New York State Initiative to Reduce GHG’s: Regional Greenhouse Gas Initiative (RGGI)


October 25, 2005

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RGGI Process

• Gov. Pataki’s April 2003 Invitation
• Staff Working Group (SWG)
• Stakeholders
• SWG Proposal
• Agency Heads Meetings
• Model Rule and MOU
• Rulemaking
RGGI Design Principles

• Reduce CO2 with flexible, market-based program to achieve least cost reductions.
• Create model for federal program.
• Maintain electricity affordability, reliability and fuel diversity.
• Make expandable to other states.
• Build on programs in place.
Key Elements of RGGI Proposal

• Carbon cap
  – Stabilize emissions through 2015
  – Decrease by 10% by 2020

• State CO2 budgets
  – Based primarily on 2000-2004 emissions

• Offsets (Non-electric)
  – Up to 50% of emissions reductions

• 20-25% of State Budget Auctioned
  – Energy efficiency, new technologies, etc.

• Built-in review in 2015
  – Price impacts, offsets, imports
NY CO₂ Emissions Trajectories

Note: unlimited banking allowed
CO₂ Allowance Prices

![Chart showing CO₂ Allowance Prices from 2006 to 2024. The chart displays two lines: one for Package and one for Cap Only. Both lines show a steady increase in price over the years.]
NOTE: Energy prices represent wholesale market prices and include annualized capacity prices. Note that the RGGI Package Scenario assumes that current levels of annual state expenditures for public benefit programs continue through 2025. While these types of programs cause lower wholesale prices by reducing electricity demand, they are paid for by consumers through a line item charge at the retail level, and are therefore not reflected in the wholesale price changes shown above. Current retail electricity prices already include the annual costs of these programs.

While the modeling assumes that end-use energy efficiency is implemented entirely by public benefit programs, it is recognized that energy efficiency could also be implemented by actions such as appliance standards and building codes that do not require state funding and could possibly be done at lower costs.
RGGI Higher Emissions Sensitivities
CO$_2$ Emissions
Reference v. High Gas v. High Emissions

Million Tons

<table>
<thead>
<tr>
<th>Year</th>
<th>Reference</th>
<th>High Gas</th>
<th>High Emissions</th>
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<tbody>
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Graph shows the comparison of CO$_2$ emissions over the years 2006 to 2024 for Reference, High Gas, and High Emissions scenarios.
RGGI Package Scenario compared to
Higher Emissions Reference Case
RGGI Generation Mix in 2024

**Numbers:**

- Reference Package: [Bar Graph]
- High Emission: [Bar Graph]
- High Emission + Package: [Bar Graph]

**Legend:**
- Net Imports
- Other Renewables
- Wind
- Other
- Oil/Gas
- Gas
- Coal
- Nuclear
CO₂ Allowance Prices

![Graph showing CO₂ Allowance Prices with two lines indicating 'Package' and 'High Emission + Package'. The graph illustrates the price trends from 2006 to 2024, with prices increasing over time.]
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