

The RGGI CO₂ Program Overview

The RGGI CO₂ cap represents a regional budget for CO₂ emissions from the power sector. A CO₂ allowance represents a limited authorization to emit one short ton of CO₂ from a regulated source, as issued by a participating state.

Following a comprehensive [2012 Program Review](#), the nine RGGI states implemented a new 2014 RGGI cap of 91 million short tons. The RGGI cap then declines 2.5 percent each year from 2015 to 2020.

The RGGI states include two interim adjustments to the RGGI cap to account for banked CO₂ allowances. The first adjustment is a reduction to each state's annual CO₂ allowance budget for 2014-2020. The second adjustment is a reduction to each state's annual CO₂ allowance budget for 2015-2020.

The total interim adjustment for 2014-2020 is 139.5 million CO₂ allowances.

The RGGI cap and RGGI adjusted cap for the years 2014-2020 are as follows:

| | | |
|-------|-------------------------|---------------------------------|
| 2014: | RGGI cap is 91,000,000, | RGGI adjusted cap is 82,792,336 |
| 2015: | RGGI cap is 88,725,000, | RGGI adjusted cap is 66,833,592 |
| 2016: | RGGI cap is 86,506,875, | RGGI adjusted cap is 64,615,467 |
| 2017: | RGGI cap is 84,344,203, | RGGI adjusted cap is 62,452,795 |
| 2018: | RGGI cap is 82,235,598, | RGGI adjusted cap is 60,344,190 |
| 2019: | RGGI cap is 80,179,708, | RGGI adjusted cap is 58,288,301 |
| 2020: | RGGI cap is 78,175,215, | RGGI adjusted cap is 56,283,807 |

In addition, New Jersey sold a small number of CO₂ allowance allocation year 2014 CO₂ allowances in 2011, and a small number of CO₂ allowance allocation year 2013 CO₂ allowances were distributed from state set aside accounts after the interim adjustment.

From 2009-2011, the cap was 188 million short tons per year for the ten-state region (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont).

From 2012-2013, the cap was 165 million short tons per year for the nine-state region.

Cost Containment Reserve

The RGGI states have also established a Cost Containment Reserve (CCR) of CO₂ allowances that creates a fixed additional supply of CO₂ allowances that are only available for sale if CO₂ allowance prices exceed certain price levels – \$4 in 2014, \$6 in 2015, \$8 in 2016, and \$10 in 2017, rising by 2.5 percent each year thereafter.

The CCR is replenished at the start of each calendar year. The CCR is 5 million CO₂ allowances in 2014 and 10 million CO₂ allowances each year thereafter.

Regulated Sources

The RGGI CO₂ Budget Trading Programs regulate emissions from fossil fuel-fired power plants with a capacity of 25 MW or greater located within the RGGI States ("CO₂ budget sources" or "sources"). The RGGI CO₂ Budget Trading Program became effective as of January 1, 2009. CO₂ budget sources are required to possess CO₂ allowances equal to their CO₂ emissions over a three-year control period.

A CO₂ allowance represents a limited authorization to emit one short ton of CO₂ from a regulated source, as issued by a participating state. CO₂ allowances are issued by each state in an amount defined in each state's applicable statute and/or regulations.

The table below shows:

- Each state's share of the 2016 RGGI cap ("Base Budget").
- The number of CO₂ allowances allocated by each state in 2016 ("Adjusted Budget").
- Each state's percentage of the 2016 RGGI adjusted cap ("Percent of RGGI Adjusted Cap"). The number of CO₂ budget sources located within each state.

| State CO ₂ Budgets, Share of Regional Cap and CO ₂ Budget Sources Current (2016) | | | | |
|---|-----------------------------|---------------------------------|------------------------------|--------------------------------|
| | CO ₂ Base Budget | CO ₂ Adjusted Budget | Percent of RGGI Adjusted Cap | CO ₂ Budget Sources |
| Connecticut | 5,600,983 | 4,182,120 | 6% | 16 |
| Delaware | 3,863,993 | 2,862,188 | 4% | 10 |
| Maine | 3,115,436 | 2,327,102 | 4% | 6 |
| Maryland | 19,355,622 | 14,385,683 | 22% | 15 |
| Massachusetts | 13,771,805 | 10,238,857 | 16% | 27 |
| New Hampshire | 4,514,529 | 3,372,166 | 5% | 5 |
| New York | 33,489,399 | 24,967,083 | 39% | 76 |
| Rhode Island | 2,172,154 | 1,819,759 | 3% | 6 |
| Vermont | 622,954 | 460,509 | 1% | 2 |
| TOTAL | 86,506,875 | 64,615,467 | 100% | 163 |

