



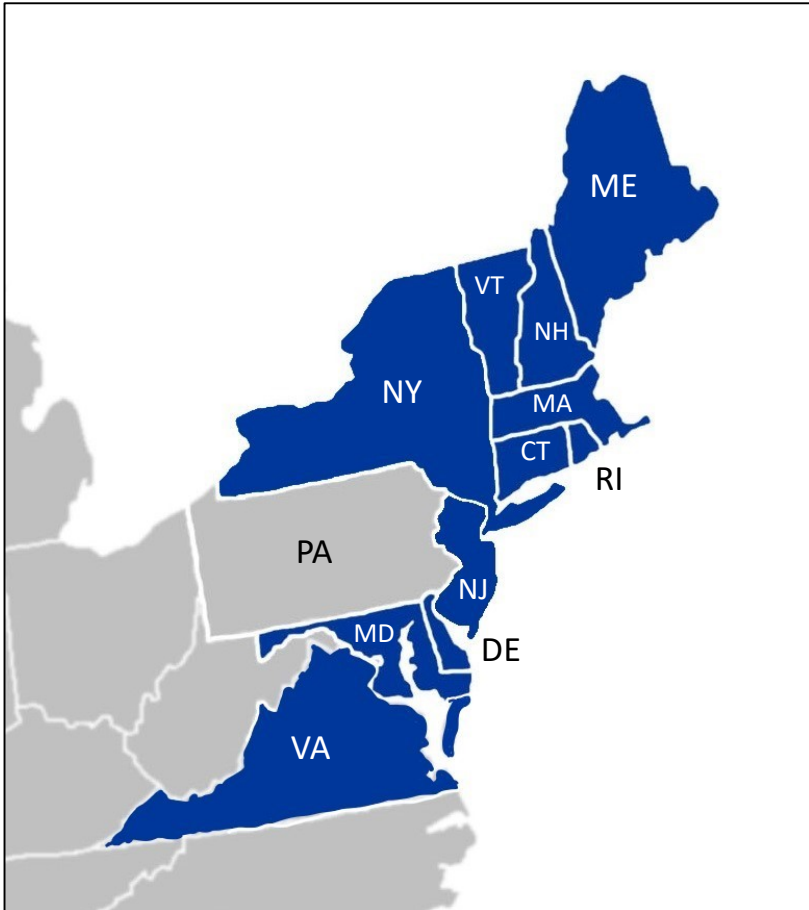
Regional Greenhouse Gas Initiative (RGGI): Overview and Outlook

June 3, 2021

Ben Grumbles

Secretary, Maryland Department of the Environment

The RGGI States



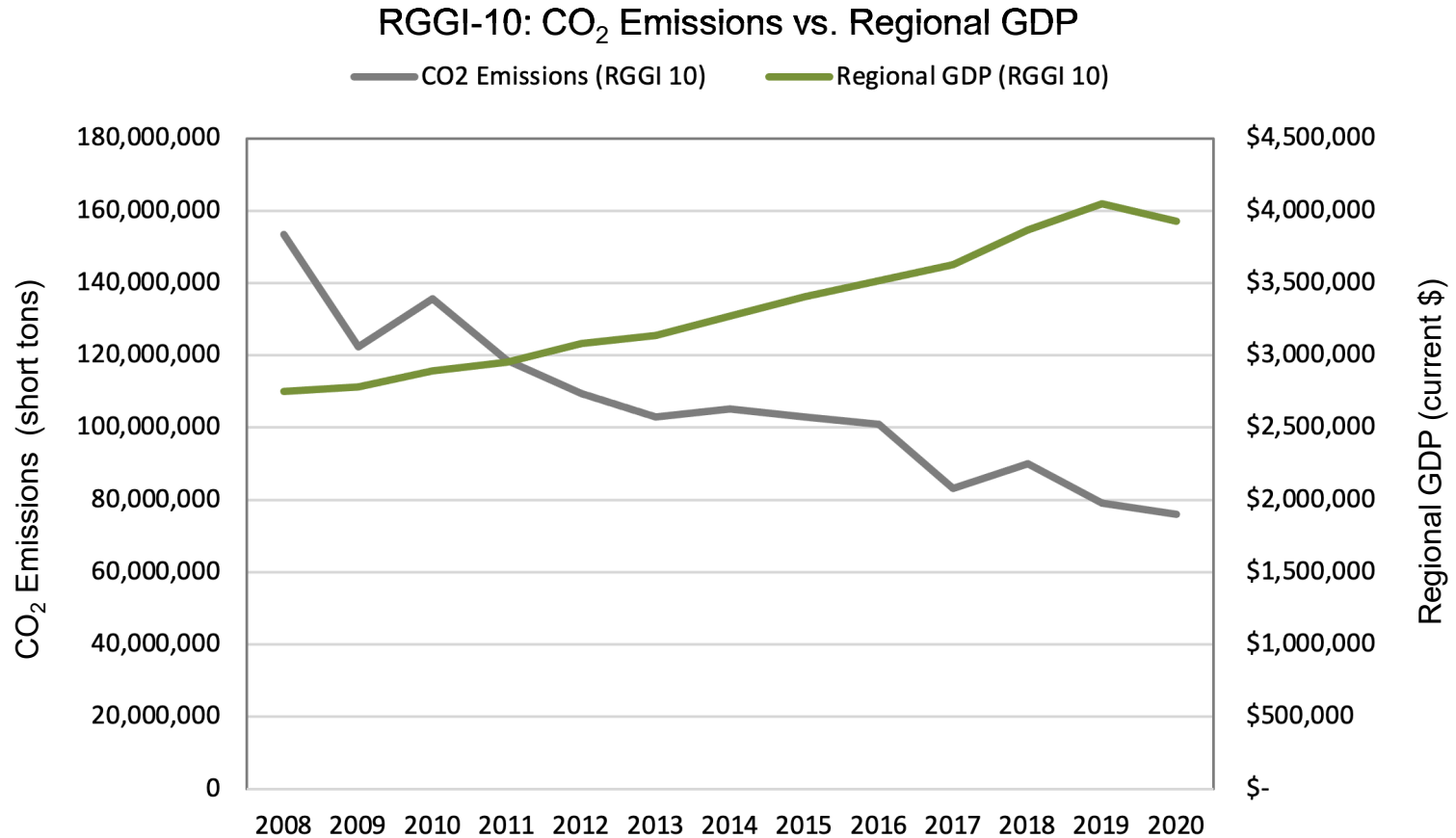
RGGI-11

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

RGGI Structure

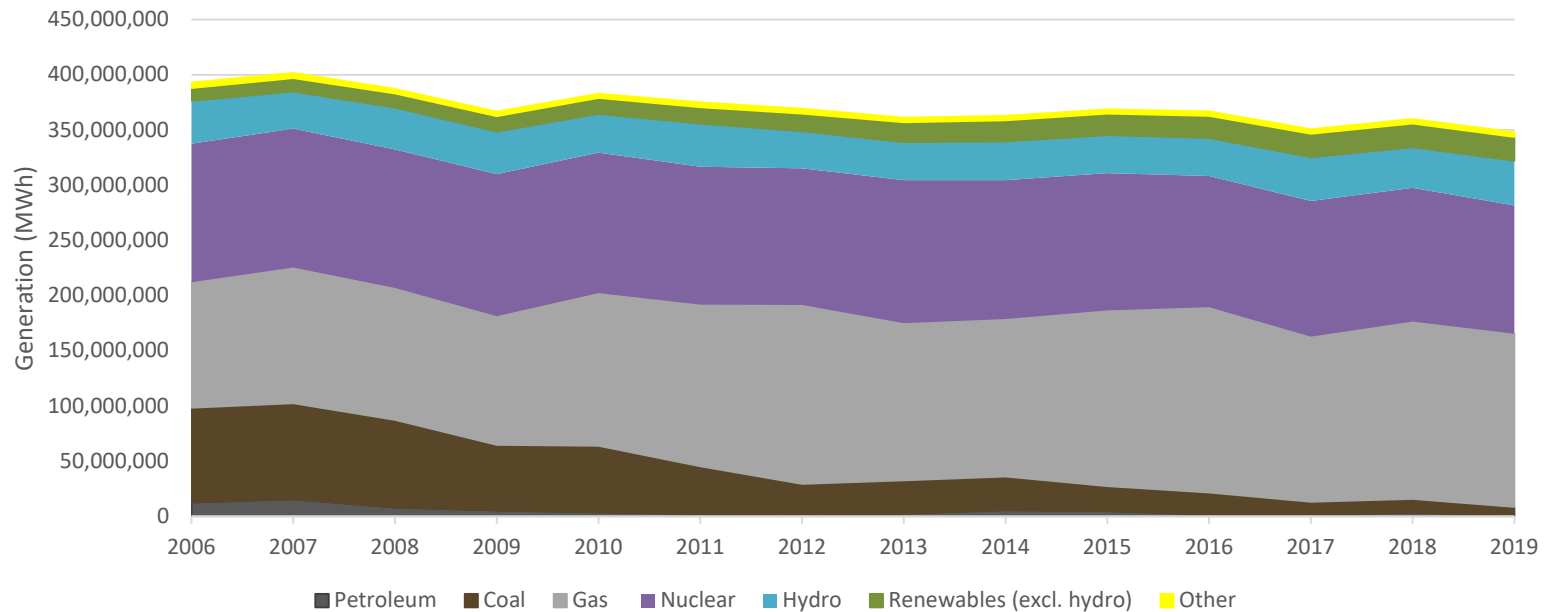
- Eastern states cap-and-invest program
 - Power sector
 - Fossil generators 25+ MW
 - State-issued allowances
 - Auction distribution
 - Fungible, bankable, and tradable
- 2021 cap: 119.8 million tons
 - Adjusted cap: 100.7 million tons
- Auction proceeds reinvested

Track Record: CO₂ Reduction



Track Record: Generation

RGGI-10 Generation Trends: 2006-2019



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

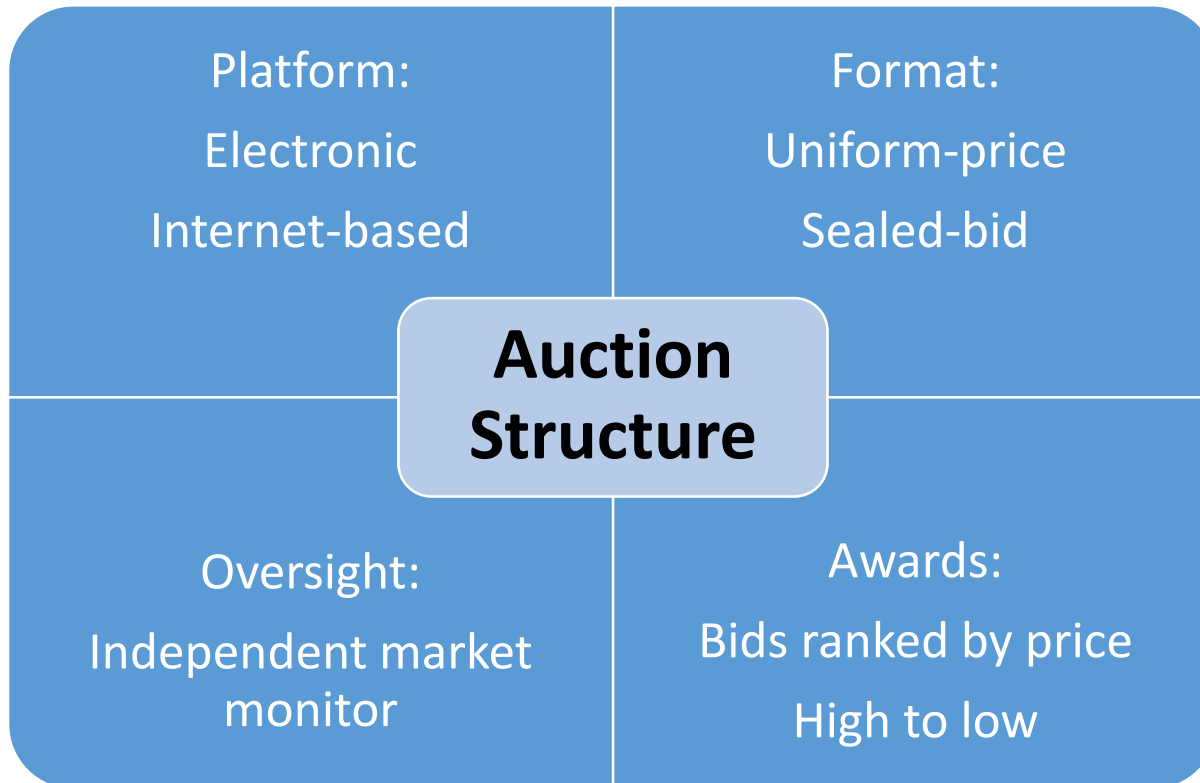
Quarterly auctions

- 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



RGGI Auctions

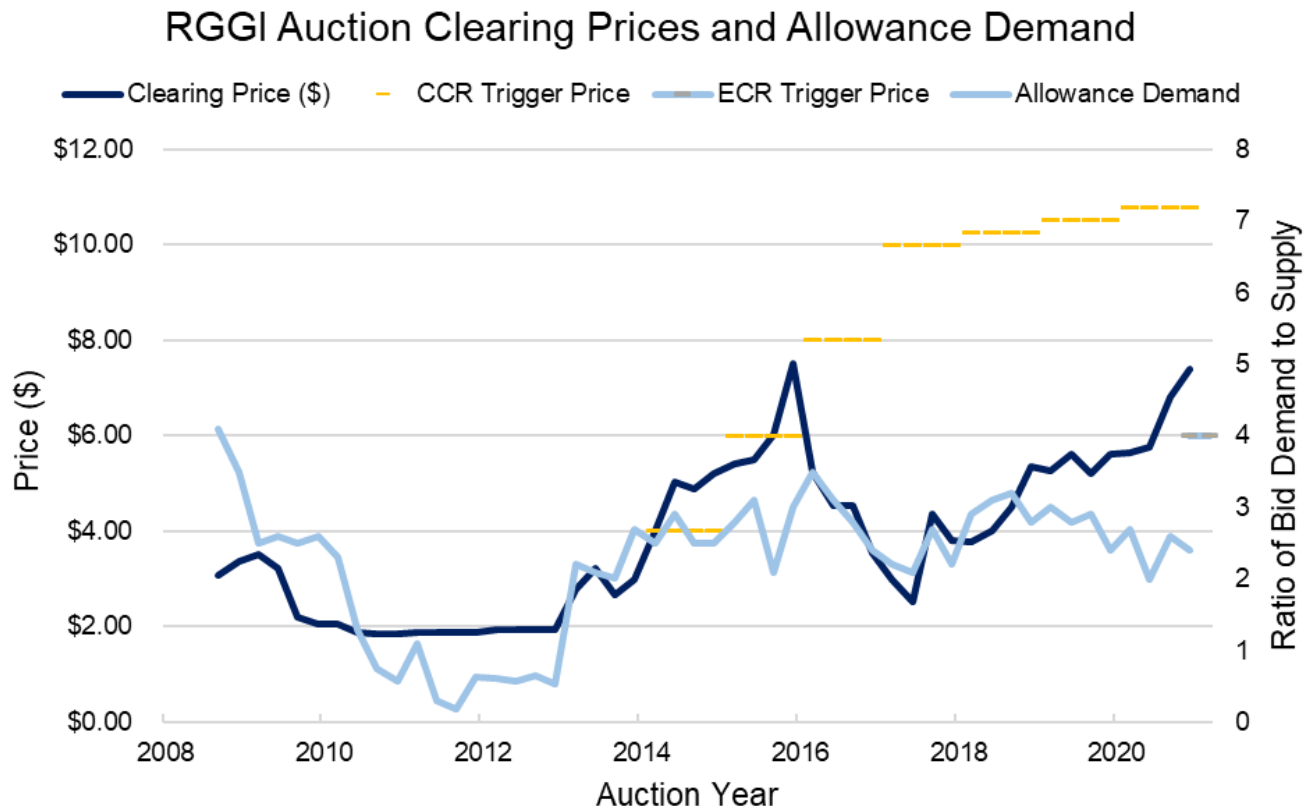
Regional quarterly CO₂ allowance auctions

Reserve price creates floor

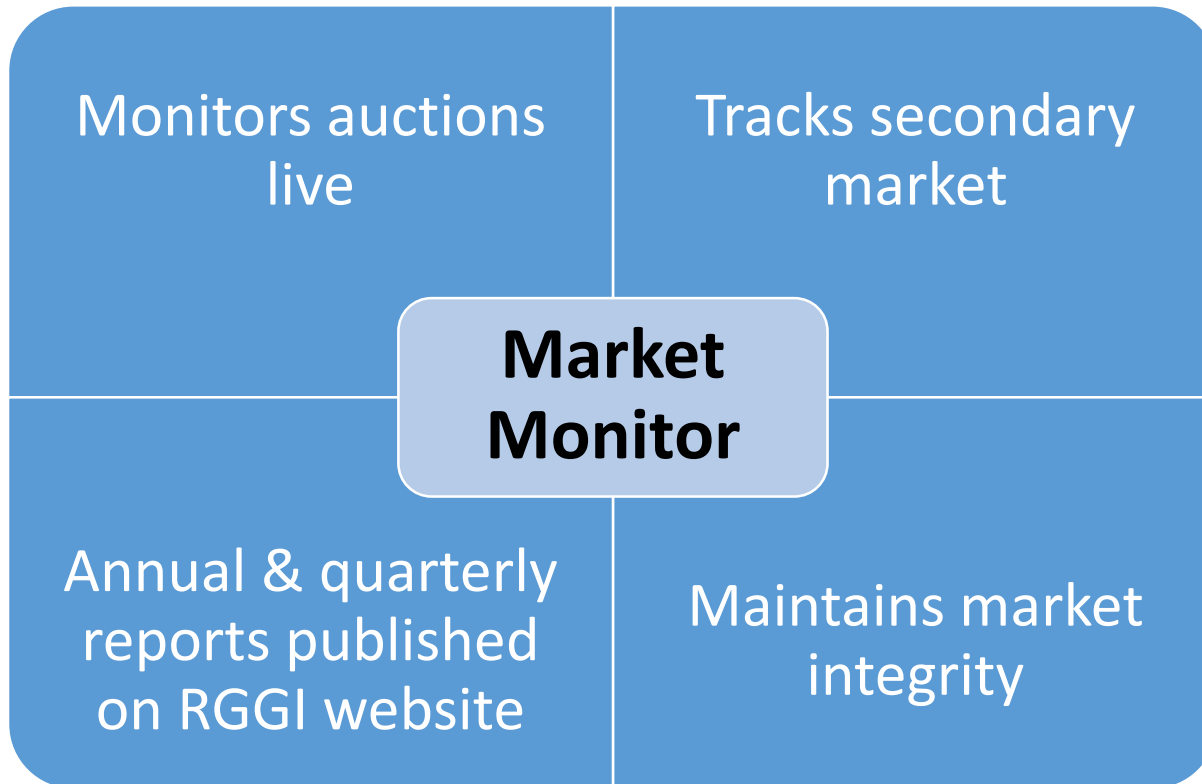
Mechanisms to enhance market stability

- **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

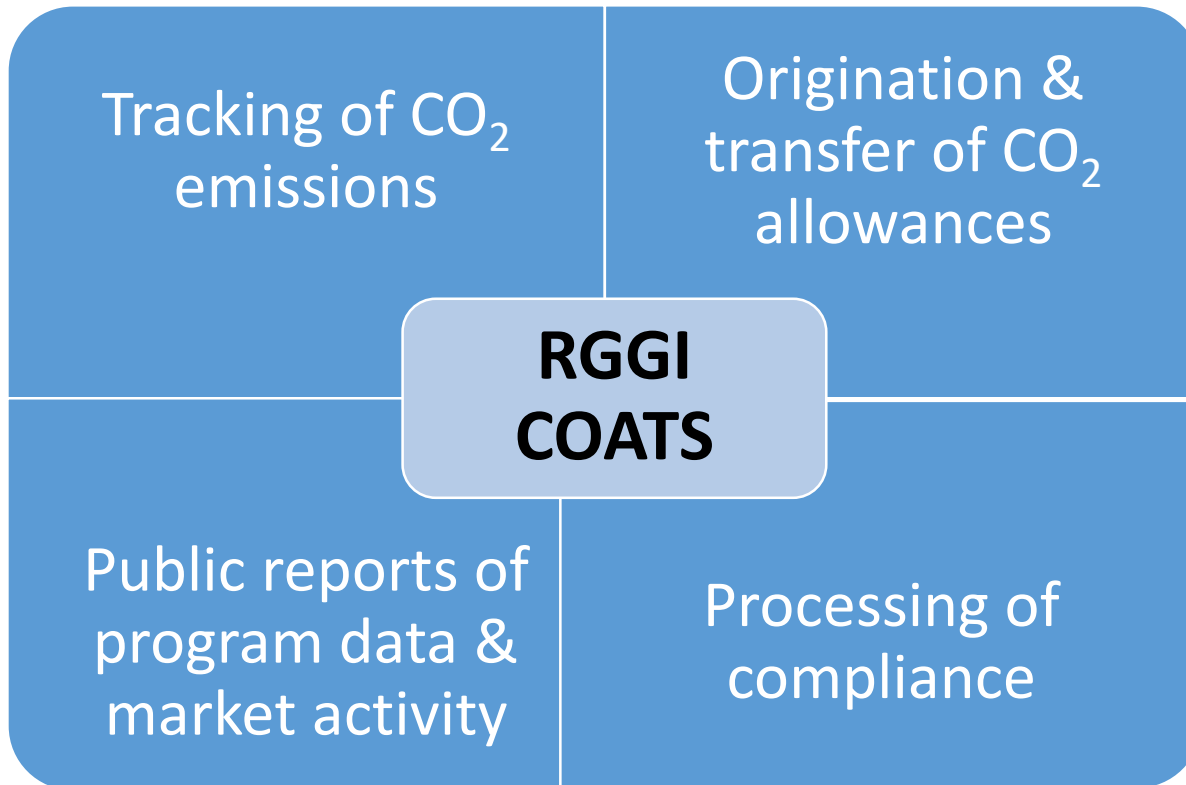
Auction Clearing Prices



Independent Market Monitor



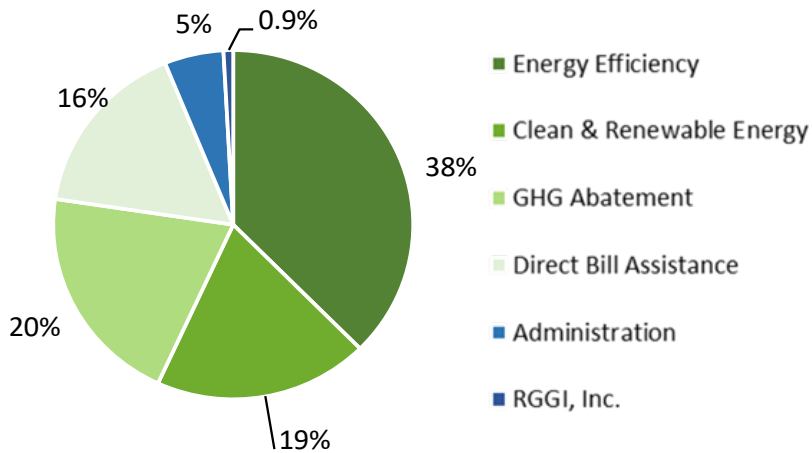
RGGI CO₂ Allowance Tracking System (COATS)



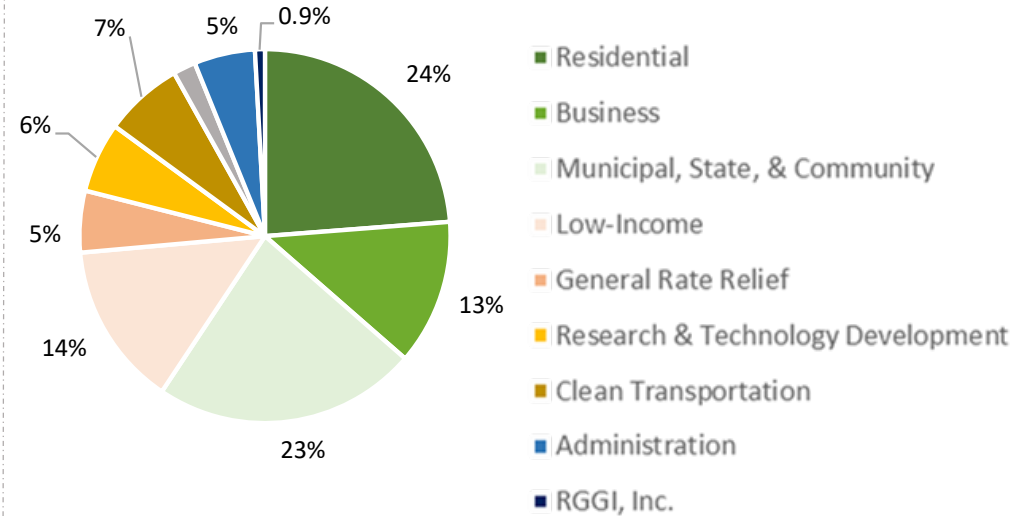
RGGI Reinvestment

2018 Investments: \$248M

Investment Program Categories



Investment Recipients





Thank you!