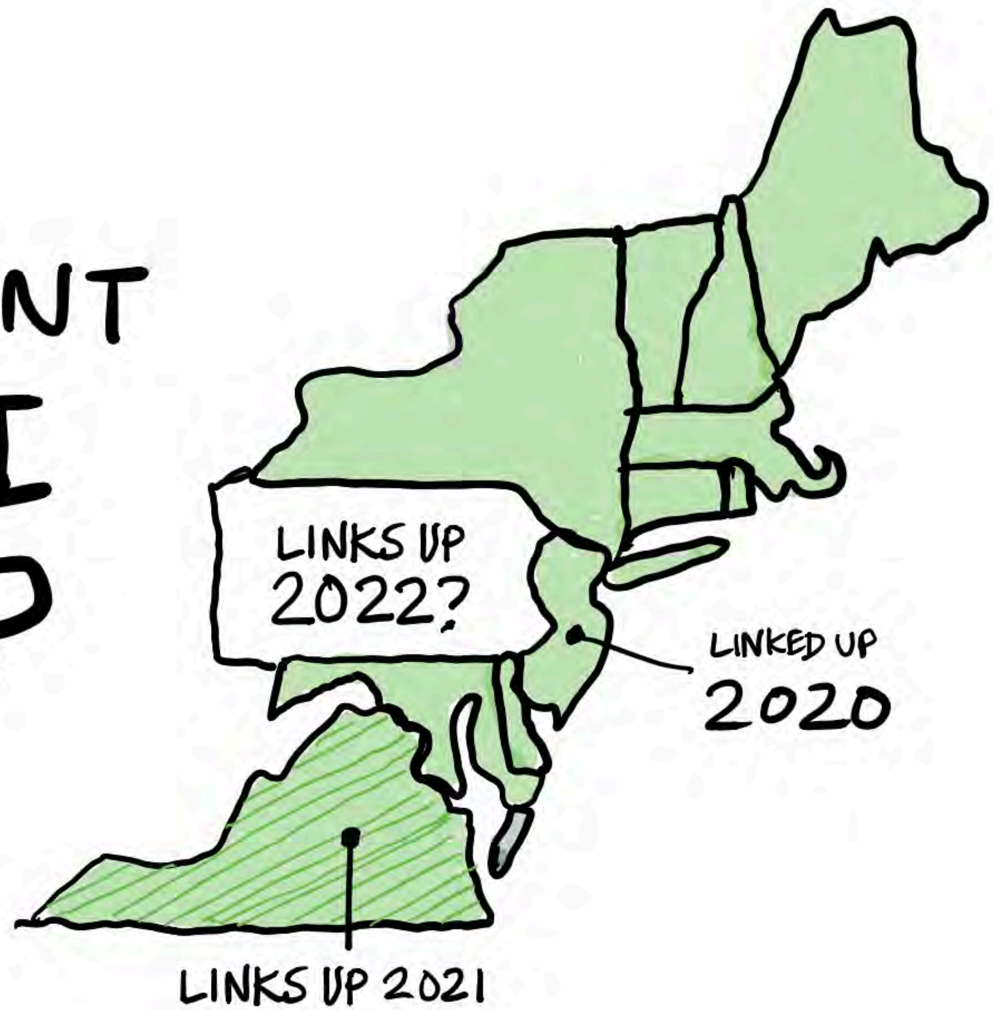
CURRENT RGGI MAP



How Does it Work?

What emissions level to start?

What reduction pathway?

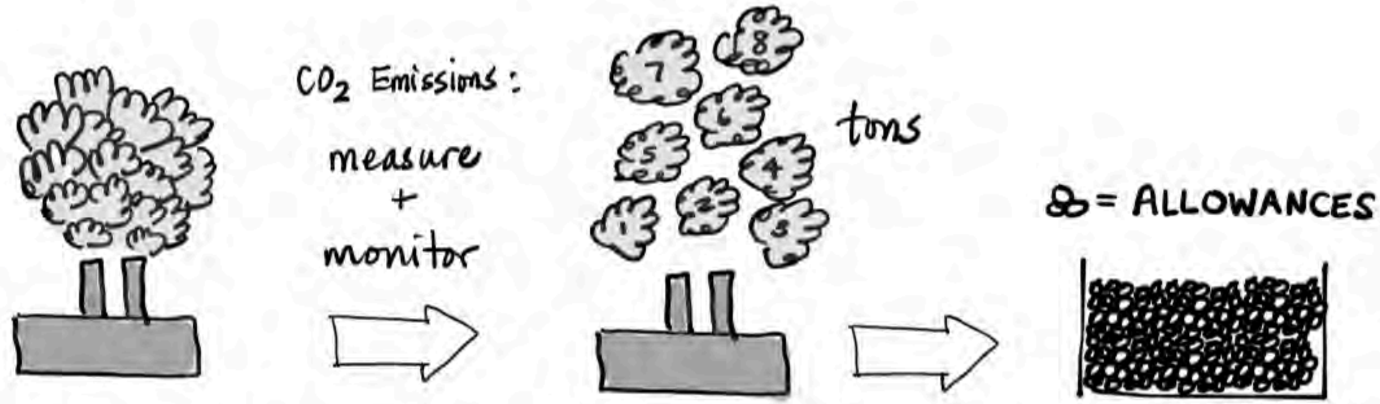
CORE MECHANICS?

ADDITIONAL MECHANISMS?

Link up programs?

What sources?

What is the starting point for the cap?



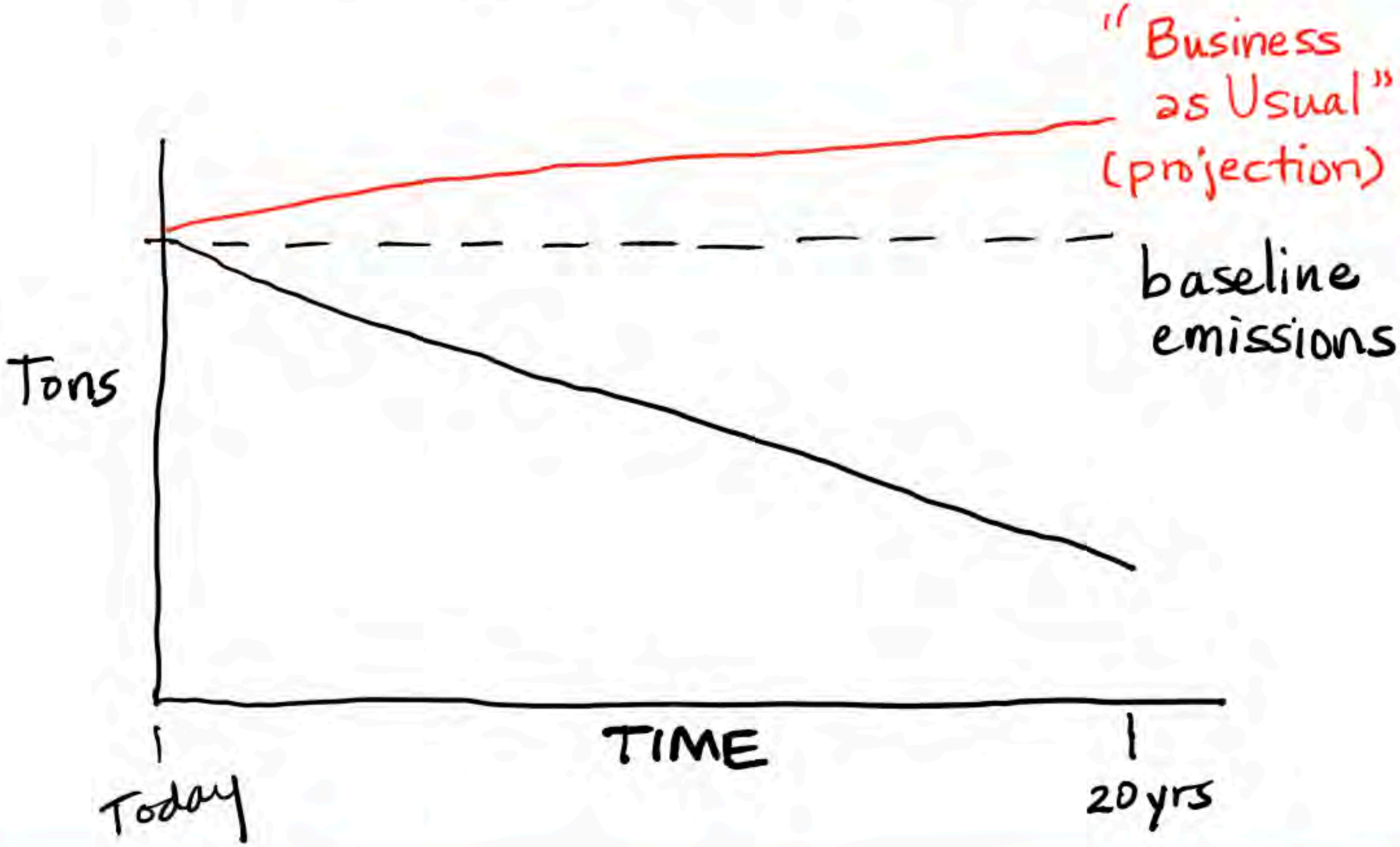
Inventory sources of CO_2 Emissions

e.g., fossil-fuel-fired power plants

STARTING EMISSIONS BUDGET

Which sources? What are the current emissions? Where to start?

CAP + RATE OF DECLINE



HOW RGGI WORKS

EMISSIONS BUDGET

The "Cap" ⇒

= ALLOWANCES

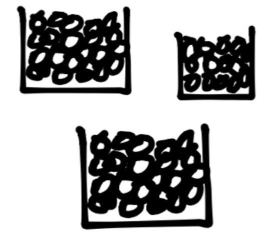
ALLOWANCES ARE DISTRIBUTED INTO THE MARKETPLACE

ALLOWANCES ARE DISTRIBUTED

DIRECT ALLOCATION TO
AFFECTED UNITS
OR
OTHER ENTITIES

AUCTION

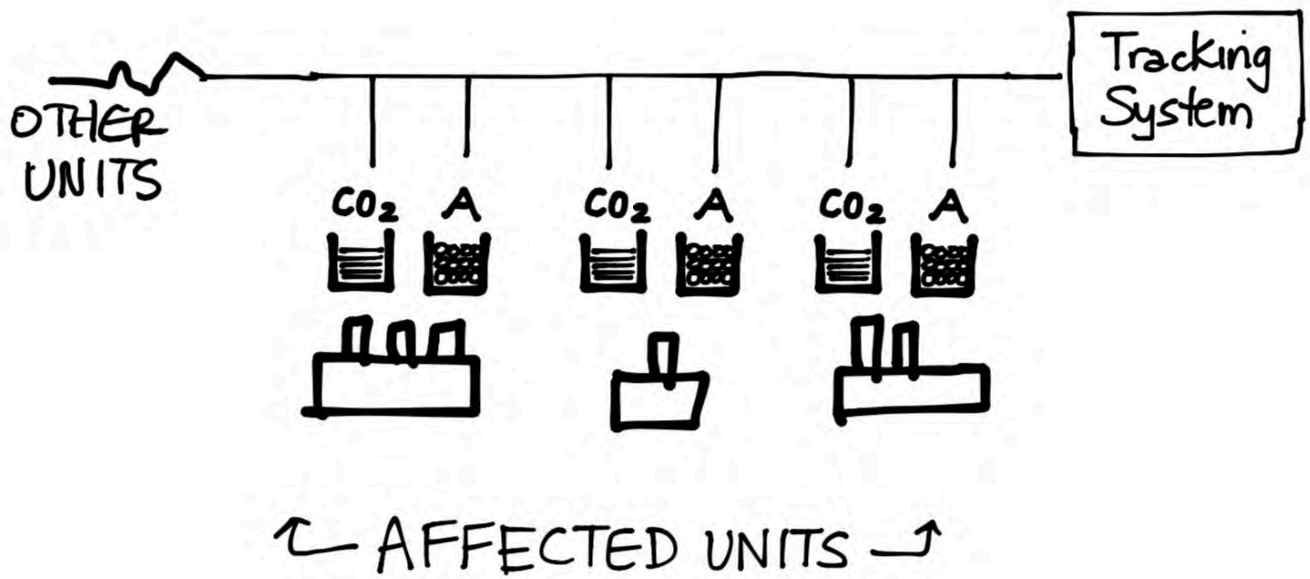
SET ASIDES



CONSIGN TO AUCTION?

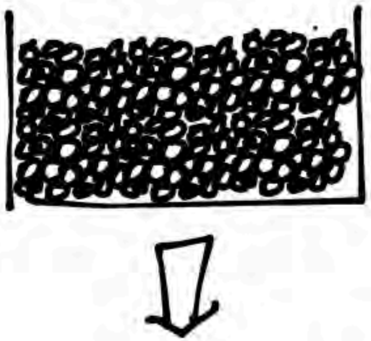
ALLOWANCE DISTRIBUTION MATTERS

COMPLIANCE: FLEXIBLE and SIMPLE



THESE PLANTS MEASURE, MONITOR + REPORT EMISSIONS AND "TURN IN" ALLOWANCES TO "COVER" EMISSIONS AT THE END OF EACH COMPLIANCE PERIOD

WHAT IS THE ALLOWANCE PRICE?



AUCTION CLEARING PRICE

and

"Secondary Market"

IF THE UNEXPECTED HAPPENS

COST CONTAINMENT RESERVE (CCR)

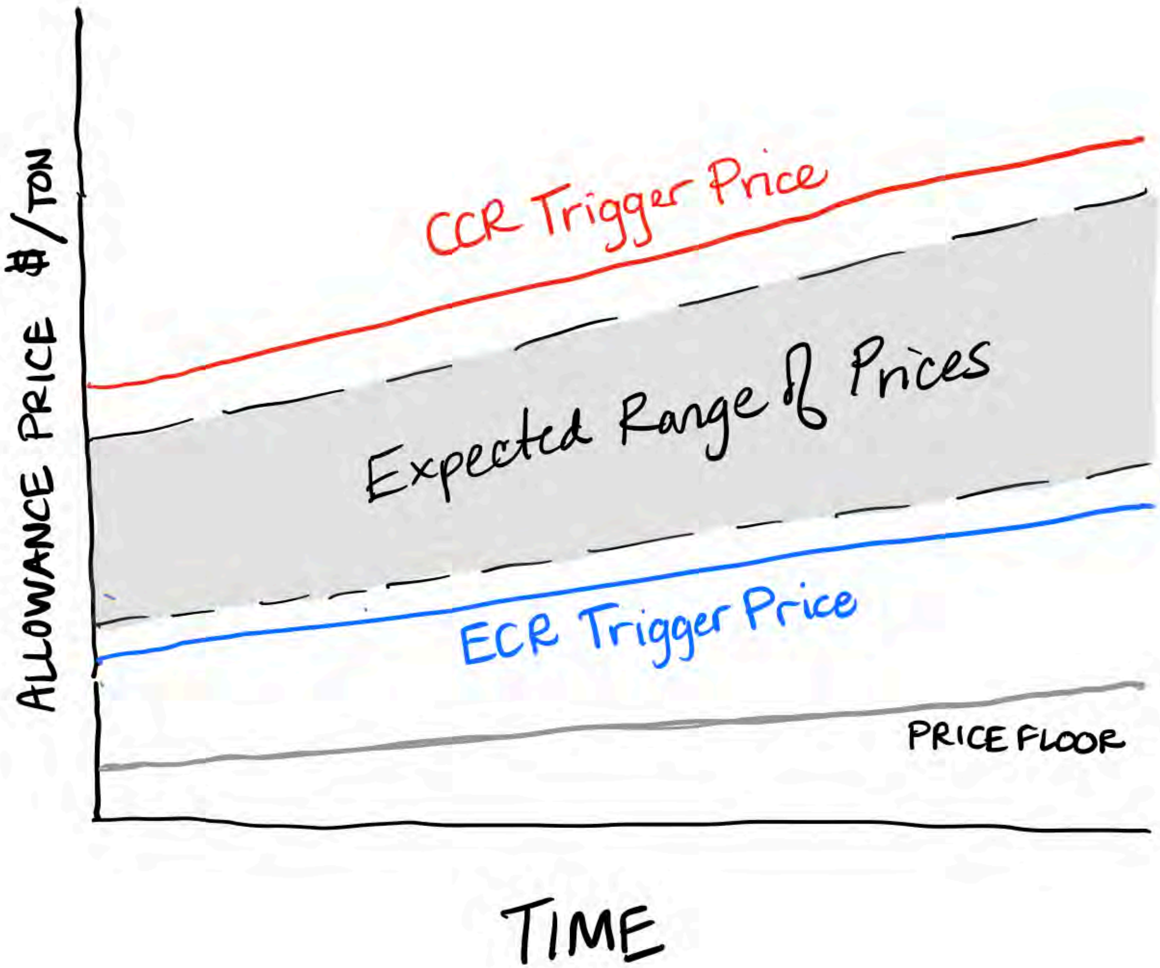
+

EMISSIONS CONTAINMENT RESERVE (ECR)

If allowance prices higher than expected, CCR adds allowances

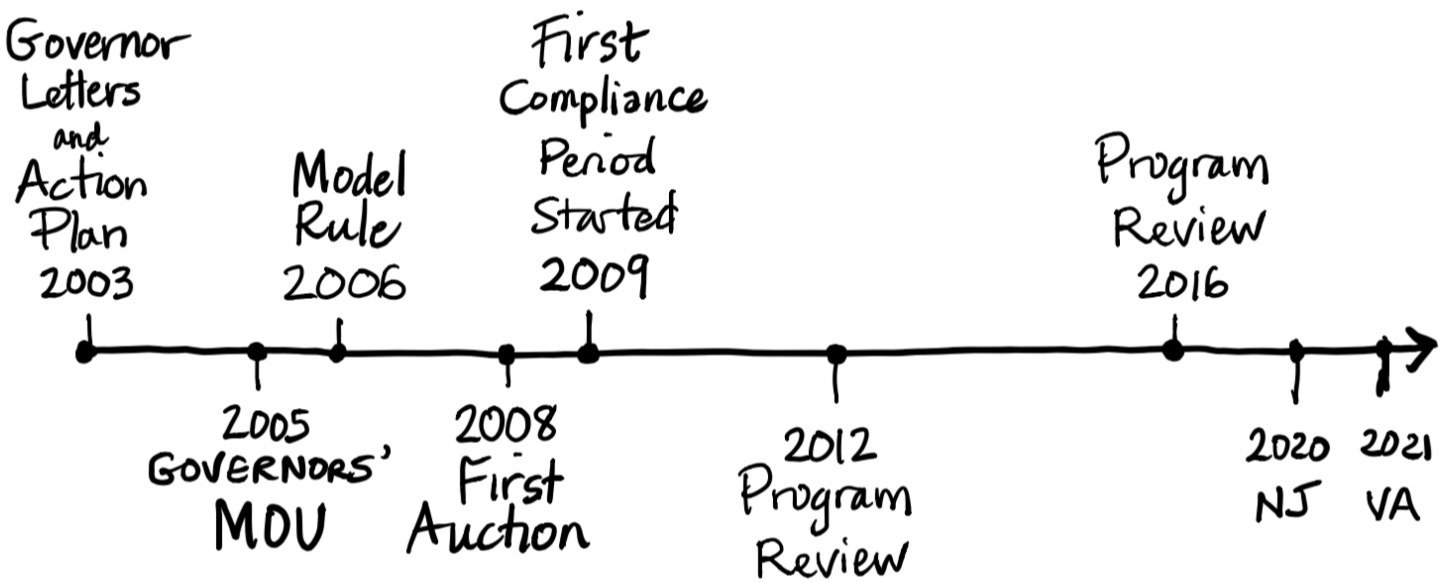
EMISSIONS "BUDGET" (each year)

If allowance prices are lower than expected, ECR removes allowances



ALLOWANCE PRICE $/TON
CCR Trigger Price
Expected Range of Prices
ECR Trigger Price
PRICE FLOOR
TIME

TIMELINE

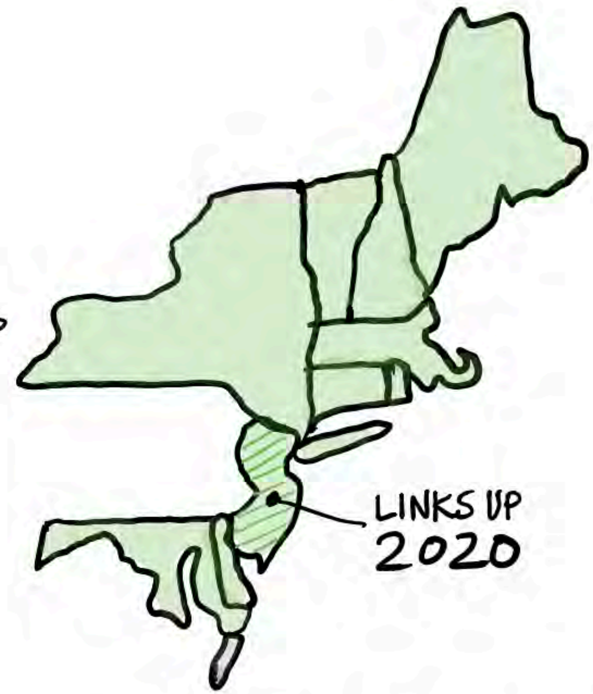

Governor Letters and Action Plan 2003
2005 GOVERNORS' MOU
Model Rule 2006
2008 First Auction
First Compliance Period Started 2009
2012 Program Review
Program Review 2016
2020 NJ
2021 VA

THE TRACK RECORD

Source: Acadia Center, Sept 2019

LINKING

CONSIDERATIONS:
THE VIRGINIA EXAMPLE



- COMPATABILITY **OF DESIGN** (MODEL RULE)
- COMPARABLE STRINGENCY (ALLOWANCE **PRICE**)
- SHARE IN ONGOING ADMINISTRATION (RGGI, Inc., Program Review)

Thank You!

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