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The Regional Greenhouse Gas Initiative (RGGI) and the Clean Power Plan (CPP)



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Mitigation Working Group Meeting - May 23, 2016

Outline

- RGGI Overview
- Clean Power Plan (CPP)
 - The stay
- RGGI 2016 Program Review
- Input requested



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RGGI Basics

- Maryland officially became the 10th member of RGGI on April 20, 2007
 - Required by the Healthy Air Act of 2006
- RGGI is a regional cap and invest program focused on reducing carbon dioxide (CO₂) emissions from power plants
 - Cooperative 9 state effort
 - Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, Rhode Island, Vermont
 - New Jersey was originally a member but left the program
- Not your “typical” cap and invest program
 - CO₂ reductions achieved by reduced demand, not “scrubbers” or other end-of-the-pipe pollution control technologies
 - RGGI reductions to be achieved by
 - Setting a cap for the region
 - Auctioning allowances
 - Using auction proceeds to create incentives for energy efficiency and reduced demand
- Will result in a small, but positive benefit to Maryland electricity consumers



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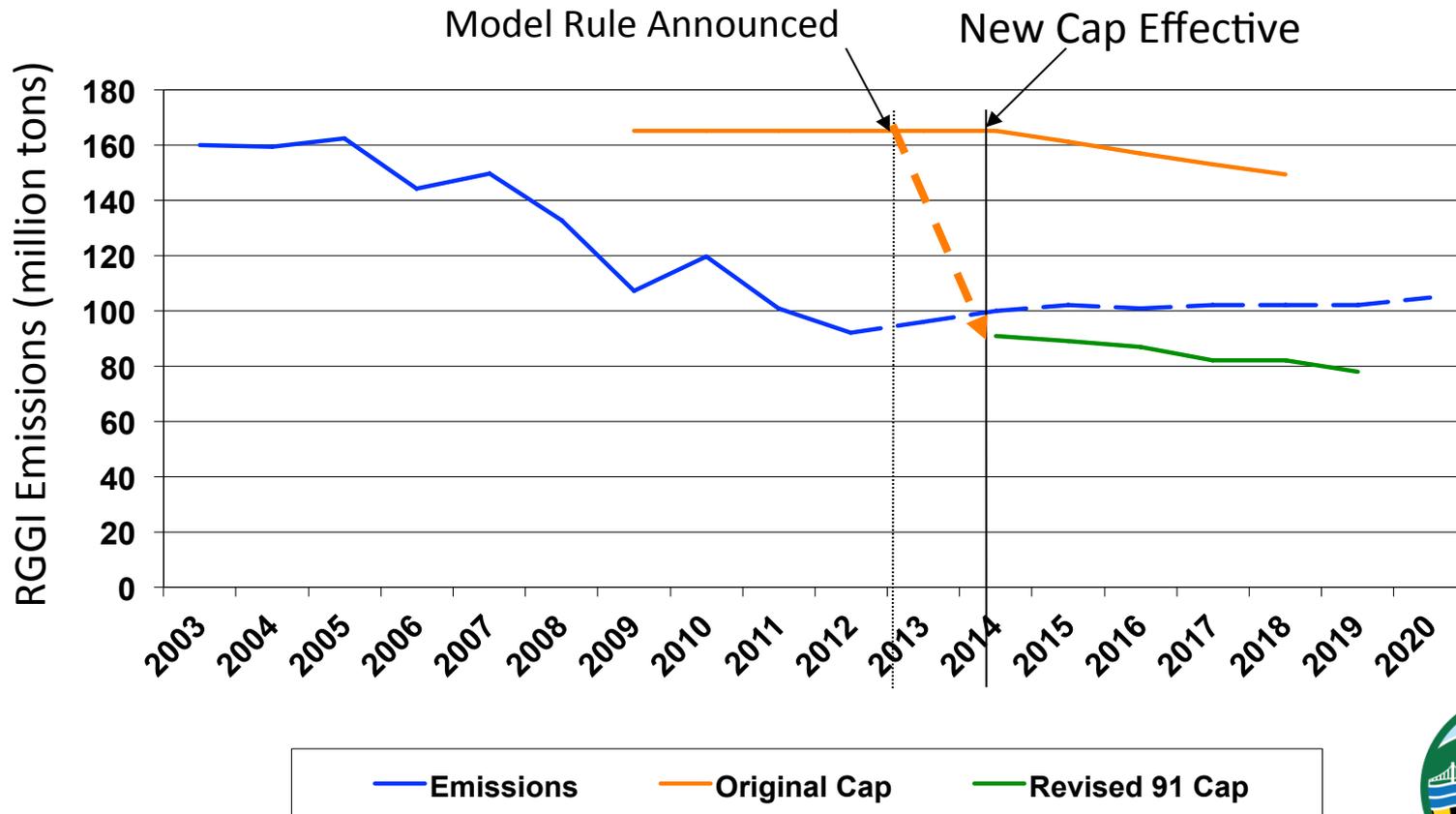
Original RGGI Goals

- Original RGGI goal was to show that a cap and invest program for CO₂ was possible
 - Modest reduction goal
 - Proactive concept to provide revenue for energy efficiency programs and to cover cost of program through sale of allowances
- Generation-based Program
 - Each state apportionment set at around average 2000 – 2002 emissions
- 10% Reduction Goal
 - Offset growth in emissions and make a small reduction



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The 2012 Program Review



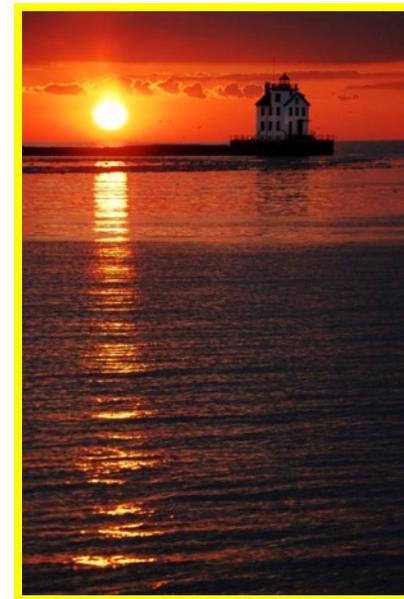
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Reasons for 2012 Review

- RGGI was the first cap & invest CO₂ program in the nation
 - Many lessons to be learned
 - The 2012 program review was designed to make any changes that were needed to insure the continued success of the RGGI partnership
- Analyses indicated that proposed changes would:
 - Preserve significant reductions that have already occurred in power sector CO₂ emissions, and drive further reductions
 - 91 cap projected to generate:
 - ~80 - 90 million tons of cumulative emission reductions by 2020
 - ~14 - 20 million tons less of annual emissions in 2020
 - Result in a modest increase in allowance prices
 - ~\$4 (\$2010) per allowance in 2014
 - ~\$10 (\$2010) per allowance in 2020
 - Have minimal net impact to consumer's electricity bills
 - Average electricity bill for MD residential, commercial, and industrial customers projected to increase by less than 1%
 - Generate an additional \$2.67 billion (\$2010) regionally for reinvestment into energy efficiency (through 2040)

The Federal Clean Power Plan

- In 2015 EPA moved forward with the federal Clean Power Plan or CPP
- It was designed to reduce CO2 emissions from existing power plants across the Country
- There have been numerous challenges to the CPP
 - On February 9, 2016, the Supreme Court stayed implementation of the Clean Power Plan pending judicial review
- It is expected to go to Court in June
- Information on the Clean Power Plan can be found at:
<https://www.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants>



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Maryland's Plan

- Maryland will continue to be part of RGGI and will participate in the 2016 RGGI Program Review to look for ways to continue to make RGGI successful
- Maryland will watch with great interest as the Courts deliberate over the CPP
- If the CPP moves forward, Maryland will use RGGI as its compliance pathway for the CPP



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The 2016 RGGI Program Review

- 2016 Program Review will follow the same format as the 2012 Program Review
- On behalf of the RGGI states, RGGI, Inc. will facilitate public stakeholder meetings to gather stakeholder input for the states' 2016 Program Review
- 2016 Program Review will solicit stakeholder input on RGGI program design elements, including considerations for compliance under the EPA Clean Power Plan
- RGGI states may also hold state-specific stakeholder meetings
- RGGI states will work with stakeholders and work collaboratively with the 9 RGGI partner states to reach consensus on any changes to the RGGI program
 - A review of all components of the RGGI program will occur



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RGGI Regional Stakeholder Meetings

- **November 17, 2015**
 - New York, NY
- **February 2, 2016**
 - Wilmington, DE
- **April 29, 2016**
 - Boston, MA
- **June 2016**
 - Webinar ... TBD
- **Summer 2016**
 - TBD



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Maryland RGGI Stakeholder Meetings

- **Today - May 23, 2016**
 - Mitigation Working Group Meeting
- **May 27, 2016 - Stakeholder Meeting**
 - MDE first floor conference rooms
- **June/July 2016 - TBD**
 - To be discussed on May 27
- **Stakeholder meetings as part of any process to make regulatory changes to the Maryland RGGI regulations**



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Stakeholder Input Requested

- What should the cap level be?
- How should RGGI states deal with possible addition of new states?
- How should reductions be structured?
- What should be done about Cost Containment Reserve (CCR)?
- Should the RGGI offsets provision be continued?
- How should the RGGI program work in conjunction with stayed CPP?



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RGGI Modeling Results to Date

- Two Reference Cases (no changes)
 - With and Without CPP in place
 - All non-RGGI states trade with each other on a mass basis
- Model Run 1 (minimum adjustment to reach CPP Compliance)
- Both available on RGGI web site
- Additional runs in the works
 - To be discussed first at the June stakeholder webinar that is being scheduled

<https://www.rggi.org/>



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Questions?



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