The Regional Greenhouse Gas Initiative (RGGI) and the Clean Power Plan (CPP)

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Mitigation Working Group Meeting - May 23, 2016
Outline

• RGGI Overview

• Clean Power Plan (CPP)
  – The stay

• RGGI 2016 Program Review

• Input requested
RGGI Basics

- Maryland officially became the 10th member of RGGI on April 20, 2007
  - Required by the Healthy Air Act of 2006

- RGGI is a regional cap and invest program focused on reducing carbon dioxide (CO$_2$) emissions from power plants
  - Cooperative 9 state effort
    - Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, Rhode Island, Vermont
    - New Jersey was originally a member but left the program

- Not your “typical” cap and invest program
  - CO$_2$ reductions achieved by reduced demand, not “scrubbers” or other end-of-the-pipe pollution control technologies
  - RGGI reductions to be achieved by
    - Setting a cap for the region
    - Auctioning allowances
    - Using auction proceeds to create incentives for energy efficiency and reduced demand

- Will result in a small, but positive benefit to Maryland electricity consumers
Original RGGI Goals

- Original RGGI goal was to show that a cap and invest program for CO$_2$ was possible
  - Modest reduction goal
  - Proactive concept to provide revenue for energy efficiency programs and to cover cost of program through sale of allowances

- Generation-based Program
  - Each state apportionment set at around average 2000 - 2002 emissions

- 10% Reduction Goal
  - Offset growth in emissions and make a small reduction
The 2012 Program Review

RGGI Emissions (million tons)

- **Emissions**
- **Original Cap**
- **Revised 91 Cap**

- **Model Rule Announced**
- **New Cap Effective**

- **Year**: 2003 to 2020

- **Emissions**
- **Original Cap**
- **Revised 91 Cap**

**Legend**

- Blue line: Emissions
- Orange line: Original Cap
- Green line: Revised 91 Cap
Reasons for 2012 Review

• RGGI was the first cap & invest CO\textsubscript{2} program in the nation
  – Many lessons to be learned
  – The 2012 program review was designed to make any changes that were needed to insure the continued success of the RGGI partnership

• Analyses indicated that proposed changes would:
  – Preserve significant reductions that have already occurred in power sector CO\textsubscript{2} emissions, and drive further reductions
    • 91 cap projected to generate:
      – ~80 - 90 million tons of cumulative emission reductions by 2020
      – ~14 - 20 million tons less of annual emissions in 2020
  – Result in a modest increase in allowance prices
    • ~$4 ($2010) per allowance in 2014
    • ~$10 ($2010) per allowance in 2020
  – Have minimal net impact to consumer’s electricity bills
  – Average electricity bill for MD residential, commercial, and industrial customers projected to increase by less than 1%
  – Generate an additional $2.67 billion ($2010) regionally for reinvestment into energy efficiency (through 2040)
The Federal Clean Power Plan

• In 2015 EPA moved forward with the federal Clean Power Plan or CPP

• It was designed to reduce CO2 emissions from existing power plants across the Country

• There have been numerous challenges to the CPP
  – On February 9, 2016, the Supreme Court stayed implementation of the Clean Power Plan pending judicial review

• It is expected to go to Court in June

• Information on the Clean Power Plan can be found at: https://www.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants
Maryland’s Plan

• Maryland will continue to be part of RGGI and will participate in the 2016 RGGI Program Review to look for ways to continue to make RGGI successful

• Maryland will watch with great interest as the Courts deliberate over the CPP

• If the CPP moves forward, Maryland will use RGGI as its compliance pathway for the CPP
The 2016 RGGI Program Review

• 2016 Program Review will follow the same format as the 2012 Program Review

• On behalf of the RGGI states, RGGI, Inc. will facilitate public stakeholder meetings to gather stakeholder input for the states’ 2016 Program Review

• 2016 Program Review will solicit stakeholder input on RGGI program design elements, including considerations for compliance under the EPA Clean Power Plan

• RGGI states may also hold state-specific stakeholder meetings

• RGGI states will work with stakeholders and work collaboratively with the 9 RGGI partner states to reach consensus on any changes to the RGGI program
  – A review of all components of the RGGI program will occur
RGGI Regional Stakeholder Meetings

- November 17, 2015
  - New York, NY

- February 2, 2016
  - Wilmington, DE

- April 29, 2016
  - Boston, MA

- June 2016
  - Webinar ... TBD

- Summer 2016
  - TBD
Maryland RGGI Stakeholder Meetings

- Today - May 23, 2016
  - Mitigation Working Group Meeting

- May 27, 2016 - Stakeholder Meeting
  - MDE first floor conference rooms

- June/July 2016 - TBD
  - To be discussed on May 27

- Stakeholder meetings as part of any process to make regulatory changes to the Maryland RGGI regulations
Stakeholder Input Requested

- What should the cap level be?
- How should RGGI states deal with possible addition of new states?
- How should reductions be structured?
- What should be done about Cost Containment Reserve (CCR)?
- Should the RGGI offsets provision be continued?
- How should the RGGI program work in conjunction with stayed CPP?
RGGI Modeling Results to Date

• Two Reference Cases (no changes)
  – With and Without CPP in place
  – All non-RGGI states trade with each other on a mass basis

• Model Run 1 (minimum adjustment to reach CPP Compliance)

• Both available on RGGI web site

• Additional runs in the works
  – To be discussed first at the June stakeholder webinar that is being scheduled

https://www.rggi.org/
Questions?