

Regional Greenhouse Gas Initiative

an Initiative of the Northeast and Mid-Atlantic States of the U.S.

RGGI Compliance: CO₂ Budget Source Checklist: 8 Steps

Under each RGGI participating state's CO₂ Budget Trading Program, each regulated power plant (a "CO₂ budget source") is required to hold one CO₂ allowance for each ton of CO₂ emitted during the preceding three-year control period. The third RGGI control period began on January 1, 2015 and extends through December 31, 2017. This 8-step checklist serves as a guide to help CO₂ budget sources understand the compliance process.

□ 1. Confirm your access to the U.S. EPA's CAMD Business System.

Facility information for CO₂ budget sources is stored and maintained in the U.S. Environmental Protection Agency's (U.S. EPA's) Clean Air Markets Division (CAMD) Business System, and reflected in the RGGI CO₂ Allowance Tracking System (COATS). Please make sure you have an Authorized Account Representative (AAR) and Alternate Authorized Account Representative (AAAR) (if applicable) with access to the CAMD Business System. Please also make sure all information about your facility (including AAR, AAAR, facility, and owner/operator) is up to date in the CAMD Business System. Updates made in the CAMD Business System flow to COATS periodically. If you need to change your AAR or make changes that cannot be made in the CAMD Business System, this may take additional time and require paper forms to be sent to the EPA and your regulatory state. Please plan accordingly.

□ 2. Confirm your user registration in COATS.

COATS stores and maintains RGGI accounts and CO₂ allowances, and is the vehicle in which compliance transactions and evaluations will be made. Please ensure that your organization's AAR, AAAR (if applicable), and Electronic Submission Agent(s) (Agent(s)) (if applicable) for COATS are up-to-date and have access to COATS. Note that AAR, AAAR, and facility data is managed in the CAMD Business System, not COATS. For more information on COATS, please see the COATS [User's Guide](#).

□ 3. *(Recommended)* Have a General Account open in COATS.

From March 2, 2018 through final compliance true-up, first, second, and third control period CO₂ allowances in COATS compliance accounts will be frozen and CO₂ budget sources will not be able to transfer or receive first, second, or third control period CO₂ allowances in their compliance accounts (but will be able to transfer and receive CO₂ allowances held in general accounts regardless of allocation year). If you anticipate receiving or transferring first, second, or third control period CO₂ allowances in COATS during this time, you are strongly encouraged to open and maintain a general account. Final compliance true-up will occur on the first business day following June 1, 2018, which is June 4, 2018. For more information on how to open a general account, please see the COATS [User's Guide](#).

□ 4. Acquire sufficient CO₂ allowances to meet your CO₂ compliance obligation.

Market participants can obtain CO₂ allowances in two ways:

- **RGGI CO₂ Allowance Auctions:** Auction 38, to be held on December 6, 2017 is the last CO₂ Allowance Auction to purchase CO₂ allowances before the end of the third control period. The Auction 38 Notice will be released by October 10, 2017. For more information on CO₂ Allowance Auctions, please see the [Auctions](#) section of the RGGI website.
- **Secondary Markets:** CO₂ allowances can also be obtained through secondary markets.

All CO₂ allowances for the third control period must be provided for compliance by the allowance transfer deadline of 11:59 PM ET on March 1, 2018 (see item 6 below). It is strongly recommended that you obtain all CO₂ allowances necessary for compliance *well before* the allowance transfer deadline.

□ **5. Submit your CO₂ emissions data to the U.S. EPA by January 30, 2018.**

CO₂ emissions data for Q4-2017 (the final quarter of the third control period) must be submitted to the CAMD Business System no later than January 30, 2018. Please note that CO₂ emissions data updates for the third control period will flow to COATS from the CAMD Business System through final compliance true-up. If there are any changes to CO₂ emissions data, the relevant state, AAR, AAAR (if applicable), and any Agent(s) (if applicable) associated with the compliance account will be notified via COATS. Any data updates and potential effects on a CO₂ budget source's remaining "CO₂ compliance obligation" (tons of CO₂ emitted during the preceding three-year control period, less any exempted emissions deductions) will be reviewed by the relevant state.

□ **6. Provide sufficient CO₂ allowances in a COATS compliance account by the allowance transfer deadline (11:59 PM ET on March 1, 2018).**

All CO₂ budget sources must hold sufficient CO₂ allowances in their compliance account (not including any CO₂ allowances surrendered) to meet their CO₂ compliance obligation in COATS by 11:59 PM ET on March 1, 2018. Please note that as the CO₂ compliance obligation will take into account any emissions data updates that may occur after March 1, 2018, you should therefore consider the potential for such updates when determining how many CO₂ allowances to transfer and hold in your compliance account. Following final compliance true-up on June 4, 2018, under each state's CO₂ Budget Trading Program, CO₂ allowances will be automatically deducted from the CO₂ budget source's compliance account in order of increasing serial number, with the following exceptions:

- **For CO₂ budget sources located in Connecticut:** The commissioner or an agent on his behalf shall first deduct CO₂ offset allowances, up to the 3.3 percent offset limit, in chronological order (CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). The commissioner or an agent on his behalf will then deduct other available CO₂ allowances in chronological order (CO₂ allowances from earlier allocation years shall be deducted before CO₂ allowances from later allocation years). In the event that chronological order cannot be determined, the commissioner shall deduct CO₂ offset allowances and CO₂ allowances by serial number, with lower serial number CO₂ offset allowances and CO₂ allowances deducted before higher serial number allowances.
- **For CO₂ budget sources located in Delaware, Massachusetts, New Hampshire, New York, Rhode Island or Vermont:** CO₂ offset allowances, up to the 3.3 percent offset limit, will be deducted in chronological order (CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). CO₂ allowances, other than CO₂ offset allowances, will then be deducted in chronological order (CO₂ allowances from earlier allocation years will be deducted before CO₂ allowances of later allocation years), in order of increasing serial number for each year.
- **For CO₂ budget sources located in Maine:** CO₂ allowances that were allocated to units at the source will be deducted before other CO₂ allowances, in order of increasing serial number. CO₂ allowances that were allocated to units at the source include: CO₂ allowances allocated from the state of Maine's Integrated Manufacturing Facility (IMF) Account. Any other allocated CO₂ allowances, other than CO₂ offset allowances, will then be deducted in order of increasing serial number for each year. Then CO₂ offset allowances, up to the 3.3 percent offset limit, will be deducted in chronological order in order of increasing serial number for each year.
- **For CO₂ budget sources located in Maryland:** CO₂ allowances that were allocated to units at the source will be deducted before other CO₂ allowances, in order of increasing serial number. CO₂

allowances that were allocated to units at the source include: CO₂ allowances allocated from the state of Maryland's Long Term Contract Set-aside Account or Clean Generation Set-aside Account. CO₂ offset allowances, up to the 3.3 percent offset limit, will then be deducted in chronological order (CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years), in order of increasing serial number for each year. Then CO₂ allowances, other than CO₂ offset allowances, will be deducted in chronological order (CO₂ allowances from earlier allocation years will be deducted before CO₂ allowances of later allocation years), in order of increasing serial number for each year.

As an optional step, if you wish to identify specific CO₂ allowances to use for compliance, you may do so by using the Compliance Deduction Transaction in COATS between January 31, 2018 and March 1, 2018. Any CO₂ allowances identified by a CO₂ budget source will be transferred from the compliance account to the relevant state's surrender account for compliance at the point of the transaction, prior to the March 1, 2018 allowance transfer deadline. Any remaining balance of CO₂ allowances needed to meet your CO₂ compliance obligation (as determined by your state) will be automatically deducted as described above upon final compliance true-up on June 4, 2018.

For more information on COATS transactions, please see the COATS [User's Guide](#). For more information on state CO₂ Budget Trading Programs, please see: <http://www.rggi.org/design/regulations>.

□ 7. Run draft true-up in COATS by March 1, 2018.

CO₂ budget sources must run draft "true-up" in COATS by 11:59 PM ET on March 1, 2018, which will compare their CO₂ compliance obligation to the sum of CO₂ allowances surrendered and held in their compliance account for automatic deduction at the time that the most recent draft true-up is run. CO₂ budget sources may run draft true-up as many times as needed. Compliance evaluations derived from participating states will be released following final compliance true-up on June 4, 2018.

□ 8. Certify compliance by the compliance certification deadline (11:59 PM ET on March 1, 2018).

CO₂ budget sources are required to submit a Compliance Certification Report certifying that they are in compliance with their state's CO₂ Budget Trading Program between January 31, 2018 and 11:59 PM ET on March 1, 2018. Compliance certification may include an electronic certification (submitted by the AAR or AAAR in COATS) and/or paper certification process as required by each state. Please follow the guidelines below for the compliance certification process of the state in which your facility resides:

- **For CO₂ budget sources located in Connecticut or Maryland:** CO₂ budget sources must print, sign and send a paper copy of the electronic Compliance Certification Report from RGGI COATS and any attachments to the relevant state agency. Paper materials must be received by the relevant state by 5:00 PM ET on March 1, 2018. Electronic certification may also be submitted but is not required.
- **For CO₂ budget sources located in Delaware or Vermont:** Compliance must be certified electronically in RGGI COATS, and a paper copy of the electronic Compliance Certification Report must also be printed from RGGI COATS, signed and sent with any attachments to the relevant state agency. Paper materials must be received by the relevant state by 5:00 PM ET on March 1, 2018.
- **For CO₂ budget sources located in Maine, Massachusetts, New Hampshire, or New York:** Compliance must be certified electronically, and any relevant attachments must be uploaded into RGGI COATS. A paper copy is not required.
- **For CO₂ budget sources located in Rhode Island:** Compliance may be certified electronically, and any relevant attachments must be uploaded into RGGI COATS. A paper copy is not required if

certification is completed electronically. If compliance is not certified electronically, then a paper copy of the report must be submitted to the Department by 5:00 PM ET on March 1, 2018.

Please note that only the AAR or AAAR for a CO₂ budget source can access the Compliance Certification Report and submit electronic certification in COATS. For more information, please see the COATS [User's Guide](#).

Additional Information:

- The compliance process for CO₂ budget sources is governed by the applicable CO₂ Budget Trading Program of the participating state in which the facility is located. For more information, see: <http://www.rggi.org/design/regulations>.
- For a list of current CO₂ budget sources, see the public Sources Report on the RGGI COATS Home Page: rggi-coats.org.
- To learn more about RGGI CO₂ Budget Source Compliance, see the RGGI website: <http://www.rggi.org/market/tracking/compliance>.
- For questions related to using COATS please email the COATS System Administrator at rggi-coats@sra.com. For other questions related to compliance, please contact the appropriate state representative below:

| State | Contact Person | Email | Phone |
|---------------|----------------------|--|--|
| Connecticut | Mike LaFleur | Michael.LaFleur@ct.gov | (860) 424-3462 |
| Delaware | Valerie Gray | Valerie.Gray@state.de.us | (302) 739-9402 |
| | Harita Kandarpa | Harita.Kandarpa@state.de.us | |
| Maine | Eric Kennedy | Eric.Kennedy@maine.gov | (207) 287-5412 |
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| New Hampshire | Joe Fontaine | Joseph.Fontaine@des.nh.gov | (603) 271-6794 |
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