

REGIONAL GREENHOUSE GAS INITIATIVE (RGGI)



First multi-state cap-and trade program to target GHG emission reduction in the United States

RGGI program covers power sector in nine North-Eastern US states. Every facility of over 25 MW capacity that uses fossil fuel to generate power is included in the program. Launched in 2008, the program has successfully completed two compliance periods of three years each (2009-2011, 2012-2014). Emissions were reduced faster than anticipated during the first compliance period, and in 2014 the emissions cap was tightened to build on this success.



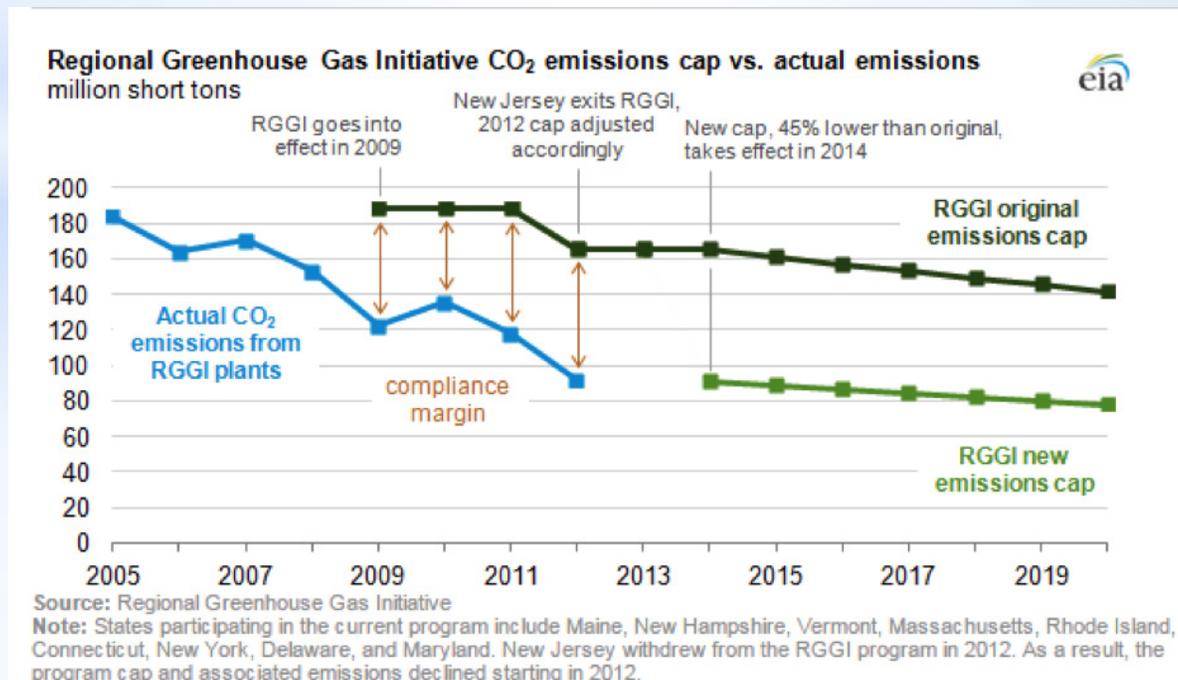
Cap and compliance mechanisms

The 2014 RGGI cap was revised down to 91 MTCO₂ (short tons), from 165 MTCO₂ in 2013. The cap is tightened by 2.5% every year, and the 2015 cap is 88.7 MTCO₂. RGGI states distribute allowances equal to (adjusted) cap mainly through quarterly auctions. A limited quantity of additional allowances is kept in a cost containment reserve, to be auctioned if prices go above certain pre-defined levels. Covered entities can buy allowances from auctions or on the secondary market. Up to 3.3% compliance obligation can also be met by use of offsets.

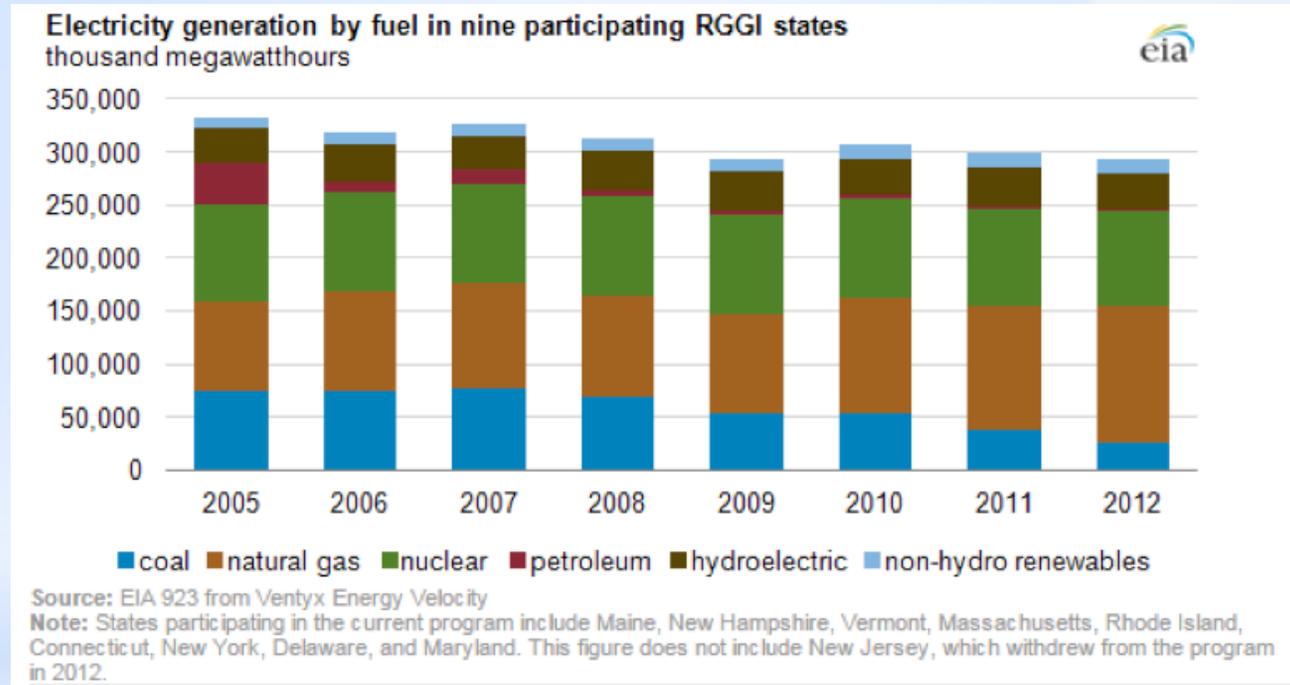


Emission reductions

RGGI states have accomplished a dramatic decline in CO₂ emissions. Power generators in participating states emitted only 86 MTCO₂ in 2014, compared to 120 MTCO₂ in 2009. The generation fuel mix is significantly greener today compared to 2009. The following charts from [the Energy Information Administration \(EIA\)](#) illustrate this:



REGIONAL GREENHOUSE GAS INITIATIVE (RGGI)



Economic net gains

RGGI states have raised over \$2 billion in revenue from auctions, the majority of which has been channeled into strategic energy and consumer benefit programs. Program goals include mitigating electric rates, increasing energy efficiency, and promoting clean and renewable energy technologies. These investments support the local economy, generate jobs and growth. An independent report by the Analysis Group found that the program's first control period (2009-2011) was generating net economic benefits of \$1.6 billion. This economic benefit is fueled by \$1.3 billion in consumer energy savings and is creating over 16,000 new "job years". The report found the net present value economic benefit of RGGI's auction proceeds exceeded RGGI's overall costs.