RGGI Inc.

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For Immediate Release

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RGGI States Release Updated Model Rule, Concluding Regional Program Review Process

The nine Northeastern and Mid-Atlantic states participating in the Regional Greenhouse Gas Initiative (RGGI), the nation's first market-based regulatory program to reduce greenhouse gas emissions, today released an updated 2017 Model Rule. With this release, the states conclude the regional process of RGGI program review, and will next begin state-specific processes to bring these changes into effect.

The program improvements detailed in the updated 2017 Model Rule are in line with the states' previously announced consensus, including an additional 30% regional cap reduction between 2020 and 2030. The changes are summarized in the Summary of Model Rule Updates.

The RGGI states each commit to propose statutory and/or regulatory revisions to their CO_2 Budget Trading Programs substantially consistent with this updated Model Rule.

The RGGI states further agree on principles that will guide the states in proposing these revisions, in working together to implement their CO_2 Budget Trading Programs, and in seeking to reduce greenhouse gas emissions in the region. The Principles to Accompany Model Rule Amendments document elaborates on these goals and ideas.

Overall, the RGGI program review has been a rigorous and comprehensive evaluation, supported by an extensive regional stakeholder process that engaged the regulated community, environmental nonprofits, consumer and industry advocates, and other interested stakeholders. The improvements arising from this process, now included in the updated 2017 Model Rule, will ensure RGGI's continued success, cost-effectively reducing CO_2 emissions while providing benefits to consumers and the region.

The RGGI states also released the results of REMI macroeconomic modeling, which provide additional context on the economic benefits of the program revisions. The REMI modeling uses the previously completed IPM modeling as an input, while also incorporating larger-scale economic effects of the RGGI cap and the reinvestment of RGGI proceeds.

The REMI results are consistent with the general consensus in the economic literature that properly designed cap-and-trade programs are likely to produce economic impacts that are small relative to the economy as a whole, but positive in the long run. Compared to the reference case, REMI modeling projected that the proposed program review scenario will result in more than 130,000 additional job-years over the modeling period, and more than $9 billion in additional gross state product.

Next Steps
The RGGI states will move forward with state-specific statutory and regulatory processes. State-specific timelines and milestones vary, but each state will work to ensure that its component of the regional program changes are effective as soon as is practical, and no later than January 1, 2021.

Materials

Materials related to the program review are available at the links above, and via the Stakeholder Meetings page of the RGGI, Inc. website. New materials include:

- 2017 Model Rule
- 2017 Model Rule (Redlined)
- Summary of Model Rule Updates
- Principles to Accompany Model Rule Amendments
- REMI Macroeconomic Modeling Results

Other available resources include the Aug. 23 Announcement of Proposed Program Changes.

Comments from RGGI, Inc. Chair and Vice-Chair

"Through this program review process, the RGGI states have come together on a bipartisan basis to make innovative changes that will strengthen our program through the decade ahead," said Katie Dykes, Chair of the RGGI, Inc. Board of Directors and Chair of the Connecticut Public Utilities Regulatory Authority. "The input gathered over the course of nine public meetings was an important resource, as were the insights gained through IPM and economic modeling. With this Model Rule in place, states will now move forward with state-specific rulemaking according to their relevant timelines."

"The program elements in the new Model Rule for the Regional Greenhouse Gas Initiative reflect the consensus announced in August of this year," said Jared Snyder, Vice-Chair of the RGGI, Inc. Board of Directors and Deputy Commissioner at the New York State Department of Environmental Conservation. "These program changes cement the participating states' bipartisan leadership in reducing carbon emissions and building a vibrant clean energy economy across the region."

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About the Regional Greenhouse Gas Initiative

The Northeast and Mid-Atlantic states participating in the third RGGI control period (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) have implemented the first mandatory market-based regulatory program in the U.S. to reduce greenhouse gas emissions. The 2017 RGGI cap is 84.3 million short tons. The RGGI cap declines 2.5 percent each year until 2020. The RGGI states also include interim adjustments to the RGGI cap to account for banked CO_2 allowances. The 2017 RGGI adjusted cap is 62.5 million short tons.

RGGI is composed of individual CO_2 budget trading programs in each state, based on each state's independent legal authority. A CO_2 allowance represents a limited authorization to emit one short ton of

CO_2, as issued by a respective state. A regulated power plant must hold CO_2 allowances equal to its emissions for each three-year control period. RGGI's third control period began on January 1, 2015 and extends through December 31, 2017. For more information visit www.rggi.org.

About Regional Greenhouse Gas Initiative, Inc.

Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.) was created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative. RGGI, Inc. is a 501(c)(3) nonprofit organization. For more information, visit: www.rggi.org/rggi