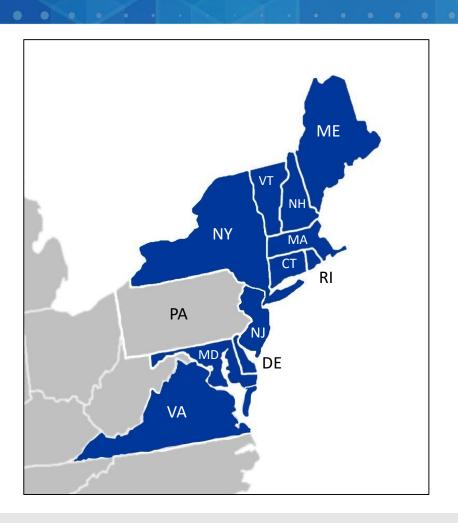
# Regional Greenhouse Gas Initiative (RGGI): Overview and Outlook

June 3, 2021

Ben Grumbles

Secretary, Maryland Department of the Environment

### The RGGI States



#### RGGI-11

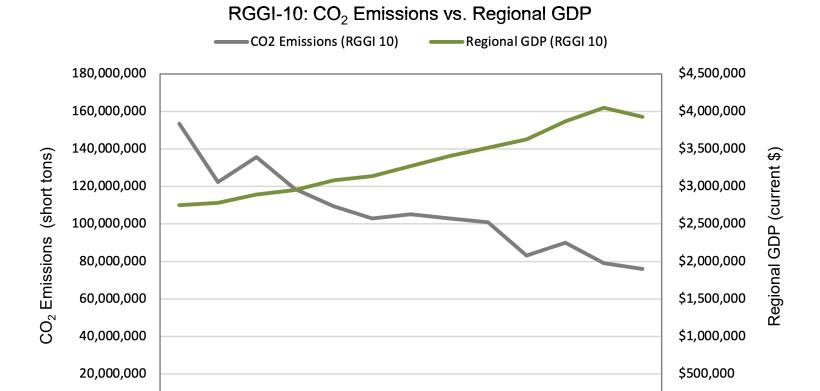
- 18 percent of US population
- 21 percent of US economy
- 4th largest economy in the world based on nominal GDP (4.3T)

#### **RGGI Structure**

- Eastern states cap-and-invest program
  - Power sector
  - Fossil generators 25+ MW
  - State-issued allowances
    - Auction distribution
    - Fungible, bankable, and tradable
- 2021 cap: 119.8 million tons
  - Adjusted cap: 100.7 million tons
- Auction proceeds reinvested

# Track Record: CO<sub>2</sub> Reduction

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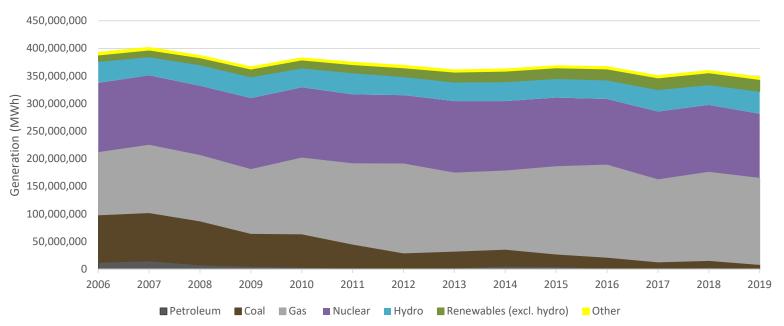
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

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## **Track Record: Generation**

RGGI-10 Generation Trends: 2006-2019



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#### **RGGI Program Review**

#### Regular, comprehensive program review

- Explore new or revised program design elements
- Evaluate the regional cap
- Open RGGI to public engagement

#### Improvements announced in 2017 include:

- 30% decline in the RGGI cap through 2030
- Emissions Containment Reserve
- Revision of Cost Containment Reserve
- Third cap adjustment for banked allowances

### **RGGI Market**

#### Quarterly auctions

- 90% of allowances
- \$1.86 to \$7.60
- > \$3.9 billion in proceeds
- Centralized platform tracks allowances (RGGI COATS)

#### Robust secondary market

- Closely tracks auction prices
- Provides liquidity

## RGGI Auction Structure

Platform:

Electronic

Internet-based

Format:

Uniform-price

Sealed-bid

# **Auction Structure**

Oversight:

Independent market monitor

Awards:

Bids ranked by price

High to low

#### **RGGI Auctions**

Regional quarterly CO<sub>2</sub> allowance auctions

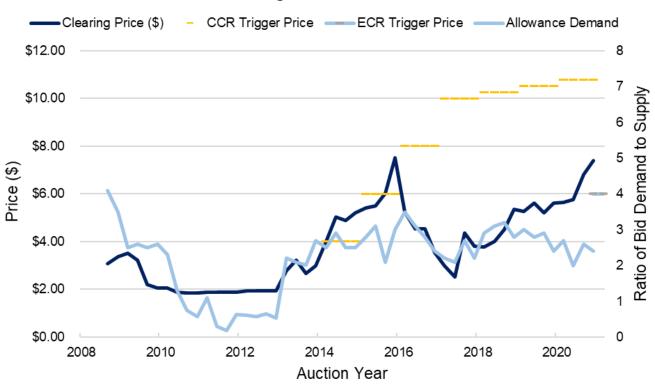
Reserve price creates floor

Mechanisms to enhance market stability

- Cost Containment Reserve: Additional allowances made available if interim clearing price is above trigger price
- Emissions Containment Reserve: Allowances withheld if interim clearing price is below trigger price

### **Auction Clearing Prices**

#### RGGI Auction Clearing Prices and Allowance Demand



# **Independent Market Monitor**

Monitors auctions live

Tracks secondary market

Market Monitor

Annual & quarterly reports published on RGGI website

Maintains market integrity

# RGGI CO<sub>2</sub> Allowance Tracking System (COATS)

Tracking of CO<sub>2</sub> emissions

Origination & transfer of CO<sub>2</sub> allowances

RGGI COATS

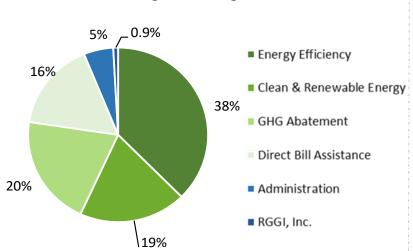
Public reports of program data & market activity

Processing of compliance

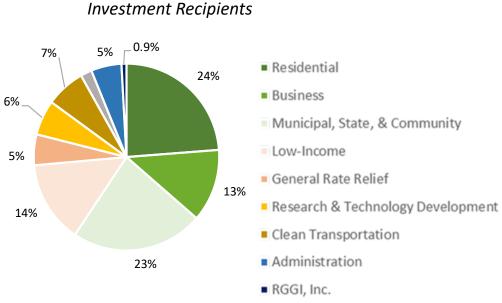
# **RGGI Reinvestment**

#### 2018 Investments: \$248M





**Investment Program Categories** 



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