

Regional Greenhouse Gas Initiative

Purpose of RGGI

History

- 2007: RGGI was formed as the first U.S. multi-state, market-based carbon dioxide cap and trade program.
 - For power plants that generate 25 MW of electricity or more per year.
 - First RGGI carbon dioxide emission allowance auction in September 2008.
- Participating states: Maryland, Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia.

How It Works

- Each participating state establishes its own CO₂ budget trading program through statutes or regulations.
- Annual emissions cap (limit) set based on the allowances contributed by each member state to the auction pool.
 - The cap declines annually by 2.5% through 2020 with overall reduction of 30% by 2030.
 - One allowance equals one metric ton of carbon dioxide.
- Auctions are held quarterly.
- Power plants must submit one allowance for each ton of carbon dioxide generated during each three-year compliance period.
 - Power plants can use allowances issued by any participating state to demonstrate compliance.
 - RGGI allows up to 3.3% of offset allowances in lieu of emission allowances.
- At least 25% of auction proceeds must be used by the participating states for energy purposes or to the benefit of consumers.

RGGI in Maryland

- Through Auction 63: over 256 million allowances sold and over \$1.22 billion in auction proceeds.
- Auction proceeds are placed into the Strategic Energy Investment Fund (SEIF) overseen by the Maryland Energy Administration.
- SEIF funds are used for bill assistance, energy efficiency, and clean energy projects across the state.
- More details are available in [Section 2-1002 of the Environment Article, of the Annotated Code of Maryland](#), [Subtitle 09 of Title 26 of the Code of Maryland Regulations](#), or at the links below.
 - <https://www.rggi.org/>
 - <https://mde.maryland.gov/programs/Air/ClimateChange/RGGI/Pages/index.aspx>
 - [https://energy.maryland.gov/Pages/Strategic-Energy-Investment-Fund-\(SEIF\)-.aspx](https://energy.maryland.gov/Pages/Strategic-Energy-Investment-Fund-(SEIF)-.aspx)