

# Lessons from the Regional Greenhouse Gas Initiative

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ENE



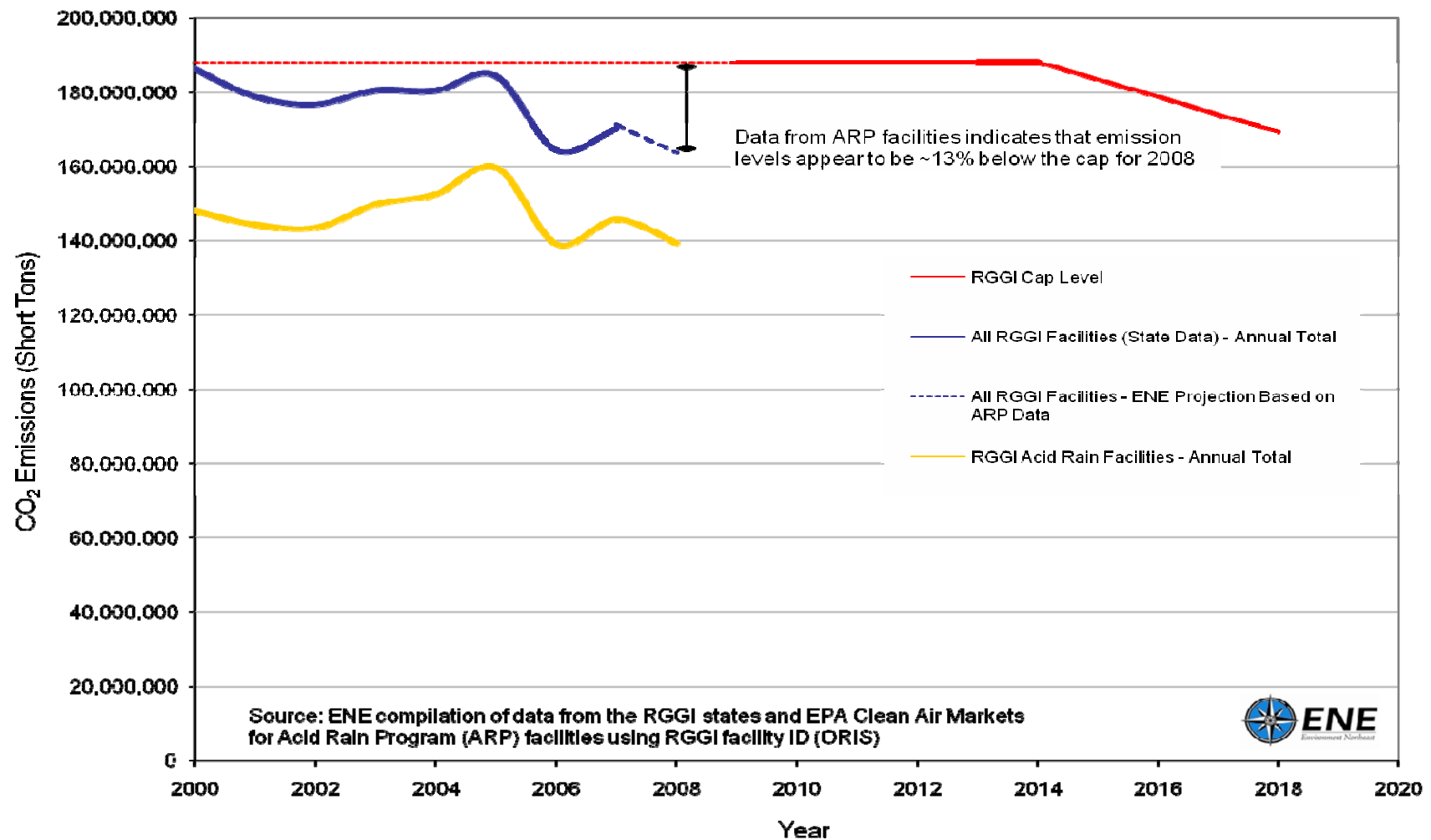
# ENE – About Us

- **Environmental Policy, Research, and Advocacy**
  - Non-profit NGO
  - Rockport, ME / Portland, ME / Boston, MA / Providence, RI / Hartford, CT / Charlottetown, PEI, Canada
  - Foundation funded
- **Program Areas**
  - Energy Policy
  - Climate Change
  - Transportation and Diesel
  - Forest and Land Use



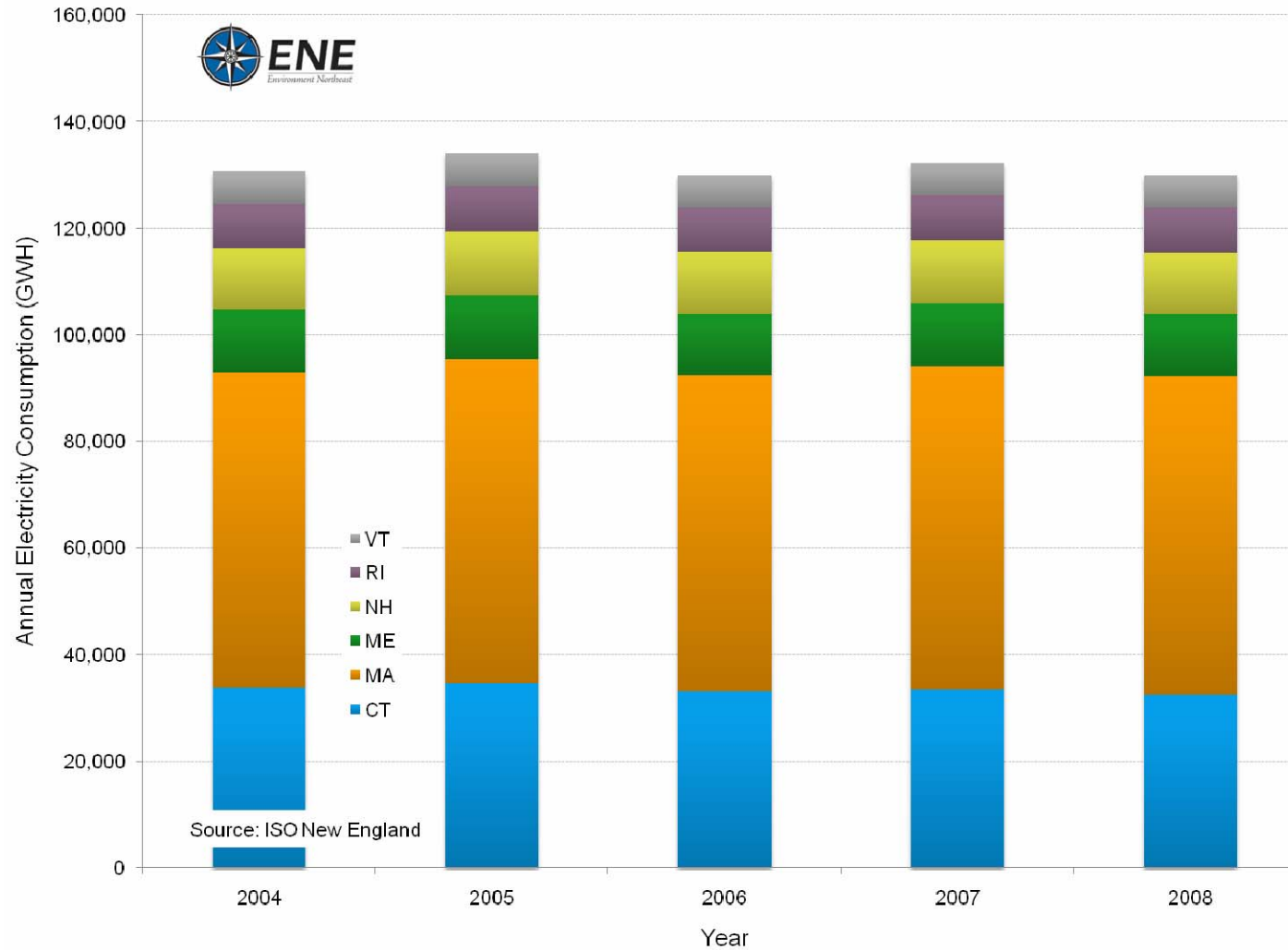
# RGGI – Cap Overview

- First mandatory carbon cap and trade program in the US; 10 states: CT, DE, MA, ME, MD, NH, NJ, NY, RI, VT
- Electric power units over 25 MWs; Reduce emissions 10% below 2009 levels by 2019; 3.3% offset usage for compliance



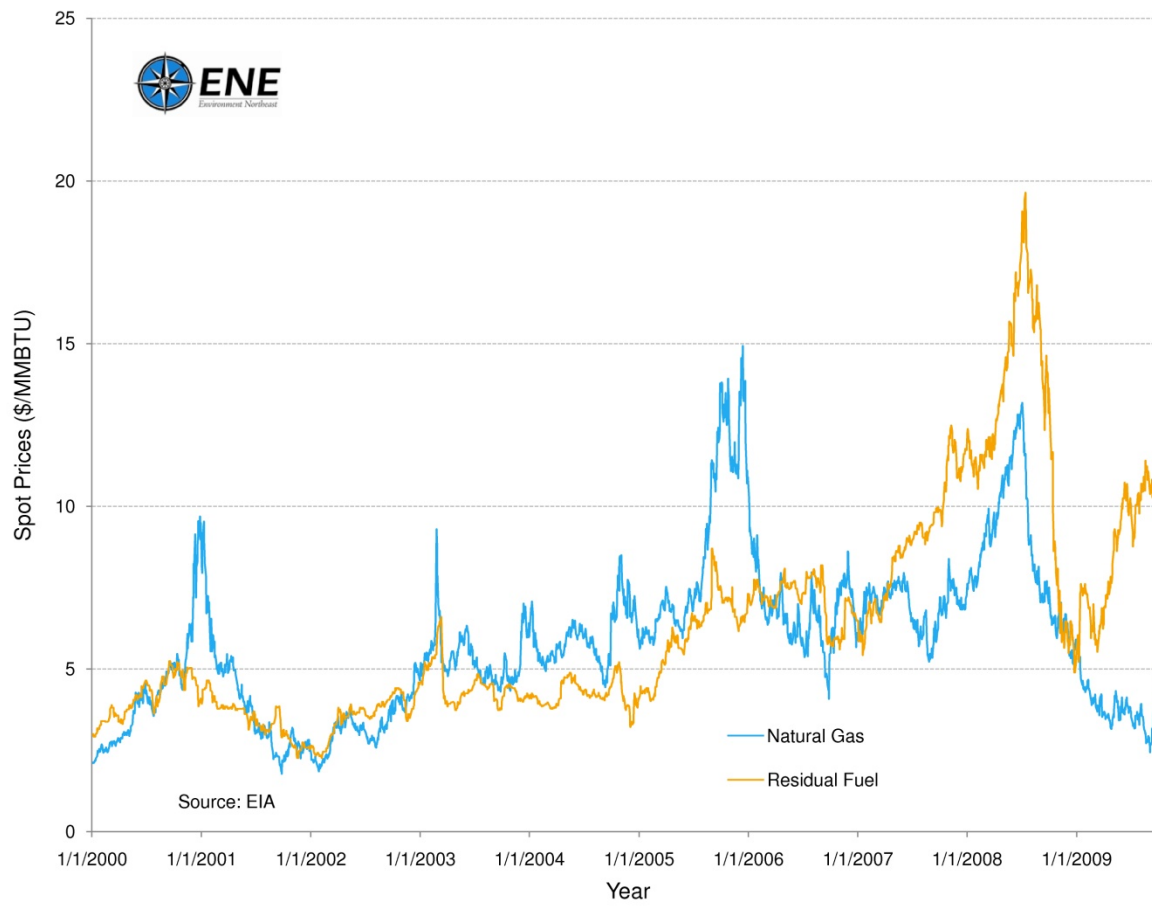
# Energy Consumption in New England:

Had anticipated 1+% load growth – instead flat



# Natural Gas vs. Oil Prices:

Divergence has led to much more use of gas (dispatch and dual fuel plants)



# RGGI Auctions



	2009 Allocation (short tons)	Auctions 1-4 Revenue (\$)	Auction 5 Revenue (\$)	Totals to-date Revenue (\$)
Connecticut	10,695,036	\$18,718,498	\$4,052,085	\$22,770,583
Delaware	7,559,787	\$8,044,331	\$1,797,539	\$9,841,870
Maine	5,948,902	\$11,623,982	\$1,883,428	\$13,507,410
Maryland	37,503,983	\$72,369,609	\$12,424,386	\$84,793,995
Massachusetts	26,660,204	\$59,427,741	\$10,223,116	\$69,650,857
New Hampshire	8,620,460	\$12,482,660	\$2,767,655	\$15,250,316
New Jersey	22,892,730	\$47,319,194	\$4,206,966	\$51,526,160
New York	64,310,805	\$127,869,789	\$27,429,289	\$155,299,078
Rhode Island	2,659,239	\$5,955,596	\$1,022,455	\$6,978,051
Vermont	1,225,830	\$2,745,349	\$471,320	\$3,216,669
<b>Total</b>	<b>188,076,976</b>	<b>\$366,556,748</b>	<b>\$66,278,239</b>	<b>\$432,834,987</b>

- **90% of allowances auctioned**

- **Reserve price - \$1.86/ton**

- **Mean prices to date**

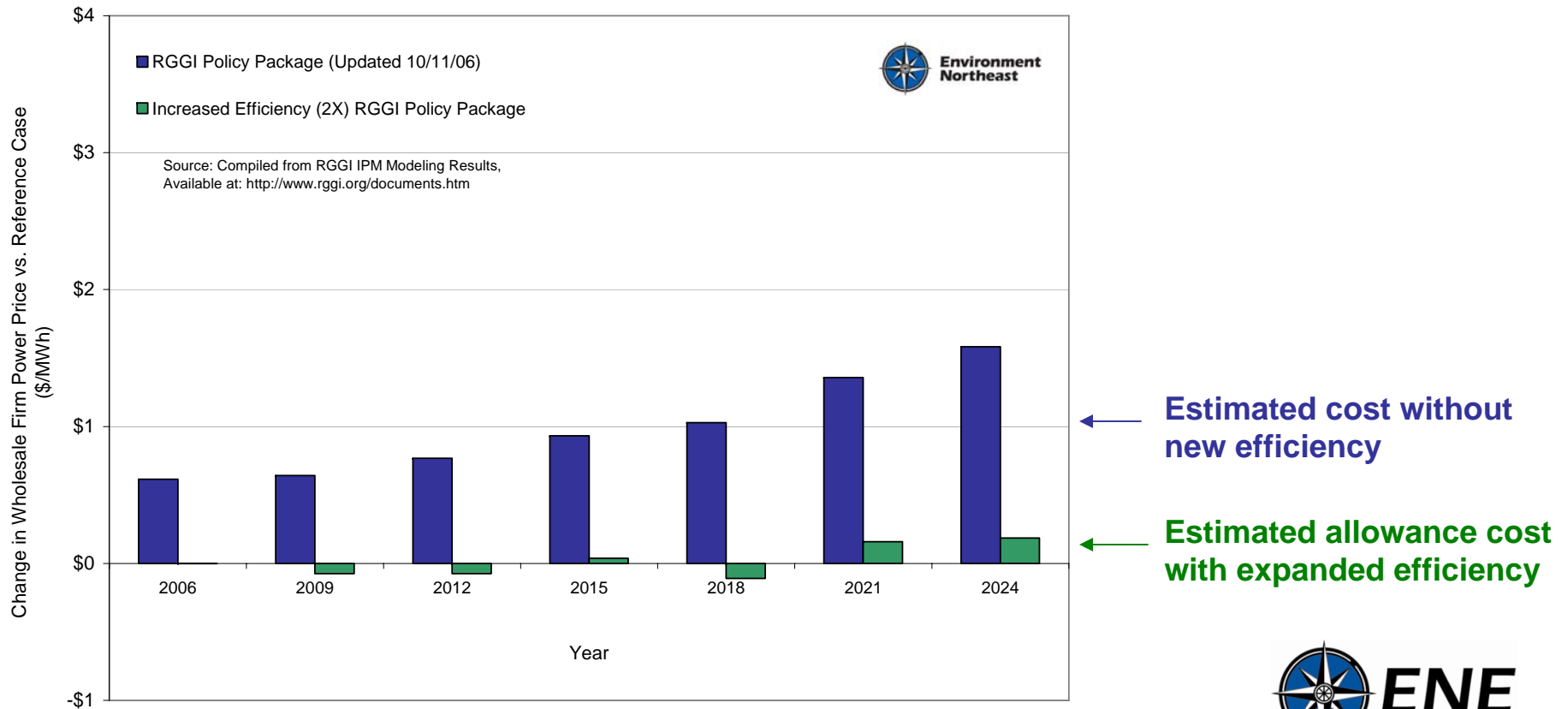
- **2009 Allowances: \$3.10**

- **2012 Allowances: \$2.33**

	2009 Allowances		2012 Allowances	
	Price	Quantity	Price	Quantity
9/25/2008	\$3.07	12,565,387	--	--
12/17/2008	\$3.38	31,505,898	--	--
3/18/2009	\$3.51	31,513,765	\$3.05	2,175,513
6/17/2009	\$3.23	30,887,620	\$2.06	2,172,540
9/9/2009	\$2.19	28,408,945	\$1.87	2,172,540

# The Role of Efficiency

- \$3 savings for every \$1 invested in Energy Efficiency
- \$284 million (66% of auction proceeds) to Energy Efficiency to date



# Massachusetts

Program	Allowances	Allocation %
Auction	26,313,621	98.7%
Voluntary Clean Energy (set-aside for retirement)	119,971	0.5%
310 CMR Allowance Conversion	226,612	0.9%
Total (2009)	26,660,204	100%

	Auctions 1-4		Auction 5		Totals to date	
	Allowances	Mean Price	Allowances	Price	Allowances	Mean Price
2009 Vintage:	17,510,136	\$3.34	4,387,534	\$2.19	21,897,670	\$3.10
2012 Vintage:	657,130	\$2.56	328,565	\$1.87	985,695	\$2.33
<b>Projected Auction Proceeds Recipients</b>						
Electric and N-Gas Energy Efficiency Programs	80%	\$47,542,192		\$8,178,493		\$55,720,685
State EE, RE, and Rate Relief Programs	20%	\$11,885,548		\$2,044,623		\$13,930,171
Total	100%	\$59,427,741		\$10,223,116		\$69,650,857

**Program Allocations based on:**

310 CMR 7.70 Massachusetts CO2 Budget Trading Program  
[www.mass.gov/dep/air/climate/index.htm#rggi](http://www.mass.gov/dep/air/climate/index.htm#rggi)

**Proceeds Recipients based on:**

An Act Relative to Green Communities  
<http://www.mass.gov/legis/laws/seslaw08/si080169.htm>



<http://www.env-ne.org/resources/open/p/id/715>

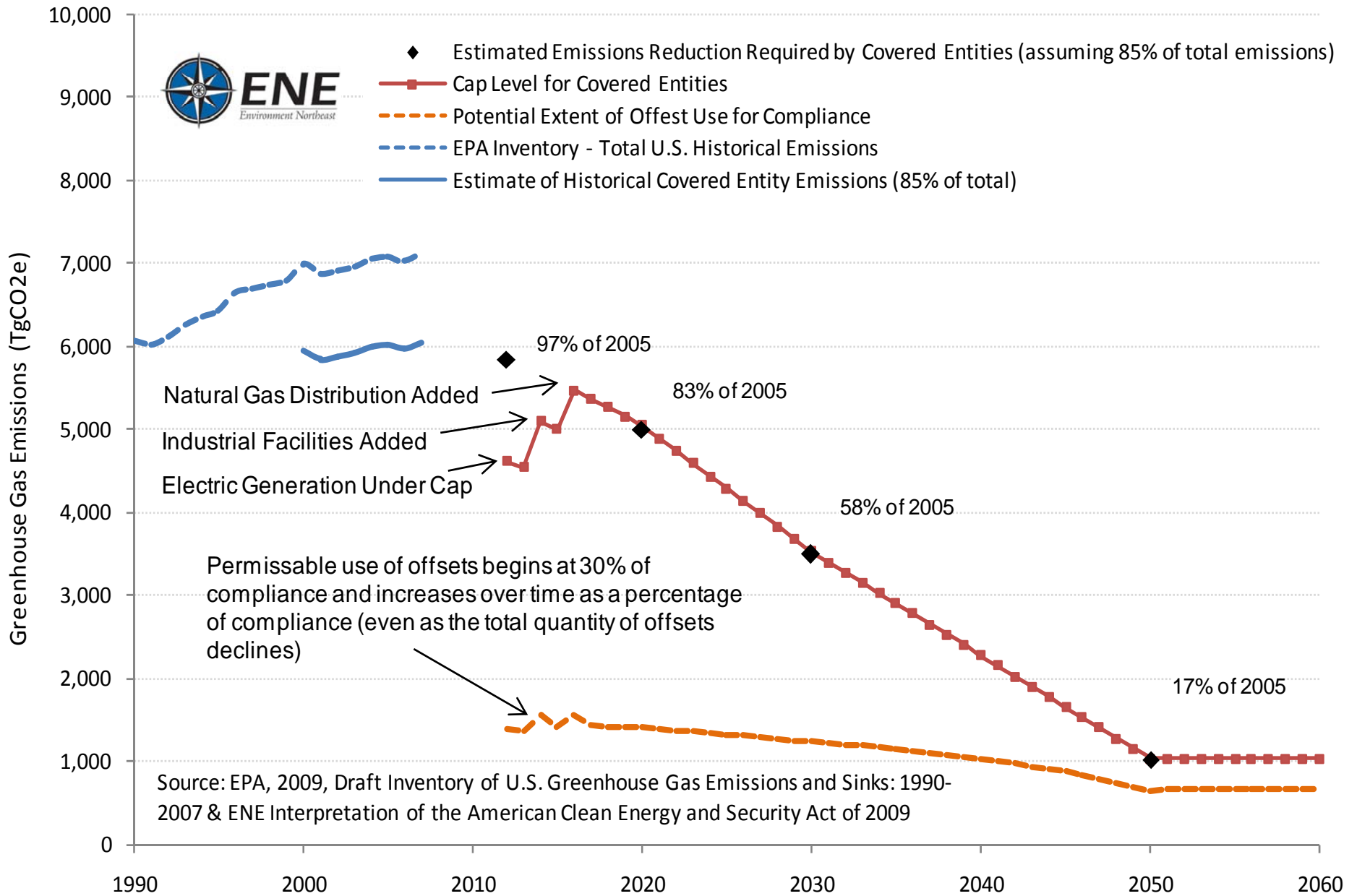


# RGGI – Status Check

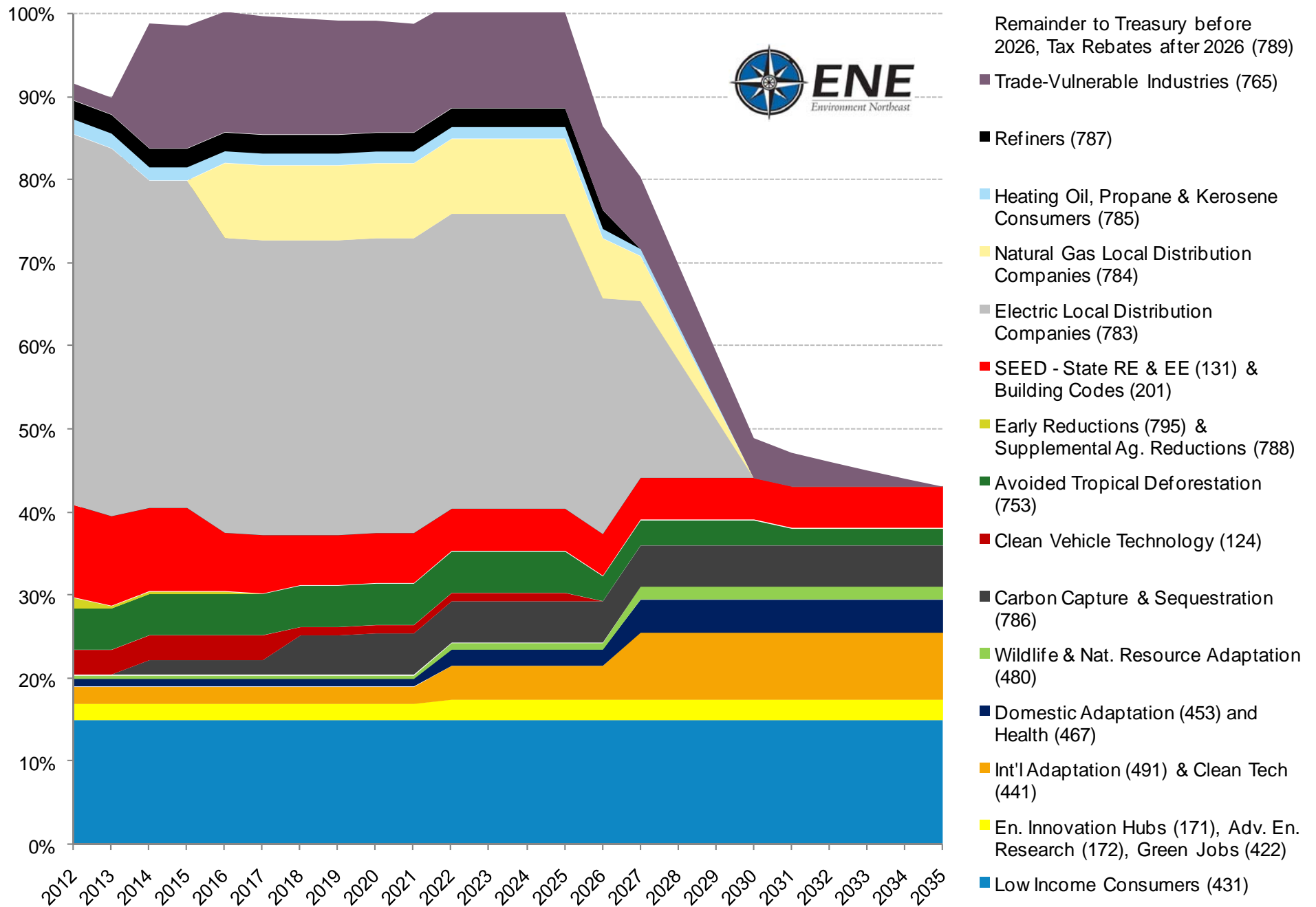
- **RGGI is working well**
- **Adjusting the cap – in second compliance period beginning 2012**
- **Spending auction proceeds**
  - **Bird-dogging state programs**
- **Offsets**
  - **Minimal interest to-date (low prices)**
  - **Proposed projects:**
    - **End-use fossil efficiency in MA**
    - **SF<sub>6</sub> emission reduction in NY**
- **Market behavior**
  - **Strong participation; secondary trading (Chicago Climate Exchange and bilaterally)**



# Addendum 1: ACES Cap



# Addendum 2: ACES Allocations



# Contact Information

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