

THE REGIONAL GREENHOUSE GAS INITIATIVE

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

RGGI Program Review: June 27, 2017 Stakeholder Meeting

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RGGI Program Review

June 27, 2017

1:00 PM - 3:30 PM ET

Telephone: (888) 378-4398

Conference ID: 774677

Webinar: participant-specific link

- Presentation materials posted at the [Program Review Meetings webpage](#)



Meeting Agenda

- 1:00 **Welcome and Meeting Procedures**
- 1:20 **IPM Modeling of Policy Scenarios Results and Assumptions**
- 2:00 **IPM Modeling of Policy Scenarios Results and Assumptions:
Questions/Comments**
- 2:30 **Considerations for ECR Design and Program Elements**
- 2:45 **Considerations for ECR Design and Program Elements:
Questions/Comments**
- 3:00 **Considerations for Participation/Linkage**
- 3:15 **Considerations for Participation/Linkage: Questions/Comments**
- 3:30 **Next Steps and Adjournment**



Considerations for ECR Design

- **The RGGI states are continuing to consider the Emissions Containment Reserve (ECR).**
- **What should states consider when setting an ECR trigger price?**
 - Must be above the reserve price.
 - Should be below the modeled IPM base case price.
 - Within that range, what metric should determine the price more specifically?
- **What should states consider when setting an ECR quantity?**
 - Fixed, or variable based on other metric(s)?
 - Tied to the size of the CCR, or independent?
 - Set in reference to an “alternate” cap stringency?



Considerations for Program Elements

◆ Cost Containment Reserve (CCR)

- What should states consider when setting a CCR trigger price (e.g. in reference to IPM high emissions sensitivity case)?
- What size is necessary to moderate unanticipated price spikes?
- Availability in auction-specific quantities (e.g. 2.5 M per auction) rather than across the calendar year (e.g. 10 M per year)?

◆ Reserve Price

- Continue Reserve Price increase at current trajectory?
- Increase Reserve Price beyond current trajectory?

◆ Bank Adjustment

- Partial or full?



Considerations for Program Elements

◆ Offsets

- **States' leaning:** Some states may eliminate some or all offset project categories, while other state(s) continue to accept that offset project category. Any awarded offset allowances would remain fully fungible across the states.
- **States' leaning:** The RGGI states may eliminate the project categories of:
 - Reductions in SF₆ emissions in electric power sector.
 - End-use energy efficiency in buildings.



Considerations for Participation/Linkage

- ◆ **Potential additions:** The RGGI states recognize the benefits of a broader trading market, and welcome the possibility of additional jurisdictions participating in RGGI.
- ◆ **Status update:** The RGGI states are open to conversations with other jurisdictions. Any such conversations at this stage are informal.
- ◆ **Request for commentary:** The RGGI states are interested in stakeholder commentary on broad considerations related to new jurisdictions' participation or linkage with RGGI.



Considerations for Participation/Linkage

- ◆ **Full Participants:** To become a fully participating jurisdiction, a jurisdiction would be expected to adopt a regulatory program consistent with the RGGI Model Rule and related administrative processes.
- ◆ **Other ways to participate:** In cases where jurisdictions may not wish or not be able to fully adopt the RGGI Model Rule, their program may still allow for trading allowances with the RGGI program.



Considerations for Participation/Linkage

- ◆ **Stringency:** For jurisdictions looking to link with RGGI, comparable stringency is likely to be a significant factor because it affects a number of critical program outcomes. What factors should RGGI states consider in evaluating comparable stringency?
- ◆ **Allowance Distribution:** RGGI states have chosen to auction the majority of RGGI allowances and use RGGI proceeds for consumer benefit. What might be the implications of new linked jurisdictions distributing allowances by other means?

Considerations for Participation/Linkage

- ◆ **Fungibility:** What characteristics should be present in order for allowances to be fully fungible between linked programs?
- ◆ **Other Considerations:** Are there other criteria which should be considered to evaluate potential linkages?

What's Next: Anticipated Outlook

- ◆ Stakeholder Engagement (late summer)
 - Final IPM Policy Scenario Modeling Results
 - Economic Analysis
 - Draft Proposed Model Rule Amendments

- ◆ Release of Model Rule Amendments



Stakeholder Comments

- Written comments are requested by 5:00 PM ET on Tuesday, July 11, 2017.
- Please send comments by e-mail to info@rggi.org.
- Written comments will be posted on the [Program Review webpage](#).

Thank you!

