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October 6, 2017

VIA E-MAIL

Andrew McKeon
Executive Director
RGGI, Inc.
90 Church Street, 4th Floor
New York, NY 10007

Re: 2016 Regional Greenhouse Gas Initiative Program Review

Dear Mr. McKeon:

In accordance with the request at the September 25, 2017 Regional Greenhouse Gas Initiative (“RGGI”) stakeholder meeting regarding the 2016 program review, the City of New York (“City”) hereby offers additional comments on the Draft Model Rule.¹ As set forth more fully below, the City supports the measures in the Draft Model Rule to continue to reduce the RGGI emissions cap and to establish an Emissions Containment Reserve (“ECR”), while recognizing that more aggressive cap reductions are needed to align with the Paris Climate Agreement’s aspiration to limit global temperature rise to 1.5 degrees Celsius.²

The City supports the continued reductions to the RGGI emissions cap set forth in the Draft Model Rule. The Draft Model Rule appropriately expands upon past goals by increasing the annual reduction of the RGGI emissions caps to 3.0% annually, resulting in a cumulative 30

¹ The City incorporates by reference its comments previously submitted on February 26, 2016, November 30, 2016, and July 11, 2017, respectively.

² See, e.g., The City of New York. *1.5°C: Aligning New York City with the Paris Climate Agreement*. Available online at: [https://www1.nyc.gov/assets/sustainability/downloads/pdf/1point5-AligningNYCwithParisAgrmt%20\(1\).pdf](https://www1.nyc.gov/assets/sustainability/downloads/pdf/1point5-AligningNYCwithParisAgrmt%20(1).pdf).

percent reduction in the regional cap from 2020 to 2030. In addition, the private bank of allowances held by market participants as of the end of 2020 would be reduced by 21.9 million allowances per year from 2017 through 2020 and 5 million allowances per year from 2021 through 2025.

The City also supports the creation of the ECR. Under the Draft Model Rule, beginning in 2021, allowances would be placed into the ECR if allowance prices in the RGGI auction are below the trigger price of \$6.00 per ton -- the trigger price would rise by 7 percent per year. The annual size of the ECR would be set at 10 percent of the budgets of states that implement an ECR.³ As such, the ECR will assure stable RGGI auction prices and help maintain the environmental integrity of the market.

By continuing the declining cap trajectory for emissions while promoting growth in the value of RGGI allowances, these modifications should foster and facilitate efforts to transition electricity supply to more efficient sources and reduce greenhouse gas emissions from the electric power sector. The result enables RGGI to continue to be a foundational component towards achieving the environmental policy goals of the RGGI States and the municipalities therein while maintaining reliable and affordable electric service. Additionally, these modifications will help the City in meeting its goal to reduce greenhouse gas emissions 80 percent below 2005 levels by 2050 by reducing the carbon intensity of the City's electric supply.

While the City is supportive of the changes discussed herein, RGGI States must go further if they are to align with the goals of the Paris Climate Agreement. In addition to reducing the allowance cap more quickly after 2030, it is critical that the individual RGGI States ensure that their individual implementations of the Draft Model Rule allow for harmonization with other policy measures necessary to achieve respective State and City goals in the interim.

If you have any questions do not hesitate to contact me.

Respectfully submitted,



Susanne DesRoches

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³ New Hampshire and Maine will not be implementing an ECR.