Vermont CO₂ Budget Trading Regulations Stakeholder Information Session

Presentation Outline

- Introduction
- Regional Greenhouse Gas Initiative 2016-2017 Program Review Summary
- Proposed Changes to the Vermont CO₂ Budget Trading Regulations
- CO₂ Allowance Auction Provisions and Implementation
- Vermont Rulemaking Process and Schedule
Vermont CO₂ Budget Trading Regulations Stakeholder Information Session

RGGI Participating States

- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- New Hampshire
- New York
- Rhode Island
- Vermont
Vermont CO$_2$ Budget Trading Regulations Stakeholder Information Session
Regional Greenhouse Gas Initiative 2016-2017
Program Review Summary

- Second RGGI program review
  - Initiated January 2016; extended through 2017
- Stakeholder Engagement
- Economic Impact Modeling
- Model Rule and Accompanying Principles (December 2017)
  - Implement state rules consistent w/Model Rule
  - Initiate next program review no later than 2021
  - Maintain and develop complementary programs
  - Monitor and track emissions leakage
  - Be open to expanding RGGI market
Vermont CO₂ Budget Trading Regulations Stakeholder Information Session
Regional Greenhouse Gas Initiative 2016-2017
Program Review Summary

► Regional cap
  ► 75,147,784 tons in 2021 (reduced 3.9% from 2020 cap)
  ► Annual reduction 2,275,000 tons/year through 2030

► Third Control Period Bank Adjustment
► Cost Containment Reserve reduced
► Emissions Containment Reserve implemented
► Reserve Price increase over time maintained
► Offset Project Categories reduced from 5 to 3
Allowance Apportionment

Five states (DE, MD, MA, NY, VT) agreed to small reductions in apportionment.

RI receives increase in apportionment (+ 0.43%) to substantially cover emissions from RI-based generation.
Modeled Emissions

- Performed using IPM
- Regional Emissions reduced over 115 million tons (15%) 2022-2031 as compared to reference case
Regional Greenhouse Gas Initiative 2016-2017 Program Review Summary

- Economic Impact Analysis
  - Regional - slightly positive (less than +0.02%)
  - Vermont - near zero

- Customer Bills Analysis
  - Regional - increase of 1.2% or less
  - Vermont - increase of less than 2%
    - Analysis does not account for Vermont savings due to investment in fossil energy efficiency
Vermont CO₂ Budget Trading Regulations Stakeholder Information Session

Proposed Changes to the Vermont CO₂ Budget Trading Regulations

- Vermont CO₂ Budget
  - 540,630 tons in 2021 (reduced 3.9%)
  - Annual reduction of 16,383 tons/year
- Offset Project Categories reduced from 5 to 3
- Technical changes and typographical corrections
  - Definition of “Fossil-fuel fired”
- Auction-related issues addressed by the Public Utilities Commission
Vermont CO₂ Budget Trading Regulations Stakeholder Information Session

CO₂ Allowance Auction Provisions and Implementation - PUC

- Third Control Period Bank Adjustment
- Cost Containment Reserve
- Emissions Containment Reserve
- Reserve Price
- Other PUC Actions
  - Voluntary Renewable Set-Aside
  - Allowance Retirement
Vermont CO₂ Budget Trading Regulations Stakeholder Information Session

Vermont Rulemaking Process and Schedule

- ANR is planning to begin the formal rulemaking process this Spring and be completed before the end of 2018
- A rulemaking hearing will be scheduled when the rule is proposed
- Stakeholder and public comments will be solicited during the formal public comment period and at the hearing
- Rulemaking materials will be posted on the Air Quality and Climate Division website, as well as the Secretary of State’s Rulemaking website
Questions?