

# RGGI and Energy Efficiency: *Moving Climate Policy Forward in the Northeast*

## ACEEE: Energy Efficiency as a Resource

Chicago, IL

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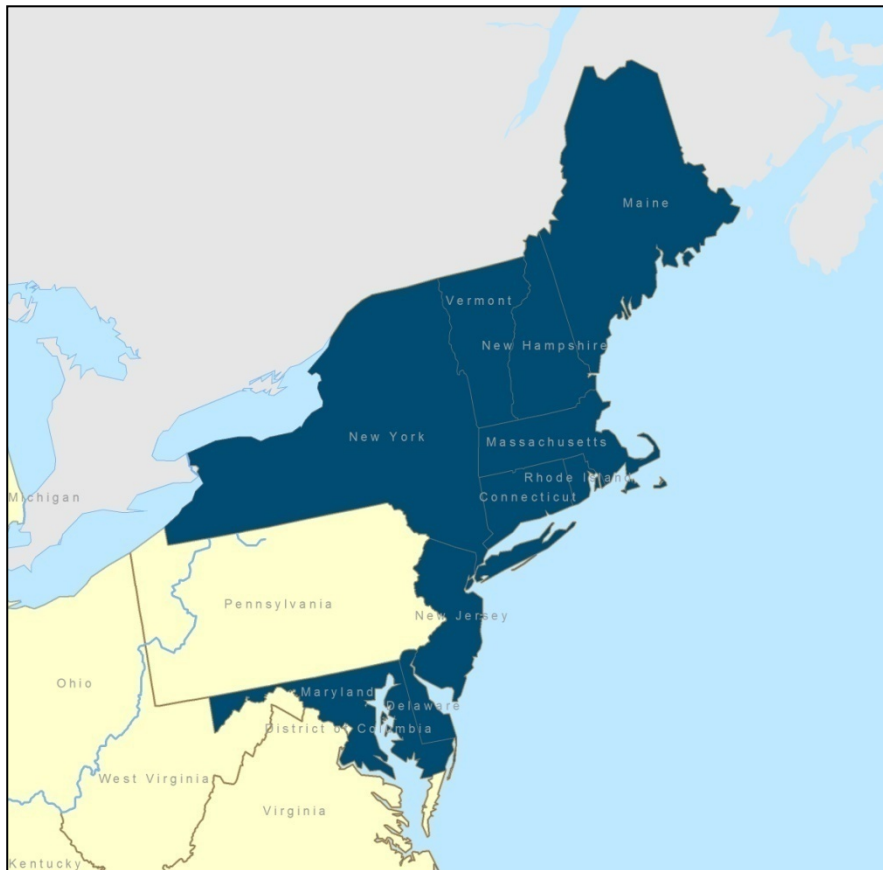


# ENE – About Us

- **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

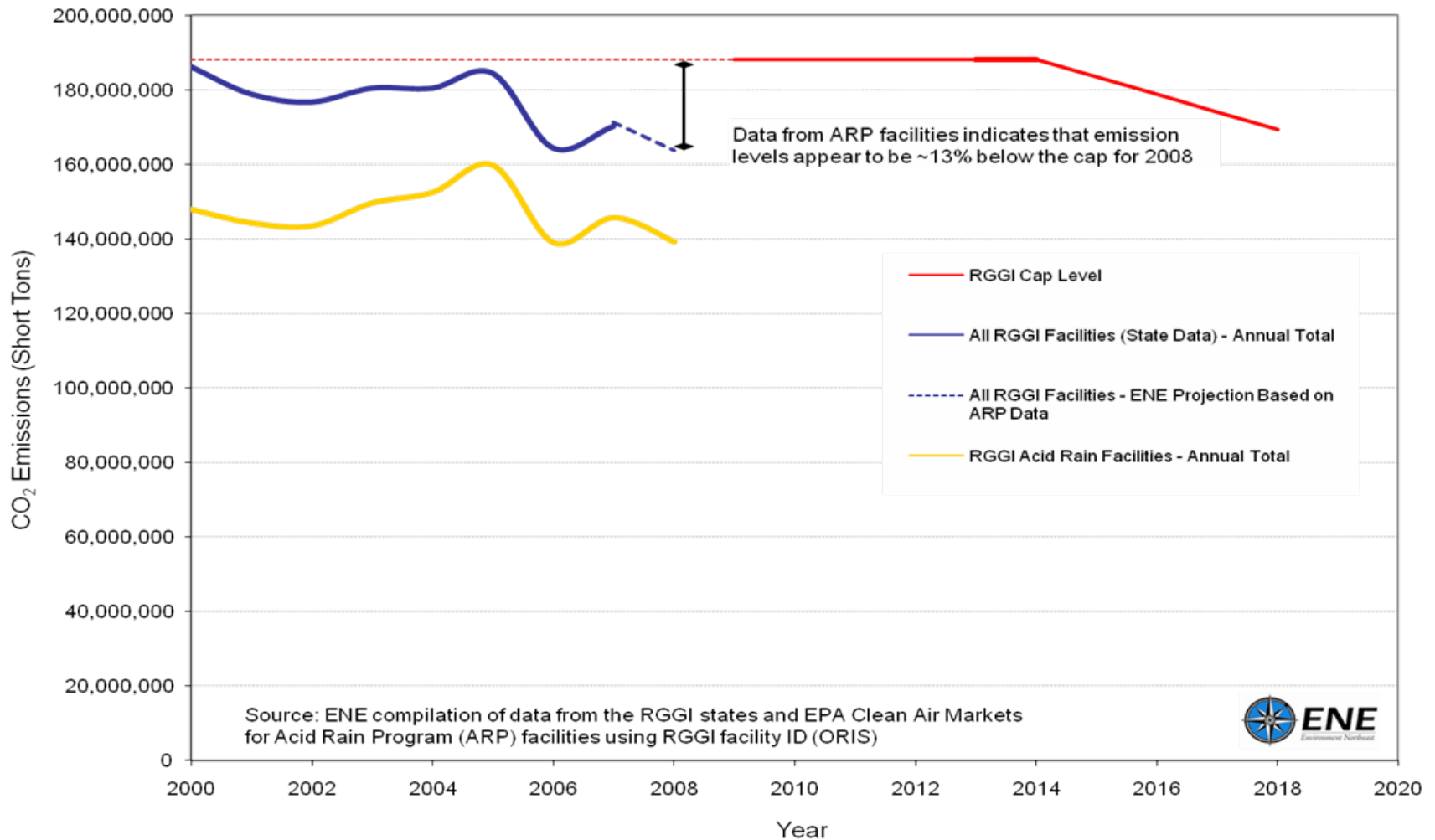


# RGGI Overview



- **First mandatory carbon cap and trade program in the US**
- **10 states: from Maine to Maryland**
- **Electric power units over 25 MWs**
- **Reduce emissions 10% below 2009 levels by 2019;**
- **3.3% offset usage for compliance**

# The RGGI Carbon Cap



# RGGI Auctions

- **2009 Allocation: 188M tons of CO<sub>2</sub>**
- **90% of allowances auctioned**
- **Reserve price - \$1.86/ton**
- **Mean prices to date**
  - **2009 Allowances: \$3.10**
  - **2012 Allowances: \$2.33**
- **TOTAL REVENUE TO DATE: \$432.8M**

# RGGI Auctions



	2009 Allocation <i>(short tons)</i>	Auctions 1-4 Revenue <i>(\$)</i>	Auction 5 Revenue <i>(\$)</i>	Totals to-date Revenue <i>(\$)</i>
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>



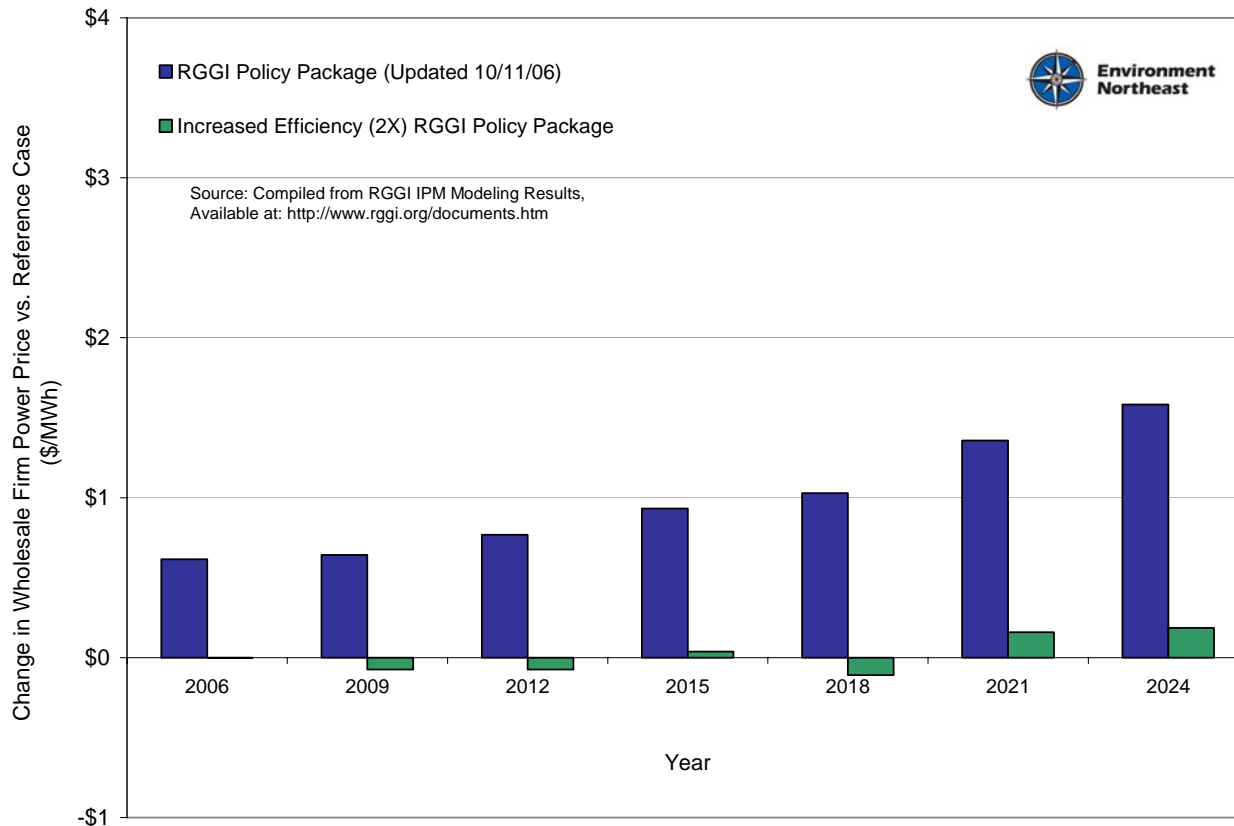
# RGGI Lesson #1: Auction Allowances

## Importance of Auctioning Allowances

- Equity – emitters bear true costs, cleaner, more efficient energy favored
- Fairness – allowance costs usually passed on, prevent ‘windfall’ profits
- Competitiveness – level playing field
  - Auction does not distort market
- Creates Revenue Stream for Investment and Consumer Benefit – utilize funds to maximize consumer value

# RGGI Lesson #2: Reinvest in Efficiency

- \$3 savings for every \$1 invested in Energy Efficiency
- \$283 million (65% of auction proceeds) to EE to date



← Estimated cost without new efficiency

← Estimated allowance cost with expanded efficiency



# RGGI Lesson #3: Offsets Approach and Federal Application

## **RGGI Allows Offsets (3.3%)**

### **Requires Rigorous “RSVPE” Test—Reductions Must Be:**

- Real**
- Surplus (additional)**
- Verifiable**
- Permanent**
- Enforceable**

# RGGI Offsets Approach and Federal Application (cont'd)

## 5 Initial Offset Categories:

1. Landfill methane capture;
2. Sulfur hexafluoride (SF6) capture & recycling;
3. Afforestation (tree planting);
4. Fossil fuel energy efficiency;
5. Methane capture from agricultural operations

## Proposed New Categories:

1. Forest management;
2. Avoided deforestation;
3. Urban and community forestry

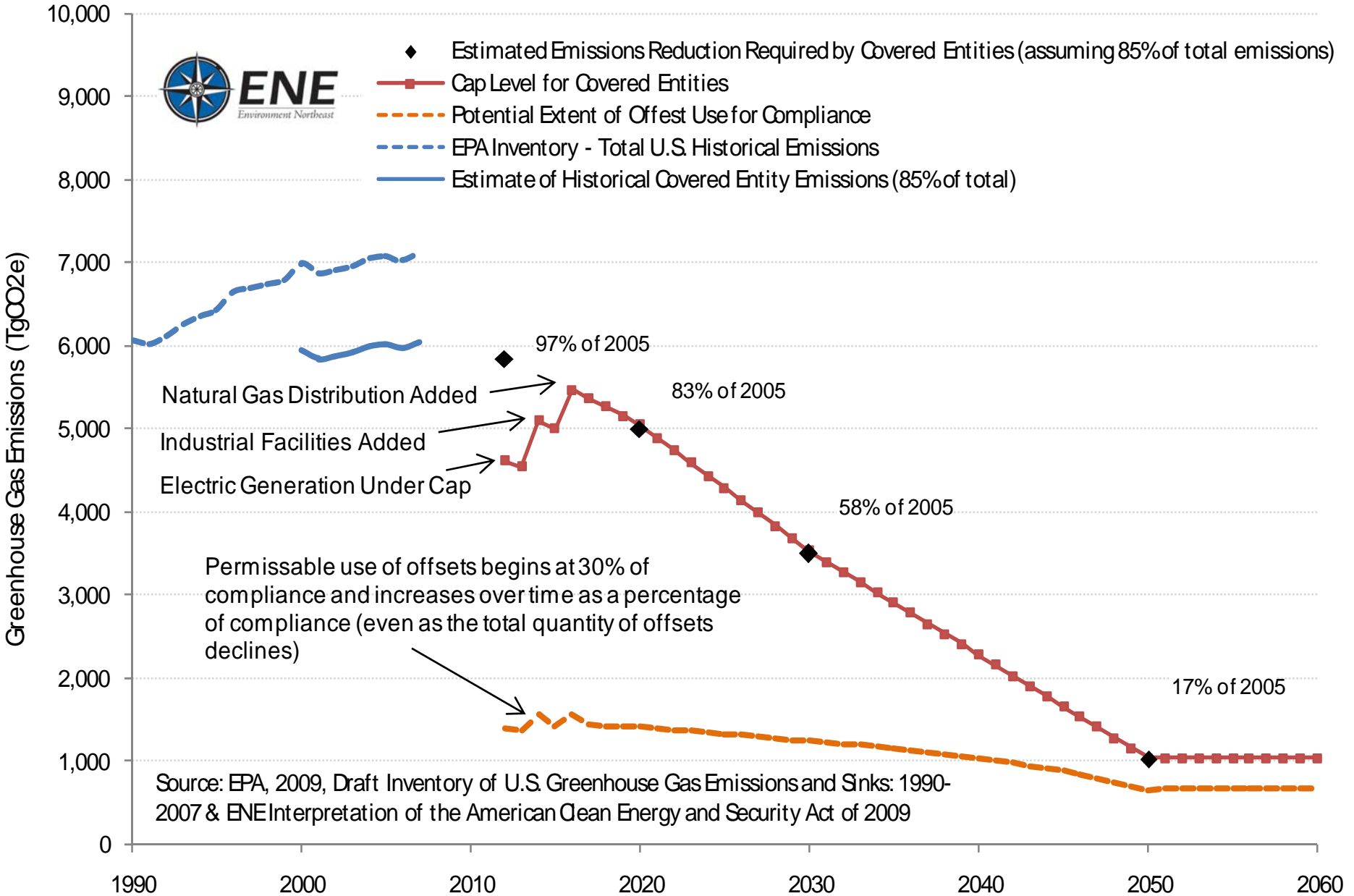
# RGGI – Status Check

- **RGGI is working well**
- **Adjusting the cap – in second compliance period beginning 2012**
- **Market behavior**
  - Strong participation; secondary trading (Chicago Climate Exchange and bilaterally)
- **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

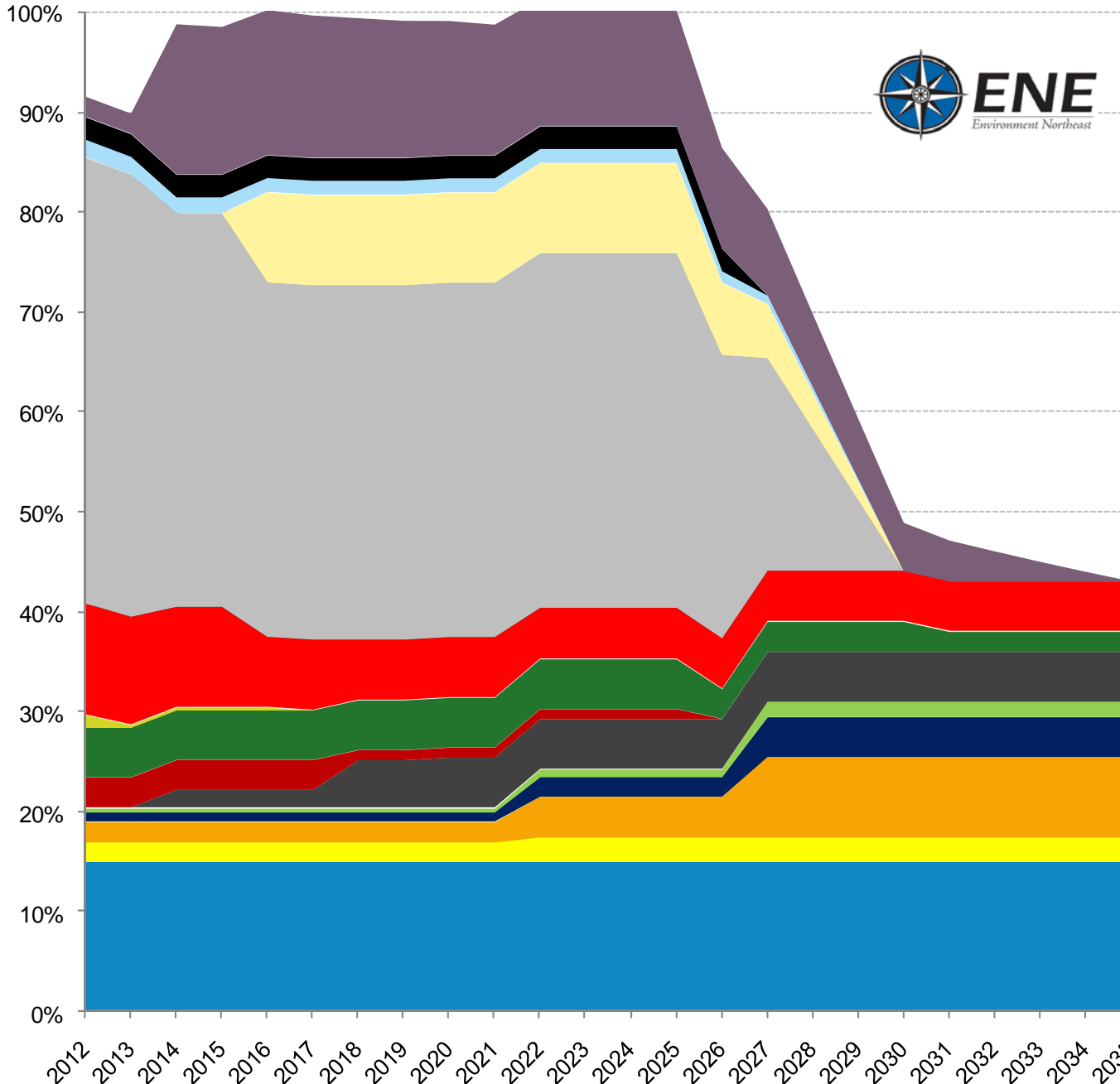
# Going Federal: the ACES Cap



- ◆ Estimated Emissions Reduction Required by Covered Entities (assuming 85% of total emissions)
- Cap Level for Covered Entities
- - - Potential Extent of Offset Use for Compliance
- - - EPA Inventory - Total U.S. Historical Emissions
- Estimate of Historical Covered Entity Emissions (85% of total)



# Going Federal: ACES Allocations



- Remainder to Treasury before 2026, Tax Rebates after 2026 (789)
- Trade-Vulnerable Industries (765)
- Refiners (787)
- Heating Oil, Propane & Kerosene Consumers (785)
- Natural Gas Local Distribution Companies (784)
- Electric Local Distribution Companies (783)
- SEED - State RE & EE (131) & Building Codes (201)
- Early Reductions (795) & Supplemental Ag. Reductions (788)
- Avoided Tropical Deforestation (753)
- Clean Vehicle Technology (124)
- Carbon Capture & Sequestration (786)
- Wildlife & Nat. Resource Adaptation (480)
- Domestic Adaptation (453) and Health (467)
- Int'l Adaptation (491) & Clean Tech (441)
- En. Innovation Hubs (171), Adv. En. Research (172), Green Jobs (422)
- Low Income Consumers (431)

# Contact Information

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