

JOINT ENERGY COMMITTEE
HANDOUT FOR 11/2/17 MEETING
Office of Legislative Council

What is the Regional Greenhouse Gas Initiative (RGGI)?

- RGGI is a market-based regulatory program in the United States whose purpose is to reduce greenhouse gas emissions. Nine northeastern and mid-Atlantic states have agreed to reduce carbon dioxide (CO₂) emissions from the power sector.
- The nine states are: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont. New Jersey withdrew from the program in 2011. Each state's program limits emissions of CO₂ from electric power plants, issues CO₂ allowances, and establishes participation in regional CO₂ allowance auctions.
- Regulated power plants can use a CO₂ allowance issued by any of the nine participating states to demonstrate compliance with an individual state program. In this manner, the nine state programs function as a single regional compliance market for CO₂ emissions.
- In 2012-13, the RGGI cap for the nine states was 165 million tons of emissions.
- Following a 2012 program review, the RGGI states implemented a new 2014 cap of 91 million tons. The RGGI cap then declines 2.5 percent each year starting in 2015 until reaching 79 million in 2020.
- Currently under review is reducing the cap to 75 million tons in 2021 and 2.275 million tons each year after through 2030.
- In Vermont, the agencies implementing the program are the Agency of Natural Resources (ANR) and the Public Utility Commission (PUC). ANR has adopted the rules that govern the program in Vermont and the PUC oversees investing the proceeds of carbon allowance allocations. Vermont's participation is authorized under [30 V.S.A. § 255](#).

Where does the money go?

- By statute, all of the money raised through Vermont's auctions of carbon allowances is deposited into the Electric Efficiency Fund for use by the State's efficiency utilities to deliver efficiency services to thermal energy and process fuel customers, except for a portion used to defray costs of Vermont's implementation of RGGI.
- The [annual RGGI report most recently submitted to the General Assembly \(2016\)](#) indicates that Vermont sold \$3.3 million in allowances in 2015.
- According to a [2016 presentation](#) on the ANR website, Vermont's cumulative proceeds from sales of carbon allowances from 2008-2016 were approximately \$19.4 million.
- The same presentation estimates that Vermont's thermal energy and process fuel efficiency programs funded by RGGI through 2014 are estimated will result in lifetime energy savings of 2 million mmBTUs, save participants an estimated \$115 million, and avoid the emission of 138,859 tons of CO₂.