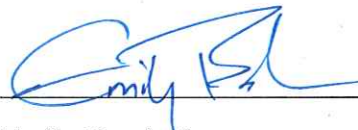


Vermont Agency of Natural Resources
Department of Environmental Conservation

PROCEDURE FOR THE VERMONT CO₂ BUDGET
TRADING PROGRAM ALLOWANCE BUDGET
ADJUSTMENTS AND PRICE CONTROL MEASURES

ADOPTED: DECEMBER 6, 2018



Emily Boedecker

DEC Commissioner

12/6/18

Date

**PROCEDURE FOR THE VERMONT CO₂ BUDGET TRADING PROGRAM
ALLOWANCE BUDGET ADJUSTMENTS AND PRICE CONTROL MEASURES**

1.0 Purpose

The purpose of this procedure is to inform the actual number of CO₂ allowances that Vermont will make available for sale in the Regional Greenhouse Gas Initiative (RGGI) auctions taking into account Vermont’s CO₂ trading program base budget pursuant to §23-503 of the Vermont CO₂ Budget Trading Program Regulations, scheduled budget adjustments, and adjustments in the event that the emissions containment reserve (ECR) or cost containment reserve (CCR) is triggered during a RGGI auction. A comprehensive table of the adjustments included in **Table A** of this procedure.

2.0 Scheduled budget adjustments

The first control period budget adjustment for banked allowances quantities for allocation years 2018 – 2020 are as follows:

| Year | 2018 | 2019 | 2020 |
|------------|--------|--------|--------|
| Adjustment | 60,905 | 60,905 | 60,905 |

The second control period budget adjustment for banked allowances quantities for allocation years 2018 – 2020 are as follows:

| Year | 2018 | 2019 | 2020 |
|------------|---------|---------|---------|
| Adjustment | 101,540 | 101,540 | 101,540 |

3.0 Emissions Containment Reserve

The emissions containment reserve exists for the purpose of achieving additional emission reduction in the event of lower than anticipated emission reduction costs. The ECR trigger price is the price below which CO₂ allowances will be withheld from sale by Vermont or its agent at an auction. The ECR budget for each year represents the number of Vermont allowances that will be withheld from sale should the ECR be triggered. The ECR trigger prices for years 2021 – 2030 are as follows:

| Year | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| Price | \$6.00 | \$6.42 | \$6.87 | \$7.35 | \$7.86 | \$8.41 | \$9.00 | \$9.63 | \$10.30 | \$11.02 |
| Budget | 54,063 | 52,425 | 50,787 | 49,148 | 47,510 | 45,872 | 44,233 | 42,595 | 40,957 | 39,319 |

4.0 Cost Containment Reserve

The cost containment reserve exists for the purpose of containing the cost of CO₂ allowances. The CCR trigger price is the price above which CO₂ CCR allowances will be offered for sale by Vermont or its agent at an auction. The CCR budget for each year represents the number of Vermont allowances that will be added to the auction should the CCR be triggered. The CCR trigger prices for the years 2018 – 2030 are as follows:

| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Price | \$10.25 | \$10.51 | \$10.77 | \$13.00 | \$13.91 | \$14.88 | \$15.92 | \$17.03 | \$18.22 | \$19.50 | \$20.87 | \$22.33 | \$23.89 |
| Budget | 74,210 | 74,210 | 74,210 | 54,063 | 52,424 | 50,786 | 49,148 | 47,509 | 45,871 | 44,233 | 42,595 | 40,956 | 39,318 |

Table A

| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| VT Base Budget | 610,269 | 577,390 | 562,955 | 540,630 | 524,247 | 507,865 | 491,482 | 475,099 | 458,716 | 442,334 | 425,951 | 409,568 | 393,185 |
| 1 st CP Adjustment | 60,905 | 60,905 | 60,905 | - | - | - | - | - | - | - | - | - | - |
| 2 nd CP Adjustment | 101,540 | 101,540 | 101,540 | - | - | - | - | - | - | - | - | - | - |
| 3 rd Adjustment | - | - | - | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
| Adjusted Budget | 447,824 | 414,945 | 400,510 | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
| CCR Trigger \$ | \$10.25 | \$10.51 | \$10.77 | \$13.00 | \$13.91 | \$14.88 | \$15.92 | \$17.03 | \$18.22 | \$19.50 | \$20.87 | \$22.33 | \$23.89 |
| VT CCR Budget | 74,210 | 74,210 | 74,210 | 54,063 | 52,424 | 50,786 | 49,148 | 47,509 | 45,871 | 44,233 | 42,595 | 40,956 | 39,318 |
| ECR Trigger \$ | - | - | - | \$6.00 | \$6.42 | \$6.87 | \$7.35 | \$7.86 | \$8.41 | \$9.00 | \$9.63 | \$10.30 | \$11.02 |
| VT ECR Budget | - | - | - | 54,063 | 52,425 | 50,787 | 49,148 | 47,510 | 45,872 | 44,233 | 42,595 | 40,957 | 39,319 |