

RGGI Allowance Allocations & Use of Auction Proceeds



March 20, 2009

Member states of the Regional Greenhouse Gas Initiative (RGGI) independently determined how to allocate allowances (permits to emit CO₂) and how to spend proceeds of allowance auctions. State regulations were based on a Memorandum of Understanding established the basic parameters of the regional accord. However, allocations of a state's allowance budget – or portion of the regional cap – and use of allowance proceeds were left to states, so long as 25% of allowance value supported a “consumer benefit or strategic energy purpose.” This document tracks state allowance allocations and distribution of auction proceeds through the first and second allowance auctions, on September 25th and December 17th, 2008 (see below and detailed tables for each state on following pages).

RGGI Auction Results

	9/25/08 Revenue @ \$3.07/ton	12/17/08 Revenue @ \$3.38/ton	3/18/09 Revenue @ \$3.51/ton	Total Revenue \$
Connecticut	\$4,213,667	\$4,639,151	\$5,184,553	\$14,037,372
Delaware	--	\$2,555,209	\$2,884,514	\$5,439,723
Maine	\$2,678,593	\$2,949,070	\$3,262,079	\$8,889,743
Maryland	\$16,368,568	\$18,021,420	\$19,934,205	\$54,324,192
Massachusetts	\$13,346,957	\$14,829,865	\$16,402,368	\$44,579,190
New Hampshire	--	\$4,020,882	\$4,440,427	\$8,461,309
New Jersey	--	\$15,320,732	\$16,774,050	\$32,094,782
New York	--	\$41,986,904	\$45,969,759	\$87,956,664
Rhode Island	\$1,347,036	\$1,483,056	\$1,640,470	\$4,470,562
Vermont	\$620,944	\$683,646	\$756,205	\$2,060,795
Total	\$38,575,766	\$106,489,935	\$117,248,630	\$262,314,331

Auction Proceeds to Efficiency & Clean Energy

RGGI states have decided to auction almost 100% of allowances for public benefit. A majority of the revenue raised through RGGI auctions will be channeled to energy efficiency programs at the state and local level. This funding will support proven electric and fossil fuel efficiency improvements that save consumers money and reduce the cost of RGGI program by lowering demand for energy and for allowances. Auction revenues are being used for a number of activities that vary among states, but include:

- Energy efficiency programs
- Low-income weatherization
- Low-income heating assistance
- Clean energy research and development

RGGI Energy Efficiency (EE) Funding

	Revenue (\$)	EE Funding (\$)	EE Allocation (%)
Auction I	\$38,575,766	\$ 18,872,220	49%
Auction II	\$106,489,935	\$ 76,442,433	72%
Auction III	\$117,248,630	\$ 90,059,036	76.8%
<i>Total to-date</i>	<i>\$262,314,331</i>	<i>\$ 185,373,689</i>	<i>71%</i>
2009 Projection	\$ 606,548,248	\$ 428,638,748	71%

Note: Auction III figures are based on NY continuing to fund EE with 90% of auction proceeds

Allocations

In addition to auctioning allowances for public benefit, RGGI states are supporting other policies with allocations of allowances. The following six allocation categories are common to all states, and though details and nomenclature may differ slightly, the objectives of these allocation set-asides are similar.

Auction – All States – allowances to be auctioned are offered for sale in a regional auction administered by a third party (World Energy Solutions, Inc.) and carried out using an online platform (see www.rggi.org for additional information). Auction proceeds are returned to states to support state-specific programs (see below).

Voluntary Clean Energy – All States but DE - this set-aside supports renewable energy by accounting for emissions reductions attributable to voluntary purchases of renewable energy by consumers (i.e., “green power” purchases). Customers pay a premium for voluntary renewable energy in expectation of displacing fossil fuel electricity and reducing emissions. The cap must therefore be adjusted downward in proportion to voluntary renewable energy purchases in order to reflect consumer expectations, and to avoid offering too many allowances to fossil fuel producers who must generate *less* electricity as a result of voluntary renewable energy purchases. If the cap were not adjusted downwards generators of fossil-fuel electricity could actually *increase* emissions per kilowatt hour and still remain below the cap. Allowances transferred to the VCEP are permanently removed from the cap and retired.

Long-Term Power Purchase Agreement (PPA) – CT, MD & NY – this set-aside protects generators with long-term PPA’s from having to absorb the costs of RGGI over the contract period. To be eligible generators must demonstrate that they cannot recover allowance costs from consumers or electricity markets. Eligible units may purchase allowances at a set price (\$2 per ton in CT), or be provided allowances for free, as is the case in MD and NY. (Note: in NY only generators with an emissions rate at or below that of natural gas—1100lbs/MWh—are eligible). Allowances purchased from the Long-term PPA set-asides may only be used for compliance and cannot be resold.

Combined Heat and Power (CHP) – CT, ME & NJ – allowances are awarded to Combined Heat and Power (CHP) units that utilize thermal energy for heating or industrial processes. In general only 30-35% of the energy in fossil fuels is utilized to generate electricity and the rest is wasted as heat. CHP units utilize the ‘excess’ thermal energy and thus produce more useful energy per unit of fuel. This efficiency is rewarded with allowances that account for the emissions avoided by *not producing* heat anew at the end use facility. An example might be a natural-gas plant that generates electricity and provides steam for an industrial application.

Allowance Conversion – MA & NH – both Massachusetts and New Hampshire had pre-existing emissions regulations, and this set-aside allows for conversion of old allowances to the RGGI program. In MA two allowances from the previous program (310 CMR 7.00) can be exchanged for one RGGI allowance, whereas in New Hampshire allowances from the pre-existing Env-A 2900 program can be traded 1:1 for RGGI allowances.

Industrial Exemptions – MD & DE – in Maryland and Delaware certain emitters have been exempted from RGGI and allowances corresponding to their emissions will be permanently retired. The Delaware City Refinery, which contains a 180MW generation plant, is exempted, and in Maryland units that sell less than 10% of generated electricity onto the grid are exempted.

Allocation to Emitters – DE – Delaware has decided to allocate 33% of its annual allowance budget to emitters. This allocation will decrease annually and allocations to these emitter will cease in 2014.



Connecticut

2009 Budget (allowances) = 10,695,036

Program	Allocation (%)
Auction	77.0%
Voluntary Clean Energy	1.5%
Customer-side Distributed Resources	3.5%
Combined Heat and Power (CHP)	5.0%
CHP Long-term PPA	up to 13.0%
Total	100.0%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
		1,372,530	1,372,530	1,372,530	4,117,590
		--	--	120,319	120,319
	Distribution (%)	Proceeds @\$3.07/ton	Proceeds @\$3.38/ton	Proceeds @\$3.51/ton	-
Proceeds Recipient*					-
Administrative Costs	7.5%	\$ 316,025	\$ 347,936	\$ 388,841	\$ 1,052,803
Clean Energy Fund	23.0%	\$ 969,143	\$ 1,067,005	\$ 1,192,447	\$ 3,228,596
Energy Efficiency, of which:	69.5%	\$ 2,928,499	\$ 3,224,210	\$ 3,603,265	\$ 9,755,973
- CL&P (75%)	52.1%	\$ 2,196,374	\$ 2,418,158	\$ 2,702,448	\$ 7,316,980
- UI (18.75%)	13.0%	\$ 549,093	\$ 604,539	\$ 675,612	\$ 1,829,245
- CMEEC (6.25%)	4.3%	\$ 183,031	\$ 201,513	\$ 225,204	\$ 609,748
Total	100%	\$ 4,213,667	\$ 4,639,151	\$ 5,184,553	\$ 14,037,372

*Up to \$5/ton, overage rebated

Program Allocation & Proceeds Recipients based on:

Section 22a-174-3: Control of Carbon Dioxides Emissions

<http://www.ct.gov/dep/lib/dep/air/regulations/mainregs/22a-174-31.pdf>



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Delaware

2009 Budget (allowances) = 7,559,787

Program	Allocation (%)
Auction	50%
Allocation to Emitters	33%
Industrial Exemption (Del. City Refinery)	17%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
Distribution		Proceeds	Proceeds	Proceeds	-
Proceeds Recipient	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
EE & Renewables	65%	-- \$	1,660,886	\$ 1,874,934	\$ 3,535,820
Weatherization Assistance Program	10%	-- \$	255,521	\$ 288,451	\$ 543,972
LIHEAP	5%	-- \$	127,760	\$ 144,226	\$ 271,986
GHG Reduction Projects	10%	-- \$	255,521	\$ 288,451	\$ 543,972
Administration	10%	-- \$	255,521	\$ 288,451	\$ 543,972
Total	100%	-- \$	2,555,209	\$ 2,884,514	\$ 5,439,723

Program Allocation based on:

1147 CO2 Budget Trading Program

<http://www.awm.delaware.gov/AQM/Documents/Final%20Reg%201147%20-%20CLEAN.pdf>

and 12/15/08 conversation with Valerie Grey, planning engineer with Delaware Department of Natural Resources & Environmental Control

Proceeds Recipients based on:

Delaware State Senate Bill 263 - An Act to Amend Title 7 of the Delaware Code Relating to RGGI and CO2 Emission Trading Program

<http://www.votesmart.org/billtext/19746.pdf>



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Maine

2009 Budget (allowances) = 5,948,902

Program	Allocation (%)
Auction	88%
Voluntary Clean Energy	2%
Combined Heat and Power	10%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:	872,506	872,506	872,506
	Distribution	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient*	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Electric Energy Efficiency	85%	\$ 2,276,804	\$ 2,506,710	\$ 2,772,767	\$ 7,556,281
Fossil Fuel Energy Efficiency	15%	\$ 401,789	\$ 442,361	\$ 489,312	\$ 1,333,461
Total	100%	\$ 2,678,593	\$ 2,949,070	\$ 3,262,079	\$ 8,889,743

*Up to \$5/ton, overage rebated

Program Allocation & Proceeds Recipients based on:

Chapters 156-158: CO2 Budget Trading Program

<http://www.maine.gov/dep/air/greenhouse/rggi.htm>



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Maryland

2009 Budget (allowances) = 37,504,000

Program	Allocation (%)
Auction	85.4%
Voluntary Clean Energy	0.9%
Industrial Exemption	9.2%
Long-term Contracts	4.5%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
		5,331,781	5,331,781	5,331,783	15,995,345
		--	--	399,884	399,884
	Distribution	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Energy Efficiency	46%	\$ 7,529,541	\$ 8,289,853	\$ 9,169,734	\$ 24,989,128
Low-income Elec. Assistance	17%	\$ 2,782,657	\$ 3,063,641	\$ 3,388,815	\$ 9,235,113
General Rebates	23%	\$ 3,764,771	\$ 4,144,927	\$ 4,584,867	\$ 12,494,564
Clean Energy, Ed., & CC Programs	10.5%	\$ 1,718,700	\$ 1,892,249	\$ 2,093,091	\$ 5,704,040
Administration	3.5%	\$ 572,900	\$ 630,750	\$ 697,697	\$ 1,901,347
Total	100%	\$ 16,368,568	\$ 18,021,420	\$ 19,934,205	\$ 54,324,192

Program Allocation based on:

Subtitle 09 Maryland CO2 Budget Trading Program

http://www.dsd.state.md.us/comar/subtitle_chapters/26_Chapters.htm#Subtitle09

If auction clearing prices exceed \$7/ton allowances sold directly to emitters at clearing price.

Proceeds Recipients based on:

Senate Bill 268 - RGGI: Maryland Strategic Energy Investment Program

<http://mlis.state.md.us/2008rs/bills/sb/sb0268e.pdf>



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Massachusetts

2009 Budget (allowances) = 26,660,204

Program	Allocation (%)
Auction	98.7%
Voluntary Clean Energy	0.5%
310 CMR Allowance Conversion	0.9%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
		4,347,534	4,387,534	4,387,534	13,122,602
		--	--	328,565	328,565
	Distribution*	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Electric and N-Gas EE Programs	21%	\$ 3,500,000	\$ 2,400,000	tbd	\$ 5,900,000
Administration	3%	\$ 500,000	\$ 400,000	tbd	\$ 900,000
Low-income Boiler Replacement	14%	\$ 2,000,000	\$ 2,000,000	tbd	\$ 4,000,000
Green Communities programs	35%	\$ 5,000,000	\$ 5,000,000	tbd	\$ 10,000,000
0% interest loans for local EE	11%	\$ 3,000,000	\$ -	tbd	\$ 3,000,000
Energy Efficiency Skills and Innovation	18%	-	\$ 5,000,000	tbd	\$ 5,000,000
Total	100%	\$ 13,346,929	\$ 14,829,865	\$ 16,402,368	\$ 44,579,162

*Distribution varies by auction and percentages reflect portion of total funding to-date

Program Allocation based on:

310 CMR 7.70 Massachusetts CO2 Budget Trading Program
www.mass.gov/dep/air/climate/index.htm#rggi

Proceeds Recipients based on:

An Act Relative to Green Communities - www.mass.gov/legis/laws/seslaw08/s1080169.htm,
 MA Winter Energy Costs Task Force Report - http://www.mass.gov/Eoeea/docs/eea/winter_energy_costs_report.pdf, and
 Auction II distribution based on 12/19/08 Press release :
http://www.mass.gov/?pageID=gov3pressrelease&L=1&L0=Home&sid=Agov3&b=pressrelease&f=081219_rggi&csid=Agov3



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New Hampshire

2009 Budget (allowances) = 8,620,460

Program	Allocation (%)
Auction	at least 69%
Voluntary Clean Energy	up to 1%
Env-A 2900 Allowance Conversion	up to 29%
Emergency Account	1%
Total	100%

Auction		Auction 1	Auction 2	Auction 3	Totals to date:
	2009 Allowances Offered:	--	1,189,610	1,189,611	2,379,221
	2012 Allowances Offered:	--	--	86,850	86,850
	Distribution	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient*	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Low Income EE Programs	10%	- \$ 402,088	\$ 444,043	\$ 846,131	
EE Programs	90%	- \$ 3,618,794	\$ 3,996,384	\$ 7,615,178	
Total	100%	- \$ 4,020,882	\$ 4,440,427	\$ 8,461,309	

*Up to \$6/ton, overage rebated

Program Allocation based on:

Env-A 4600 CO2 Budget Trading Program

<http://des.nh.gov/organization/commissioner/legal/rulemaking/documents/env-a4600interim.pdf>

Proceeds Recipients based on:

Chapter Puc 2600 Greenhouse Gas Emissions Reduction Fund

<http://www.puc.state.nh.us/EESE%20Board/101708Mtg/Puc%202600%20Adopted%20interim%20Proposed%20-%202010-24-08.pdf>



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New Jersey

2009 Budget (allowances) = 22,892,730

Program	Allocation (%)
Auction	99%
Voluntary Clean Energy Combined Heat and Power (CHP)	up to 1%
Total	tbd
	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
	2012 Allowances Offered:	--	4,532,761	4,532,761	9,065,522
	Distribution	--	--	283,298	283,298
	(%)	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient		@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
EE, Renewables & Carbon Abatement	55.2%	- \$	8,457,044	\$ 9,259,276	\$ 17,716,320
Low Income EE Programs	18.4%	- \$	2,819,015	\$ 3,086,425	\$ 5,905,440
Local Govt. EE Programs	9.2%	- \$	1,409,507	\$ 1,543,213	\$ 2,952,720
Forest & Wetlands Programs	9.2%	- \$	1,409,507	\$ 1,543,213	\$ 2,952,720
Administration	8.0%	- \$	1,225,659	\$ 1,341,924	\$ 2,567,583
Total	100%	- \$	15,320,732	\$ 16,774,050	\$ 32,094,782

Program Allocation based on:

N.J.A.C. 7:27C. CO2 Budget Trading Program
<http://www.state.nj.us/dep/aqm/27C.pdf>

Proceeds Recipients based on:

NJ Legislature Chapter 340
http://www.njleg.state.nj.us/2006/Bills/PL07/340_.PDF



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New York

2009 Budget (allowances) = 64,310,805

Program	Allocation (%)
Auction	96.6%
Voluntary Clean Energy	1.1%
Long Term Contracts	2.3%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
	Distribution	Proceeds	Proceeds	Proceeds	-
	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Residential Heating Efficiency	36%	- \$ 15,300,000	tbd	\$ 15,300,000	
Commercial & Industrial Efficiency	13%	- \$ 5,500,000	tbd	\$ 5,500,000	
Water & Wastewater Efficiency	34%	- \$ 14,100,000	tbd	\$ 14,100,000	
EE Program Evaluation	5%	- \$ 2,100,000	tbd	\$ 2,100,000	
Green Workforce Development	5%	- \$ 2,100,000	tbd	\$ 2,100,000	
Program Administration	7%	- \$ 2,900,000	tbd	\$ 2,900,000	
Total	100%	- \$ 41,986,904	\$ 45,969,759	\$ 87,956,664	

Program Allocation based on:

Express Terms, Part 242 CO2 Budget Trading Program
<http://www.dec.ny.gov/regulations/43598.html>

Proceeds Recipients to be determined, based on:

NYSERDA Operating Plan for Investments in NY Under the CO2 Budget Trading Program and the CO2 Allowance Auction Program
<http://www.nyserda.org/RGGI/Concept%20Paper%20Nov%202012.pdf>



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Rhode Island

2009 Budget (allowances) = 2,659,239

Program	Allocation (%)
Auction	99%
Voluntary Clean Energy	1%
Total	100%

Auction	2009 Allowances Offered:	Auction 1	Auction 2	Auction 3	Totals to date:
		2012 Allowances Offered:			
		438,774	438,774	438,775	1,316,323
		--	--	32,908	32,908
	Distribution	Proceeds	Proceeds	Proceeds	-
Proceeds Recipient	(%)	@\$3.07/ton	@\$3.38/ton	@\$3.51/ton	-
Administration	5%	\$ 67,352	\$ 74,153	\$ 82,023	\$ 223,528
Utility-administered Energy Efficiency	57%	\$ 767,811	\$ 845,342	\$ 935,068	\$ 2,548,220
State-administered Energy Efficiency	38%	\$ 511,874	\$ 563,561	\$ 623,378	\$ 1,698,814
Total	100%	1,347,036	\$ 1,483,056	\$ 1,640,470	\$ 4,470,562

Program Allocation based on:

APC Reg. 46 & 47, CO2 Budget Trading Program
www.dem.ri.gov/rggi/index.htm

Proceeds Recipients to be determined, based on:

Chapter 23-82 Implementation of the Regional Greenhouse Gas Initiative Act Section 23-82-6
<http://www.rilin.state.ri.us/Statutes/TITLE23/23-82/23-82-6.HTM>; and
 Rhode Island Energy Efficiency Resource Management Council draft auction proceed distribution plan



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Vermont

2009 Budget (allowances) = 1,225,830

Program	Allocation (%)
Auction	99%
Voluntary Clean Energy	1%
Total	100%

Auction		Auction 1	Auction 2	Auction 3	Totals to date:
	2009 Allowances Offered:	202,262	202,262	202,262	606,786
	2012 Allowances Offered:	--	--	15,169	15,169
	Distribution (%)	Proceeds @\$3.07/ton	Proceeds @\$3.38/ton	Proceeds @\$3.51/ton	-
Proceeds Recipient					-
EE Carbon Reduction Programs	100%	\$ 620,944	\$ 683,646	\$ 756,205	\$ 2,060,795
Total	100%	\$ 620,944	\$ 683,646	\$ 756,205	\$ 2,060,795

Program Allocation based on:

Public Service Board Staff Report for RGGI Implementation

<http://www.state.vt.us/psb/document/RGGI/RGGI%20Staff%20Report.pdf>

Proceeds Recipients based on:

PSB Chapter 30, Section 255

<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=30&Chapter=005&Section=00255>



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