

# Vermont CO<sub>2</sub> Budget Trading Regulations Stakeholder Information Session

Vermont Agency of Natural Resources  
Montpelier, Vermont  
March 22, 2018

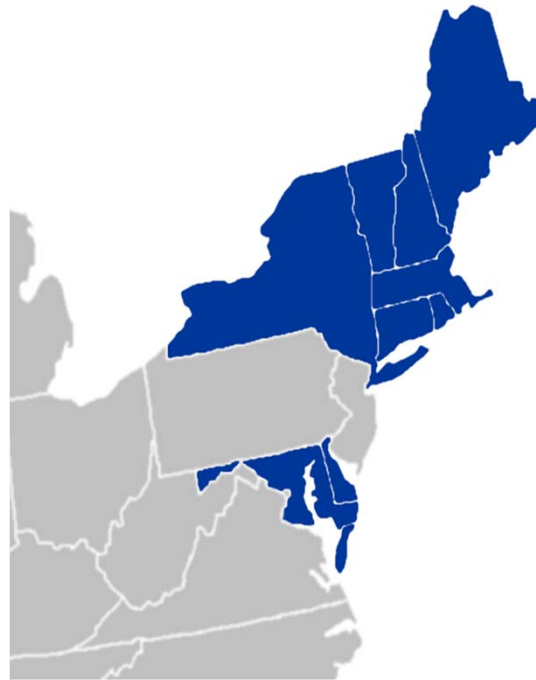
## Vermont CO<sub>2</sub> Budget Trading Regulations Stakeholder Information Session Presentation Outline

- ▶ Introduction
- ▶ Regional Greenhouse Gas Initiative 2016-2017 Program Review Summary
- ▶ Proposed Changes to the Vermont CO<sub>2</sub> Budget Trading Regulations
- ▶ CO<sub>2</sub> Allowance Auction Provisions and Implementation
- ▶ Vermont Rulemaking Process and Schedule

## Vermont CO<sub>2</sub> Budget Trading Regulations Stakeholder Information Session

### RGGI Participating States

- ▶ Connecticut
- ▶ Delaware
- ▶ Maine
- ▶ Maryland
- ▶ Massachusetts
- ▶ New Hampshire
- ▶ New York
- ▶ Rhode Island
- ▶ Vermont



Vermont CO<sub>2</sub> 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

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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

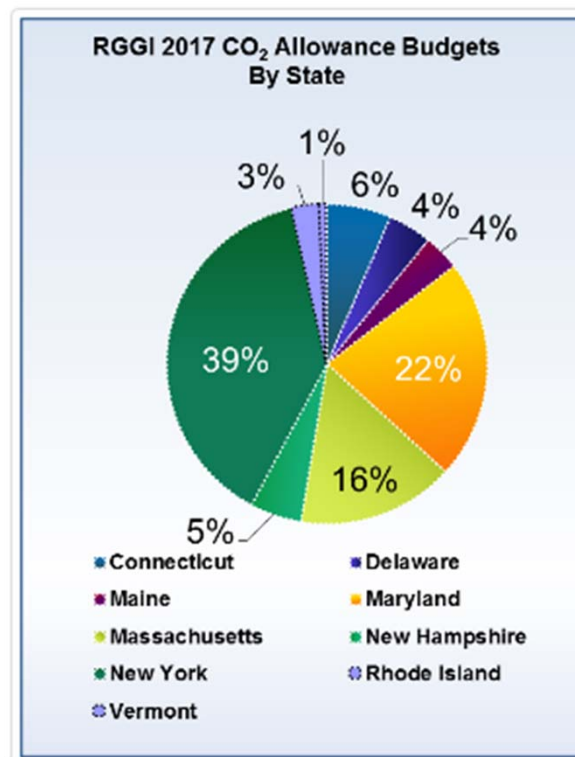
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## Regional Greenhouse Gas Initiative 2016-2017

### Program Review Summary

#### ► 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



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Regional Greenhouse Gas Initiative 2016-2017  
Program Review Summary

- ▶ Modeled Emissions
  - ▶ Performed using IPM
  - ▶ Regional Emissions reduced over 115 million tons (15%) 2022-2031 as compared to reference case

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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 CO<sub>2</sub> Budget Trading Regulations Stakeholder Information Session

# Proposed Changes to the Vermont CO<sub>2</sub> Budget Trading Regulations

- ▶ Vermont CO<sub>2</sub> 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

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CO<sub>2</sub> 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

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### 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

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Questions?