

Regional Greenhouse Gas Initiative (RSA 125-O:19-28)

**Briefing to Air Pollution Advisory Committee
(RSA 125-J:11) & Legislative Oversight Committee
on Electric Utility Restructuring (RSA 374-F:5)**

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(www.rggi.org)



Regional Greenhouse Gas Initiative (RSA 125-O:21, VI)

DES/PUC shall report annually on implementation status, with emphasis on prices & availability of RGGI allowances to affected sources and trends in electric rates for NH businesses/ratepayers, including:

- (a) Number of allowances sold & type of entities purchasing allowances;**
- (b) Number of unsold allowances;**
- (c) Available price data from regional auctions & secondary markets;**
- (d) Market monitoring reports;**



Regional Greenhouse Gas Initiative (RSA 125-O:21, VI)

- (e) CO₂ emissions by source, state, & RGGI region;**
- (f) Spending of auction revenues by RGGI state;**
- (g) Allocation/spending of GHG emissions reduction fund, including associated energy savings & emissions reductions; and**
- (h) Status of any proposed/adopted federal CO₂ cap & trade program, the impact on NH's RGGI program, and recommendations for any proposed legislation necessary to accommodate the federal program.**



Estimated NH Demand [2008 annual CO₂ emissions (tons)]

- **PSNH (Merrimack, Schiller, Newington)**
 - **3,112,114 + 818,594* + 98,334 = 4,029,042****
 - *excludes 543,810 from biomass (net zero)**
 - **PSNH will receive 3,564,718 2009 allowances (early reduction & Clean Power Act bonus)**
- **Granite Ridge = 1,974,812**
- **Newington Energy = 1,091,293**
- **Total = 7,095,147**



Estimated NH Demand [2009 6-month CO₂ emissions (tons)]

- **PSNH (Merrimack, Schiller, Newington)**
 - **1,744,406 + 348,096* + 122,337 = 2,214,839**
*excludes 272,325 from biomass (net zero)
- **Granite Ridge = 703,436**
- **Newington Energy = 445,801**
- **Total = 3,364,076 (x2 = 6,728,152)**



Estimated Regional Demand [2007 annual CO₂ emissions (tons)]

- **CT = 10,045,343** **DE = 8,744,154**
- **MA = 25,366,733** **MD = 35,700,194**
- **ME = 3,533,197** **NH = 7,314,954**
- **NJ = 21,809,332** **NY = 55,717,151**
- **RI = 3,161,200** **VT = 6,112**
- **Total = 171,398,370**
- **Budget = 188,076,976**



Estimated Regional Demand [2008 annual CO₂ emissions (tons)]

- **CT = 8,988,858** **DE = 7,615,966**
- **MA = 21,438,041** **MD = 32,383,517**
- **ME = 3,691,278** **NH = 7,095,147**
- **NJ = 20,601,805** **NY = 48,348,177**
- **RI = 3,292,517** **VT = 2,559**
- **Total = 153,457,865**
- **Budget = 188,076,976**



Auction Design

- **Quarterly auctions – single round, sealed bid**
- **Qualification of bidders**
- **Entities limited to 25% in any one auction**
- **Bid lots = 1,000 allowances**
- **Reserve price**
- **Auction monitoring**

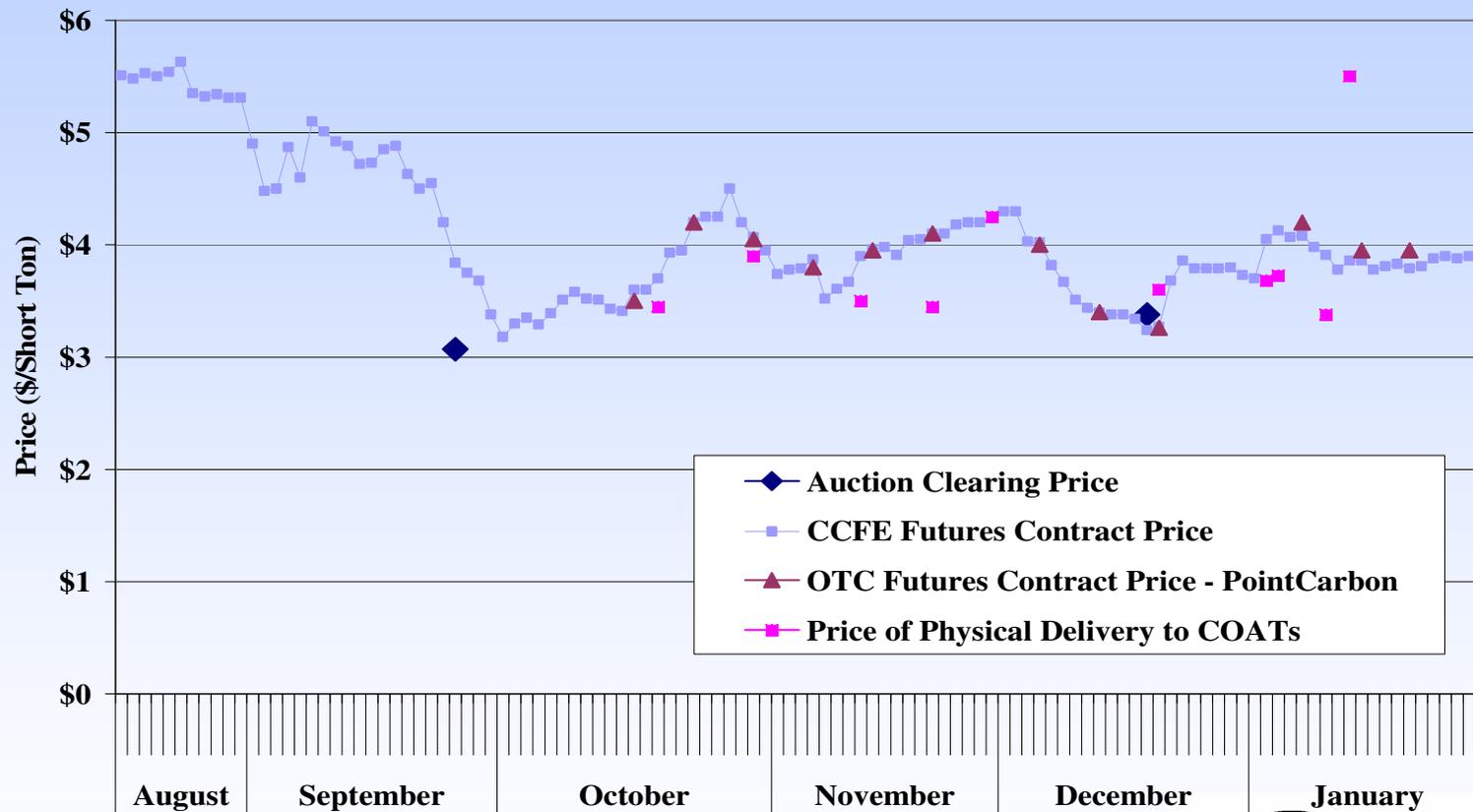


Independent CO₂ Allowance Market Monitor

- **Observe auction qualification process & conduct**
- **Complete Auction Certification Report**
- **Track movement of allowances in secondary market; investigate any conduct of concern**
- **Issue quarterly and annual monitoring reports**
- **Reports available at www.rggi.org**



Second Half 2008 Allowance Price Data



First Half 2009 Allowance Price Data



Regional Auction Revenues To Date

also see ENE reports at www.env-

[ne.org/projects/open/p/id/331/program/Climate%20Change%20Solutions](http://www.env-ne.org/projects/open/p/id/331/program/Climate%20Change%20Solutions)

- All 10 States total 141,402,208 allowances auctioned
- 0 unsold
- Most (80%-85%) to compliance entities, as expected (concerns of hoarding unfounded)
- **\$432,834,987** total revenues



Use of Auction Proceeds Across RGGI States

- **Energy efficiency programs**
- **Weatherization**
- **Low-income assistance**
- **Clean energy research and development**
- **Direct GHG reduction projects**
- **Green communities, green workforce**
- **Forests/wetlands**



NH Auction Revenues To Date

Auction (Vintage)	Date	Allowances	Price	Revenue
1-2009	9/25/08	0	\$3.07	\$0
2-2009	12/17/08	1,189,610	\$3.38	\$4,020,882
3-2009	3/18/09	1,189,611	\$3.51	\$4,175,535
3-2012		86,850	\$3.05	\$264,892



NH Auction Revenues To Date

(continued)

Auction (Vintage)	Date	Allowances	Price	Revenue
4-2009	6/17/09	1,189,610	\$3.23	\$3,842,440
4-2012		86,850	\$2.06	\$178,911
5-2009	9/9/09	1,189,610	\$2.19	\$2,605,246
5-2012		86,850	\$1.87	\$162,409
Total				\$15,250,315



2007 UNH Economic Analysis Projections

- **NH participation is lower cost overall to NH than not joining**
- **Lowest long-term net utility cost is to auction allowances and put revenues into energy efficiency**
- **Positive impact on employment and the overall NH economy**



ENE Analysis – June 25, 2009

- **Energy prices have declined since peaking in mid-2008**
- **But energy prices remain above average prices in the baseline years (2000-2004)**
- **Prices for oil remain higher than prices for natural gas, leading to greater dispatch of gas-fired plants and lower emissions**



Federal Climate Legislation

- **Waxman-Markey *American Clean Energy and Security Act of 2009 (ACES)*; Kerry-Boxer *Clean Energy Jobs and American Power Act* preempts RGGI from 2012-2017**
- **Banked RGGI allowances exchangeable for federal allowances based on ave. auction price (e.g., 5 \$3 RGGI allowances = 1 \$15 federal allowance)**
- **Still has to pass in Senate**



Federal Climate Legislation (continued)

- **Potentially impacted auction prices for RGGI future (2012) allowances**
- **Future RGGI allowances selling for significantly lower value than current allowances**
- **EPA rulemakings proceeding (litigation likely) as less desirable alternative**

