



State of Vermont

Department of Public Service

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January 15, 2025

House Committee on Commerce and Economic Development

House Committee on Environment and Energy

Senate Committee on Finance

Senate Committee on Natural Resources and Energy

Re: 2024 Regional Greenhouse Gas Initiative Annual Report

Dear Senators and Representatives:

I am pleased to submit the 2024 Regional Greenhouse Gas Initiative Annual Report pursuant to 30 V.S.A. §255(e). The report, developed in consultation with the Agency of Natural Resources and the Public Utility Commission, includes information on Vermont's participation in the Regional Greenhouse Gas Initiative (RGGI), a market-based program intended to reduce greenhouse gas emissions by capping and reducing CO₂ emissions from the power sector. This report details the four auctions that take place each year and the revenue generated from the sale of CO₂ allowances.

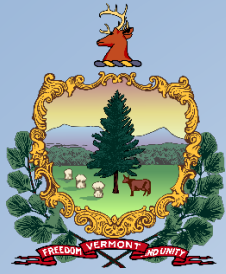
If you have any questions or concerns upon reading this report, please do not hesitate to contact the Director of Efficiency and Energy Resources, Alek Antzak at alek.antczak@vermont.gov

Very truly yours,

Signed by:

A handwritten signature in black ink that reads "Kerrick Johnson". The signature is written in a cursive style.

263C50C995A9481...
Kerrick Johnson
Commissioner



A report detailing the implementation and operation of RGGI and the revenues collected and the expenditures made

2024 Regional Greenhouse Gas Initiative Annual Report

Pursuant to 30 V.S.A. § 255(e)

Department of Public Service

January 15, 2025

Report to the Legislature from the Department of Public Service

This Report was prepared pursuant to 30 V.S.A. § 255(e) which states:

“On or before January 15 of each year, commencing in 2007, the Department of Public Service in consultation with the Agency of Natural Resources and the Public Utility Commission shall provide to the House Committees on Commerce and Economic Development, on Energy and Technology, and on Natural Resources, Fish, and Wildlife and the Senate Committees on Finance and on Natural Resources and Energy a report detailing the implementation and operation of RGGI and the revenues collected and the expenditures made under this section, together with recommended principles to be followed in the allocation of funds.”

Background & Overview of the Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by eleven^a Northeastern and Mid-Atlantic states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania^b, Rhode Island and Vermont) to reduce carbon dioxide emissions – a greenhouse gas that contributes to global climate change – from electricity generation. Central to this initiative is the implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The RGGI program requires fossil fuel-fired electric generating units with a nameplate capacity of 25 MW or larger (15MW or larger in NY) to purchase and retire allowances equal to the amount of CO₂ emitted by the unit. The RGGI “CO₂ Emissions from Electricity Generation and Imports in the Regional Greenhouse Gas Initiative: 2020 Monitoring Report”^c shows that in 2020, CO₂ emissions from RGGI affected units accounted for 78.9% of emissions from all RGGI region fossil generation. Vermont committed to participating in RGGI in 2007, when Governor Douglas signed the RGGI Memorandum of Understanding (MOU) along with the governors of the other participating states. The Vermont Legislature then enacted statutory provisions to implement the RGGI program in Vermont. Both 30 V.S.A. § 255 and the RGGI MOU directed the Public Utility Commission (PUC) and the Agency of Natural Resources (ANR) to participate in the RGGI program.

The RGGI states individually decide how to distribute CO₂ allowances, with most of the allowances sold through the quarterly centralized auctions. Vermont sells nearly all its allotment of allowances through the auction and allocates the net proceeds from the sale of allowances to fund Vermont programs that promote thermal energy and process fuels efficiency services.

^a As of June 2023, Virginia withdrew from participation in RGGI for 2024; this action was challenged in court and found to be “unlawful and without effect” by a court in Virginia. Further litigation is likely.

^b [Pennsylvanian Senate Bill 1058](#) for withdrawal from RGGI was approved in the Senate and has moved to the House of Representatives

^c https://www.rggi.org/sites/default/files/Uploads/Electricity-Monitoring-Reports/2020_Elec_Monitoring_Report.pdf

Proceeds from the sale of allowances are deposited into the Electric Efficiency Fund pursuant to 30 V.S.A. § 209(e)(1)(B).

Auction Results for 2024

Table 1

CO₂ Allowance Auction Results - All Participating States, 2024

Auction Number	Auction Format	Quantity Offered	Quantity Sold	Clearing Price
63	Sealed Bid - Uniform Price	15,855,879	24,272,157	\$16.00
64	Sealed Bid - Uniform Price	16,053,188	16,053,188	\$21.03
65	Sealed Bid - Uniform Price	15,943,608	15,943,608	\$25.75
66	Sealed Bid - Uniform Price	15,943,608	15,943,608	\$20.05
Total				\$20.17 ^[1]

^[1] Weighted Average Price

Table 2

CO₂ Allowance Auction Results - Vermont, 2024^d

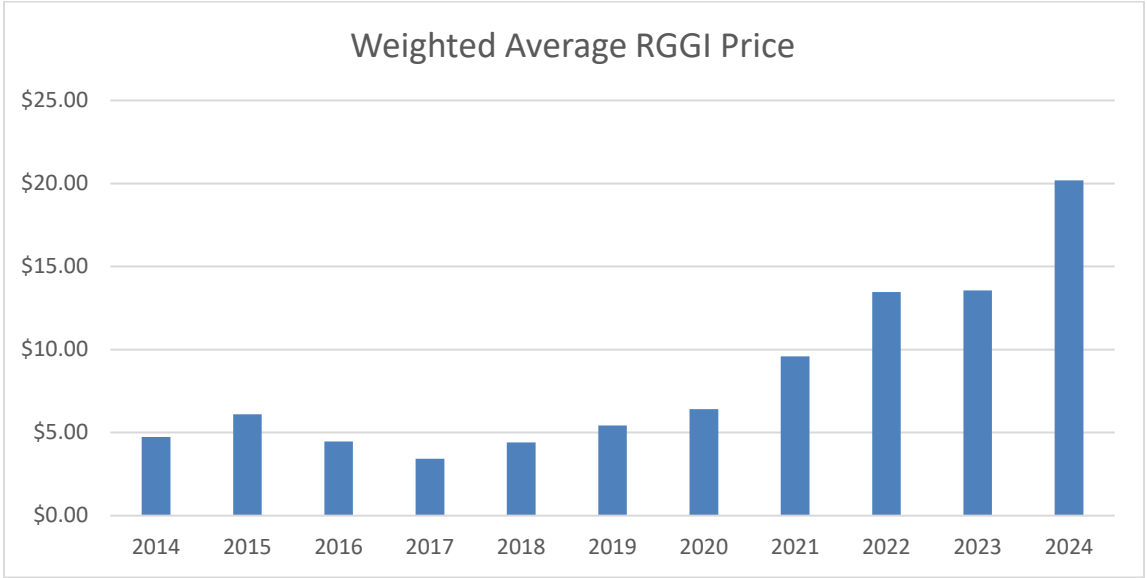
Auction Number	Quantity Sold	Clearing Price	Total Proceeds
63	149,462	\$16.00	\$2,391,392
64	100,314	\$21.03	\$2,109,603
65	100,314	\$25.75	\$2,583,086
66	100,314	\$20.05	\$2,011,296
Total		\$20.17 ^[1]	\$9,095,377

^[1] Weighted Average Price

Vermont participated in four market-based auctions in 2024 and sold over 450,000 allowances for more than \$9 million.

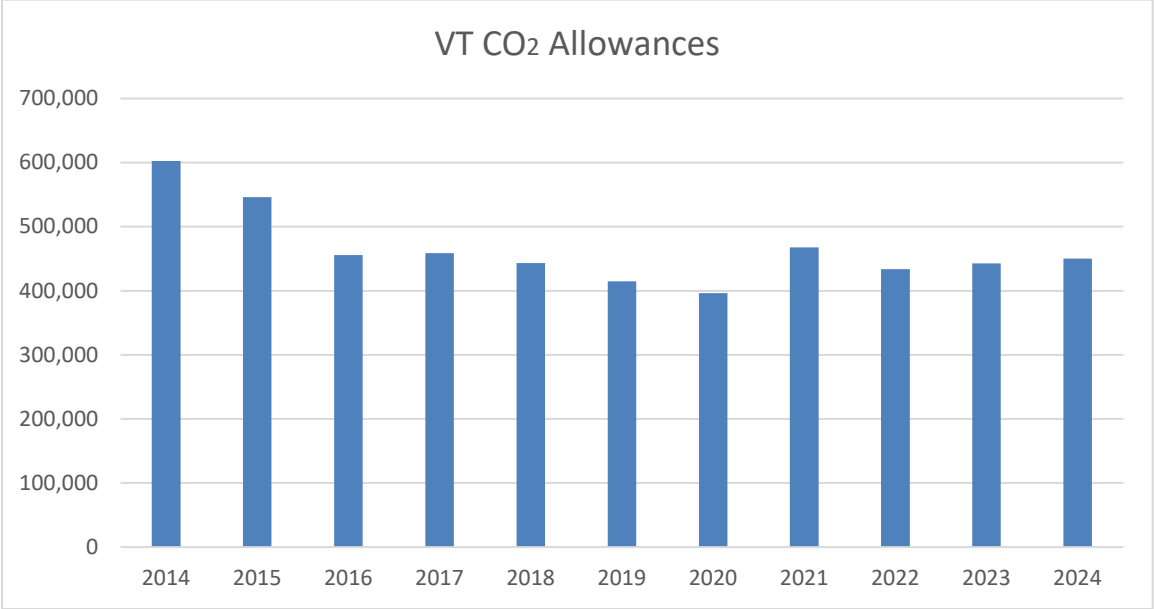
^d Detailed auction results <https://www.rggi.org/Auctions/Auction-Results/Prices-Volumes>

Figure 1 Weighted Average RGGI Price 2014-2024



The weighted average price of the allowances in 2023 was \$13.57, while in 2024 it was \$20.19. This, combined with 25,133 additional allowances sold from the Cost Containment Reserve in auction 63 resulted in a \$3,089,661 increase in gross revenue from 2023 to 2024 for Vermont.

Figure 2 Sold CO₂ Allowances 2014-2024



2024 represents the first year of the sixth control period.

The current RGGI program design includes a Cost Containment Reserve (CCR) and an Emissions Containment Reserve (ECR). The CCR consists of a quantity of allowances (10% of a state's annual base allowance budget) in addition to the cap, which is held in reserve. These are made available during an auction if the auction clearing price exceeds a predefined price, indicating that emission reduction costs are higher than were projected. The ECR is a quantity of allowances (10% of a state's annual base budget) that can be withheld from an auction if the auction clearing price is lower than a predefined price, indicating that emission reduction costs are lower than projected.

The CCR trigger price for 2024 was \$15.92. This trigger price was achieved in Auction 63, and 8,416,278 additional allowances were sold. The CCR trigger price is set to increase by 7% annually. The ECR trigger price 2024 was \$7.35 and is set to increase 7% annually.

Disbursement of Vermont 2024 RGGI Proceeds

Total Proceeds	\$9,095,377
Administrative Costs	\$25,752 ^e
Trustee Costs	\$1,530
Net Proceeds	\$9,068,094

Pursuant to statute and the PUC’s January 10, 2019, Order^f, ANR and the Department of Public Service (“Department”) can request that appropriate and reasonable administrative costs associated with their administration of RGGI be paid from the auction proceeds. In addition, ANR and the Department may request funds to “stimulate or support investment in the development of innovative carbon emissions abatement technologies that have significant carbon reduction potential.”

To date, ANR has requested and received PUC approval for reimbursement for administrative costs directly related to RGGI participation, including staff time and travel, totaling \$25,752.18 from auctions 63 through 65. When this report was completed, no request had been made for reimbursement from auction 66; however, the Department anticipates that any request would likely be less than \$10,000 (based on prior requests) from ANR. The remaining balance of approximately \$9 million from the 2024 auctions will be deposited into the Thermal Energy and Process Fuels (TEPF) program funds within the Electric Efficiency Fund (EEF). No changes are recommended currently regarding the allocation of funds.

Neither the PUC nor the PSD have requested any reimbursement to date and the Department doesn't plan to request any related expenses.

^e Represents only administrative costs for auctions 63 through 66.
^f 2018 updates to the Regional Greenhouse Gas Initiative auction procedures for Vermont, Case No. 18-4145-INV, Order of 1/10/19. The PUC’s Order updated the State’s procedures for RGGI auctions consistent with RGGI’s 2017 Model Rule.

Voluntary Renewable Set-aside Program

The PUC's January 10, 2019, Order^g governs the Vermont voluntary renewable set-aside program for RGGI. The set-aside for voluntary renewable programs is available to programs offered by Vermont electric utilities and other qualifying entities that purchase and retire renewable energy credits (RECs) on behalf of Vermont customers. An applicant may submit a written request to the PUC to retire a specified number of CO₂ allowances in the voluntary purchase set-aside account.

The PUC approved the retirement of 5,587 RGGI CO₂ allowances in Vermont's set-aside account on behalf of 2023 voluntary renewable programs.^h

Program Review and Participating States Updates

- The nine states participating in RGGI during the Second comprehensive program review completed that review in late 2017 and released a revised Model Rule in early 2018.
- The RGGI states will continue to work through the Third Program Reviewⁱ in 2024. This includes conducting technical analysis, soliciting stakeholder feedback, and drafting an updated Model Rule. A model rule will be released in the winter of 2024-25.

New Jersey resumed their participation in RGGI in January of 2020, and sold allowances beginning with the March 2020 auction. Virginia began participating as the eleventh RGGI state in January 2021, and participated in their first RGGI auction in March 2021. The Virginia administration ceased participation in RGGI at the end of the control period in 2023. However, Virginia State Courts have deemed this action as “unlawful and without effect,” and any withdrawal must be done by the Virginia General Assembly. Further litigation and/or promulgating a withdrawal bill through the state assembly will likely occur before Virginia again participates in RGGI. Pennsylvania promulgated its regulation for RGGI participation to be effective July 1, 2022, but due to ongoing litigation has not yet offered any allowances for sale. However, as of November 2024, the State Senate passed a bill to withdraw from the program; this bill has now been passed to the state House of Representatives.

The continuing upward trend in auction clearing prices observed since 2022 accelerated significantly in 2024, with an average allowance price of \$20.19, more than \$6.62 greater than the average price in 2023. After a series of seven auctions, Auction 66 posted a final allowance price lower than that of the previous auction. (see table 1)

^g *Id.*

^h See *Order Approving 2021 Approving RGGI Set-Aside Retirement*, Case No. 22-2528-PET, Order of 9/12/22.

ⁱ https://www.rggi.org/sites/default/files/Uploads/Program-Review/2024/Third_Program_Review_Update_9-23-2024.pdf

The first three auctions in 2024 each achieved the highest clearing price in RGGI's history until the following auction.