A report detailing the implementation and operation of RGGI and the revenues collected and the expenditures made

2025 Regional Greenhouse Gas Initiative Annual Report

Pursuant to 30 V.S.A. § 255(e)

Department of Public Service

January 15, 2026

Report to the Legislature from the Department of Public Service

This Report was prepared pursuant to 30 V.S.A. § 255(e) which states:

> *"On or before January 15 of each year, commencing in 2007, the Department of Public Service in consultation with the Agency of Natural Resources and the Public Utility Commission shall provide to the House Committees on Commerce and Economic Development, on Energy and Technology, and on Natural Resources, Fish, and Wildlife and the Senate Committees on Finance and on Natural Resources and Energy a report detailing the implementation and operation of RGGI and the revenues collected and the expenditures made under this section, together with recommended principles to be followed in the allocation of funds."*

Background & Overview of the Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by ten[a] Northeastern and Mid-Atlantic states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont) to reduce carbon dioxide emissions – a greenhouse gas that contributes to global climate change – from electricity generation. Central to this initiative is the implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The RGGI program requires fossil fuel-fired electric generating units with a nameplate capacity of 25 MW or larger (15MW or larger in NY) to purchase and retire allowances equal to the amount of CO_2 emitted by the unit. The RGGI "CO_2 Emissions from Electricity Generation and Imports in the Regional Greenhouse Gas Initiative: 2023 Monitoring Report[b]" shows that in 2023, CO_2 emissions from RGGI affected units accounted for 84.7% of emissions from all RGGI region fossil generation. Vermont committed to participating in RGGI in 2007, when Governor Douglas signed the RGGI Memorandum of Understanding (MOU) along with the governors of the other participating states. The Vermont Legislature then enacted statutory provisions to implement the RGGI program in Vermont. Both 30 V.S.A. § 255 and the RGGI MOU directed the Public Utility Commission (PUC) and the Agency of Natural Resources (ANR) to participate in the RGGI program.

The RGGI states individually decide how to distribute CO_2 allowances, with most of the allowances sold through the quarterly centralized auctions. Vermont sells nearly all its allotment of allowances through the auction and allocates the net proceeds from the sale of allowances to fund Vermont programs that promote thermal energy and process fuels efficiency services. Proceeds from the sale of allowances are deposited into the Electric Efficiency Fund pursuant to 30 V.S.A. § 209(e)(1)(B).

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[a] As of March 2025, the Virginia court order requiring the State to rejoin RGGI was suspended pending appeal.
[b] https://www.rggi.org/sites/default/files/Uploads/Electricity-Monitoring-Reports/2023_Elec_Monitoring_Report.pdf

Auction Results for 2025

Table 1

CO_2 Allowance Auction Results - All Participating States, 2025

Auction Number	Auction Format	Quantity Offered	Quantity Sold	Clearing Price
67	Sealed Bid - Uniform Price	15,392,222	23,527,000	$19.76
68	Sealed Bid - Uniform Price	15,244,479	15,244,479	$19.63
69	Sealed Bid - Uniform Price	15,177,783	15,177,783	$22.25
70	Sealed Bid - Uniform Price	15,230,235	15,230,235	$26.73
Total				$21.81 [1]

[1] Weighted Average Price

Table 2

CO_2 Allowance Auction Results - Vermont, 2025[c]

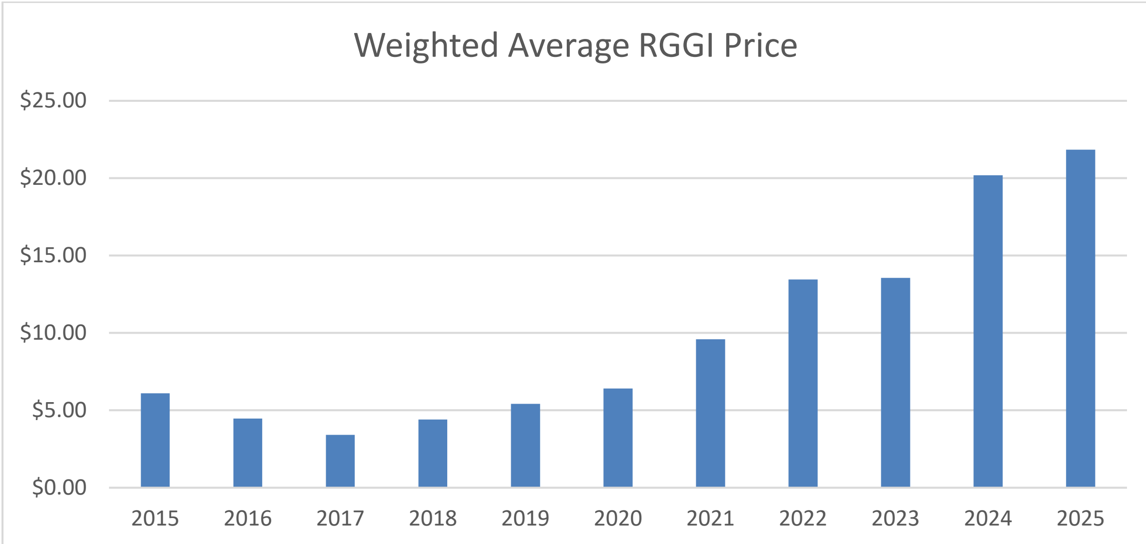
Auction Number	Quantity Sold	Clearing Price	Total Proceeds
67	143,768	$19.76	$2,840,856
68	96,259	$19.63	$1,889,564
69	96,259	$22.25	$2,141,763
70	96,260	$26.73	$2,573,030
Total		$21.81[1]	$9,445,212

[1] Weighted Average Price

Vermont participated in four market-based auctions in 2025 and sold over 430,000 allowances for more than $9 million.

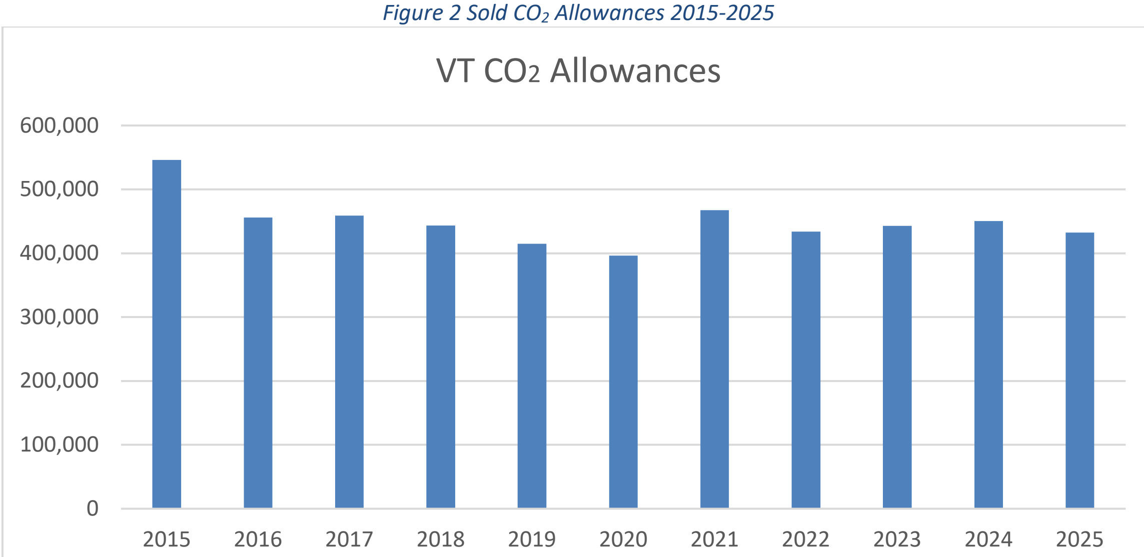
[c] Detailed auction results https://www.rggi.org/Auctions/Auction-Results/Prices-Volumes

Figure 1 Weighted Average RGGI Price 2015-2025



The weighted average price of allowances was $20.19 in 2024 and $21.81 in 2025. In Auction 67, an additional 8,134,778 allowances were sold from the Cost Containment Reserve. Despite these additional allowances, the total number of allowances sold in 2025 was 17,858 fewer than in 2024. However, despite fewer overall allowances, proceeds from the 2025 auctions increased by $349,836.

Figure 2 Sold CO_2 Allowances 2015-2025



The current RGGI program design includes a Cost Containment Reserve (CCR) and an Emissions Containment Reserve (ECR). The CCR consists of a quantity of allowances (10% of a state's annual base allowance budget) in addition to the cap, which is held in reserve. These are made available during an auction if the auction clearing price exceeds a predefined price, indicating that emission reduction costs are higher than were projected. The ECR is a quantity of allowances (10% of a state's annual base budget) that can be withheld from an auction if the auction clearing price is lower than a predefined price, indicating that emission reduction costs are lower than projected.

The CCR trigger price for 2025 was $17.03. This trigger price was achieved in Auction 67, and 8,134,778 additional allowances were sold. The CCR trigger price is set to increase by 7% annually. The ECR trigger price 2025 was $7.86 and is set to increase 7% annually.

Disbursement of Vermont 2025 RGGI Proceeds

Total Proceeds	$9,445,212
Administrative Costs	$19,928[d]
Trustee Costs	$1,561
Net Proceeds	$9,423,724

Pursuant to statute and the PUC's January 10, 2019, Order[e], ANR and the Department of Public Service ("Department") can request that appropriate and reasonable administrative costs associated with their administration of RGGI be paid from the auction proceeds. In addition, ANR and the Department may request funds to "stimulate or support investment in the development of innovative carbon emissions abatement technologies that have significant carbon reduction potential."

To date, ANR has requested and received PUC approval for reimbursement for administrative costs directly related to RGGI participation, including staff time and travel, totaling $19,928 from auctions 67 through 69. When this report was completed, no request had been made for reimbursement from auction 70; however, the Department anticipates that any request would likely be less than $10,000 (based on prior requests) from ANR. The remaining balance of approximately $9 million from the 2025 auctions will be deposited into the Thermal Energy and Process Fuels (TEPF) program funds within the Electric Efficiency Fund (EEF). Use of these funds are determined through the Demand Resource Proceedings (DRP) carried out every three years by the PUC. No changes are recommended currently regarding the allocation of funds.

[d] Represents only administrative costs for auctions 67 through 69.
[e] *2018 updates to the Regional Greenhouse Gas Initiative auction procedures for Vermont*, Case No. 18-4145-INV, Order of 1/10/19. The PUC's Order updated the State's procedures for RGGI auctions consistent with RGGI's 2017 Model Rule.

Neither the PUC nor the PSD have requested any reimbursement to date and the Department doesn't plan to request any related expenses.

Voluntary Renewable Set-aside Program

The PUC's January 10, 2019, Order[f] governs the Vermont voluntary renewable set-aside program for RGGI. The set-aside for voluntary renewable programs is available to programs offered by Vermont electric utilities and other qualifying entities that purchase and retire renewable energy credits (RECs) on behalf of Vermont customers. An applicant may submit a written request to the PUC to retire a specified number of CO_2 allowances in the voluntary purchase set-aside account.

The PUC approved the retirement of 4,150 RGGI CO2 allowances in Vermont's set-aside account on behalf of 2024 voluntary renewable programs.[g]

Program Review and Participating States Updates

The ten states participating in the Regional Greenhouse Gas Initiative (RGGI) have agreed to strengthen their regional carbon dioxide (CO2) emissions cap through 2037, starting in 2027, and establish new mechanisms to protect energy affordability. These updates will ensure the longstanding bipartisan initiative's continued success in promoting clean air, health and economic benefits across the region. States also agreed to launch their next Program Review no later than 2028, as part of their commitment to regularly evaluate their CO2 budget trading programs. The next Program Review will consider factors such as changes in energy policy, the pace and scale of electricity load growth, progress in clean energy deployment, and ongoing efforts to ensure energy affordability.

The updates are designed to:

- Provide stability and certainty to market participants, including power producers who purchase allowances to match their emissions and developers of new electricity generation resources.
- Ensure access to sufficient RGGI allowances to meet expected energy demand and bolster price protection for consumers. RGGI states will continue to invest the proceeds from those allowances into programs that lower electricity bills and provide economic benefits to local communities, including energy efficiency, renewable energy, and bill assistance programs.

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[f] *Id.*
[g] *See Order Approving 2024 Approving RGGI Set-Aside Retirement, Case No. 25-1282-PET, Order of 8/21/25.*

- Confirm states' long-term commitments to energy affordability, public health, and the environment, maintaining an economic climate in which innovative companies and the region's workforce thrive.

Highlights of the upcoming changes to the program include:

- Reduction of the regional emissions cap in 2027 to 69,806,919 tons of CO_2 from 75,717,784 tons under the previous Model Rule;
- Reduction of the regional cap by an average of 8,538,789 tons per year, which is approximately 10.5% of the 2025 budget, through 2033;
- Reduction of the regional cap by 2,386,204 tons of CO_2 annually from 2034 through 2037, which is approximately 3% of the 2025 budget. Subsequent years are set to match the 2037 emissions cap of 9,029,374 tons;
- Maintenance of the existing cost containment reserve (CCR) release price trajectory of $19.50 in 2027, increasing at a rate of 7% annually, and implementation of a second tier of cost containment reserve allowances that are released at $29.25 in 2027. Both tiers make up to 11.75 million additional allowances available;
- Replacement of the existing emission containment reserve (ECR) with an increased minimum reserve price that matches the existing ECR trigger price trajectory. The new minimum reserve price is $9.00 in 2027, increasing 7% annually; and
- Removal of the offset project provisions.
- States are in various stages of initiating their individual rulemaking procedures with the goal of implementing the updated program elements beginning in 2027.

After over three years of efforts, the current Pennsylvania administration abandoned their pursuit of active participation in RGGI in November 2025.