

RGGI Auction Tracker: State Allocations and Spending Plans

June 7, 2013



Two of the main design elements of a cap and trade program are: 1) the allocation of allowances (permits to emit CO₂) and 2) the use of proceeds from allowance auctions. In the Regional Greenhouse Gas Initiative (RGGI) these two design elements are largely determined by member states, so long as parameters of the 10-state Memorandum of Understanding are met, including a requirement that 25% of allowance value support a “consumer benefit or strategic energy purpose.”

The first part of this document provides background on RGGI through the latest allowance auction, including descriptions of common allowance allocations. The second part of the document (beginning on page 3) provides detailed analysis of allocations and auction proceeds distribution plans for each state.

Proceeds from RGGI Auctions and Direct Sale of Allowances

 ENE	Auction 20	Prior Auctions	Total to-date
Connecticut	\$ 3,364,370	\$ 77,085,281	\$ 80,449,651
Delaware	\$ 1,584,754	\$ 36,792,438	\$ 38,377,192
Maine	\$ 1,506,952	\$ 39,976,401	\$ 41,483,353
Maryland	\$ 12,008,904	\$ 264,682,320	\$ 276,691,224
Massachusetts	\$ 7,806,680	\$ 209,169,207	\$ 216,975,887
New Hampshire	\$ 2,063,564	\$ 50,787,302	\$ 52,850,865
New Jersey	\$ -	\$ 124,654,907	\$ 124,654,907
New York	\$ 17,979,222	\$ 480,674,334	\$ 498,653,556
Rhode Island	\$ 781,893	\$ 21,036,049	\$ 21,817,942
Vermont	\$ 360,431	\$ 9,656,256	\$ 10,016,688
Total	\$ 47,456,770	\$ 1,314,514,496	\$ 1,361,971,266

Allowance Proceeds to Efficiency & Clean Energy

RGGI states have decided to auction at least 86% of allowances for public benefit and to sell an additional 4% to emitters at fixed prices (in CT and NJ). The largest share of revenue raised through the sale of allowances is channeled to energy efficiency programs at the state and local level. This funding supports proven electric and fossil fuel efficiency programs that save consumers money and reduce the cost of RGGI program by lowering demand for energy and for allowances.

Furthermore, energy efficiency funding boosts economic growth and employment throughout the regional economy, as fewer dollars are spent on imported fossil fuels and consumer savings flow to local businesses. Additional information on the economic impacts of RGGI on the economies of participating states is available on the ENE website.¹

RGGI Energy Efficiency Funding

	Revenue	Energy Efficiency Share	Projected Energy Efficiency Funding
Prior Auctions	\$1,361,971,266	50.7%	\$690,360,675

Note: Figures reflect state spending plans (for information on spending to-date see state-specific info. after page 2)

Allocations

In addition to auctioning allowances for public benefit, RGGI states are supporting other policies with allocations of allowances. The following allocation categories describe programs existing in one or more states. Though details and nomenclature may differ slightly between states, the objectives of these allocation set-asides are similar.

¹ See: <http://www.env-ne.org/resources/detail/current-and-potential-economic-benefits-of-rggi>

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

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 surplus allowances to fossil fuel producers who 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 in voluntary clean energy set-asides are removed from the cap and retired in proportion to actual voluntary renewable energy purchases.

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; in MD generators must demonstrate financial hardship to be 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 or sold at a fixed price 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 previous program (Env-A 2900) 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, provided that they complete a detailed climate action plan showing projected reductions.

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



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Connecticut

Annual Allowance Allocations	Per Regulation		Actual 2009-2011 Allocations (Annual Avg.)	
	Allowances	Allocation %	Allowances	Allocation %
Auction	at least 8,235,177	at least 77%	10,313,340	96.4%
Voluntary Clean Energy (set-aside for retirement)	up to 160,426	up to 1.5%	107,335	1.0%
Customer-side Distributed Resources	up to 372,326	up to 3.5%	75,394	0.7%
Combined Heat and Power (CHP)	up to 534,752	up to 5%	125,208	1.2%
CHP Long-term Contracts (sold at \$2/ton)*	up to 1,390,354.68	up to 13%	73,759	0.7%
Total	10,695,036	100.0%	10,695,036	100.0%

*Cumulative proceeds through 2011 from direct sale of allowances to holders of CHP Long-term Contracts:

\$442,556

Projected Auction Proceeds Recipients	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
		2,628,789	31,942,137	34,570,926
Clean Energy Fund	23.0%	\$1,940,835	\$16,562,585	\$18,503,420
Energy Efficiency, of which:	69.5%	\$5,864,697	\$50,047,810	\$55,912,507
- Conn. Light & Power (75%)	52.1%	\$4,398,523	\$37,535,858	\$41,934,380
- United Illuminating (18.75%)	13.0%	\$1,099,631	\$9,383,964	\$10,483,595
- Conn. Mun. Elec. Energy Co-op (6.25%)	4.3%	\$366,544	\$3,127,988	\$3,494,532
Administration & other climate programs	7.5%	\$632,881	\$5,400,843	\$6,033,724
Total	100%	\$8,438,413	\$72,011,238	\$80,449,651

Program Allocations and Proceeds Recipients based on:

Section 22a-174-31: Control of Carbon Dioxides Emissions

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



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Delaware

Annual Allowance Allocations	Allowances	Allocation %
Auction*	5,844,063	77%
Allocation to Emitters	508,180	7%
Industrial Exemption (Del. City Refinery)	1,207,544	16%
Total	7,559,787	100%

*92% of the allowances not allocated to industry will be auctioned in 2013, rising to 100% from 2014 onward

Projected Auction Proceeds Recipients	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
		1,445,307	14,996,913	16,442,220
Energy Efficiency & Renewables	65%	\$3,015,633	\$21,929,542	\$24,945,175
Weatherization Assistance Program	10%	\$463,944	\$3,373,776	\$3,837,719
LIHEAP	5%	\$231,972	\$1,686,888	\$1,918,860
GHG Reduction Projects	10%	\$463,944	\$3,373,776	\$3,837,719
State Administration	10%	\$463,944	\$3,373,776	\$3,837,719
Total	100%	\$4,639,435	\$33,737,757	\$38,377,192

Program Allocations based on:

- 1) Delaware Regulation 1147 - CO2 Budget Trading Program
<http://www.awm.delaware.gov/AQM/Documents/Final%20Reg%201147%20-%20CLEAN.pdf>
- 2) 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

Annual Allowance Allocations	Allowances	Allocation %
Auction	5,037,546	85%
Voluntary Clean Energy (set-aside for retirement)	118,978	2%
Combined Heat and Power	792,378	13%
Total	5,948,902	100%

	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
Projected Auction Proceeds Recipients*		1,204,115	16,385,017	17,589,132
Electric Energy Efficiency	81%	\$3,142,870	\$30,587,980	\$33,730,850
Fossil Fuel Energy Efficiency	14%	\$554,624	\$5,397,879	\$5,952,503
Carbon Offset Research (up to \$100k annually)	0%	\$0	\$200,000	\$200,000
Program Administration (up to \$800k annually)	4%	\$0	\$1,600,000	\$1,600,000
Total	100%	\$3,865,209	\$37,618,144	\$41,483,353

*Up to \$5/ton, overage rebated

Program Allocations & 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

Annual Allowance Allocations	Allowances	Allocation %
Auction*	30,153,202	80.4%
Voluntary Clean Energy (set-aside for retirement)	337,536	0.9%
Clean Generation Set-Aside	1,875,199	5.0%
Industrial Exemption	3,450,366	9.2%
Long-term Contracts	1,687,679	4.5%
Total	37,503,983	100%

*If auction clearing prices exceed \$7/ton, allowances sold directly to emitters

Program Allocation based on: Subtitle 09 Maryland CO2 Budget Trading Program (http://www.dsd.state.md.us/comar/subtitle_chapters/26_Chapters.htm#Subtitle09)

	Allowances Sold	Auctions 1,2 & 14	Auction 20	Totals to date
		10,663,562	9,579,963	116,682,907
Projected Auction Proceeds Recipients				
Energy Efficiency	46%	\$15,819,394	\$14,145,773.37	\$66,986,340
Low-income Rebates	17%	\$5,846,298	\$5,227,785.81	\$116,848,861
General Rebates	23%	\$7,909,697	\$7,072,886.68	\$63,638,982
Clean Energy, Education, & Climate Programs	10.5%	\$3,610,949	\$3,228,926.53	\$20,590,596
State Administration	3.5%	\$1,203,650	\$1,076,308.84	\$8,626,445
Total	100%	\$34,389,987	\$30,751,681	\$276,691,224

Source: Senate Bill 268 (<http://mlis.state.md.us/2008rs/bills/sb/sb0268e.pdf>)

	Allowances Sold	Auctions 3-13
		96,439,382
Projected Auction Proceeds Recipients		
Energy Efficiency	17.5%	\$37,021,172
Low-income Rebates	50%	\$105,774,778
General Rebates	23%	\$48,656,398
Clean Energy, Education, & Climate Programs	6.5%	\$13,750,721
State Administration	3%	\$6,346,487
Total	100%	\$211,549,555

MD Senate Bill 101 (<http://mlis.state.md.us/2009rs/bills/hb/hb0101e.pdf>) governed the use of revenue from auctions 3-13



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Massachusetts

Annual Allowance Allocations	Allowances	Allocation %
Auction	at least 26,085,204	97.8%
Voluntary Clean Energy (set-aside for retirement)	up to 200,000	0.8%
310 CMR Allowance Conversion	up to 375,000	1.4%
Total	26,660,204	100%

	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
Projected Auction Proceeds Recipients		6,331,798	85,914,070	92,245,868
Electric and N-Gas Energy Efficiency Programs	79%	\$15,983,636	\$154,646,201	\$170,629,838
State EE, RE, and Rate Relief Programs	20%	\$3,995,909	\$38,661,550	\$42,657,459
Program Administration	2%	\$345,526	\$3,343,064	\$3,688,590
Total	100%	\$20,325,072	\$196,650,815	\$216,975,887

Program Allocations 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
<http://www.mass.gov/legis/laws/seslaw08/sl080169.htm>



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New Hampshire

Annual Allowance Allocations	Allowances	Allocation %
Auction	5,948,050	69%
Voluntary Clean Energy (set-aside for retirement)	86,205	1%
Env-A 2900 Allowance Conversion	2,500,000	29%
Emergency Account	86,205	1%
Total	8,620,460	100%

		Auction 20	Prior Auctions	Totals to date:
	Allowances Sold	1,650,162	20,936,453	22,586,615
Projected Auction Proceeds Recipients*				
Low Income Energy Efficiency Programs	9%	\$516,989	\$4,338,695	\$4,855,684
General Energy Efficiency Programs	83%	\$4,652,902	\$39,048,258	\$43,701,160
Transfer to State Budget	6%	\$0	\$3,100,000	\$3,100,000
Program Administration	2%	\$127,128	\$1,066,892	\$1,194,021
Total	100%	\$5,297,020	\$47,553,845	\$52,850,865

*Up to \$6/ton, overage rebated

Program Allocations 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

Annual Allowance Allocations	Per Regulation		Actual 2009-2011 Allocations (Annual Avg.)	
	Allowances	Allocation %	Allowances	Allocation %
Retirement for Exempt Source Emissions [^]	t.b.d.	t.b.d.	193,216	1%
Consumer Benefit Account, <i>of which</i>	up to 22,663,803	up to 99%	22,670,794	99%
- Auction	t.b.d.	t.b.d.	20,458,344	89%
- Combined Heat and Power (CHP)	t.b.d.	t.b.d.	327,391	1%
- Long-term Contracts (sold at \$2/ton)*	t.b.d.	t.b.d.	1,885,059	8%
Voluntary Clean Energy (set-aside for retirement)	up to 228,927	up to 1%	28,720	0%
Total	22,892,730	100%	22,892,730	100%

[^] Sources exporting less than 10% of power to grid (Paulsboro Refinery) exempted, and allowances proportional to average emissions over prior 3 years retired per section 1.3 of N.J.A.C. 7:27C. Allocation to consumer benefit subsequent to Exempt Source Retirement

* Cumulative proceeds from direct sale of allowances to holders of Long-term Contracts -----> **\$11,310,356**

Allowances Sold	Auction 20		Prior Auctions		Totals to date:
		-		48,483,770	48,483,770
Projected Auction Proceeds Recipients					
Commercial and Industrial Energy Efficiency, CHP, and Renewable Energy	26%	\$0	\$32,929,509	\$32,929,509	
Low & Moderate Income Energy Efficiency	9%	\$0	\$10,976,503	\$10,976,503	
Local Govt. Emissions Reduction Programs	4%	\$0	\$5,488,251	\$5,488,251	
Forest & Wetlands Programs	4%	\$0	\$5,488,251	\$5,488,251	
Transfer to State Budget	52%	\$0	\$65,000,000	\$65,000,000	
Program Administration (up to 8%)	4%	\$0	\$4,772,393	\$4,772,393	
Total	100%	\$0	\$124,654,907	\$124,654,907	

Note: Admin. costs (up to 8% of proceeds) included in program funding

Program Allocations 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

Annual Allowance Allocations	Allowances	Allocation %
Auction	60,429,870	94.0%
Voluntary Clean Energy (set-aside for retirement)	700,000	1.1%
Limited Cogen Exemption	1,680,935	2.6%
Long Term Contracts	1,500,000	2.3%
Total	64,310,805	100%

Projected Auction Proceeds Recipients ⁵	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
		15,002,818	197,502,454	212,505,272
Residential, Industrial and Municipal Energy Efficiency*	33.4%	\$20,458,659	\$146,703,087	\$167,161,746
Smart Growth [^]	20.7%	\$12,673,196	\$90,875,803	\$103,549,000
Lower Carbon Generation	3.7%	\$2,269,305	\$16,272,527	\$18,541,832
Clean Tech Industrial Development	5.9%	\$3,584,338	\$25,702,247	\$29,286,586
Climate Research & Analysis	1.6%	\$1,000,822	\$7,176,602	\$8,177,423
Statewide Photovalic Initiative	2.4%	\$0	\$11,800,000	\$11,800,000
State & RGGI, Inc. Admin & Program Evaluation Costs	12.9%	\$7,890,199	\$56,578,324	\$64,468,523
Litigation Settlement with Indeck & Con Edison	1.5%	\$492,000	\$6,888,000	\$7,380,000
Transfer to State Budget	18.0%	\$0	\$90,000,000	\$90,000,000
Total	100%	\$48,159,046	\$450,494,510	\$498,653,556

⁵ Values calculated assuming prorata share of auction proceeds allocated to programs each auction based upon 2011 Operating Plan. Actual allocations may vary due to volatility in quarterly proceeds, time-sensitive funding needs, and statutory requirements. Quarterly progress reports reflecting actual funding allocations and to-date program results at: <http://www.nysersda.ny.gov/en/Page-Sections/Energy-and-Environmental-Markets/Regional-Greenhouse-Gas-Initiative/Evaluation-of-RGGI-Funds.aspx>

* Includes Green Jobs-Green NY, Residential Energy Services Program, Municipal Water/Wastewater Efficiency Program, and Industrial Process Improvement Program

[^] Includes Cleaner, Greener Communities Program and Advanced Transportation Development Program

Program Allocations based on:

Express Terms, Part 242 CO2 Budget Trading Program

<http://www.dec.ny.gov/regulations/43598.html>

Proceeds Recipients based on:

Revised NYSEDA RGGI Operating Plan of January 2012 - http://www.nysersda.ny.gov/en/Page-Sections/Energy-and-Environmental-Markets/Regional-Greenhouse-Gas-Initiative/~/_/media/Files/EDPPP/Energy%20and%20Environmental%20Markets/RGGI/2012-rggi-operating-plan.ashx



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Rhode Island

Annual Allowance Allocations	Allowances	Allocation %
Auction	2,632,647	99%
Voluntary Clean Energy (set-aside for retirement)	26,592	1%
Total	2,659,239	100%

	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
Projected Auction Proceeds Recipients		650,900	8,626,065	9,276,965
Least Cost Utility Energy Efficiency Programs	57%	\$1,190,952	\$11,245,275	\$12,436,227
Innovative Financing & Partnership En. Efficiency	38%	\$793,968	\$7,496,850	\$8,290,818
Administration (lesser of \$300k annually or 5%)	5%	\$104,469	\$600,000	\$704,469
Total	100%	\$2,089,389	\$19,728,553	\$21,817,942

Program Allocations based on:

APC Regulation No. 46 - CO2 Budget Trading Program
www.dem.ri.gov/rggi/index.htm

Proceeds Recipients based on:

RI Office of Energy Resources - 2009 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds
<http://www.energy.ri.gov/documents/Proposed.pdf>



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Vermont

Annual Allowance Allocations	Allowances	Allocation %
Auction	1,213,572	99%
Voluntary Clean Energy (set-aside for retirement)	12,258	1%
Total	1,225,830	100%

	Allowances Sold	Auction 20	Prior Auctions	Totals to date:
Projected Auction Proceeds Recipient		288,224	3,974,996	4,263,220
Heating and Process Energy Efficiency Programs	98%	\$906,695	\$8,909,659	\$9,816,354
Aministration	2%	\$18,504	\$181,830	\$200,334
Total	100%	\$925,199	\$9,091,489	\$10,016,688

Program Allocations 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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