Regional Greenhouse Gas Initiative: 
$CO_2$ Allowance Tracking System (COATS)
Northeast and Mid-Atlantic states cap and reduce carbon dioxide emissions from the power sector

- Fossil fuel-fired power plants 25 MW or greater to hold one CO$_2$ allowance for each ton of CO$_2$ emitted
- 2015 is the first year of interim compliance (provide allowances for 50% of emissions)

CO$_2$ Cap: 86.5 million short tons in 2016, and declines 2.5% each year until 2020

- Two interim adjustments to the cap (2014-2020) to account for banked allowances
- 2016 RGGI adjusted cap is 64.6 million short tons
- Cost containment reserve (CCR) of 10 million allowances
- Limited use (3.3%) of offsets
Quarterly regional CO₂ allowance auctions
- CO₂ allowances are issued by each state
- One tradable CO₂ allowance market - CO₂ allowances are fungible across the multi-state region
- CO₂ allowances issued by any participating state can be used for compliance in any of the participating states
- 30 quarterly auctions held since September 2008
  - Over 800 million CO₂ allowances sold
- CO₂ allowance auction clearing prices have ranged from $1.86 to $7.50

Auction proceeds strategically invested by the states
Centralized allowance tracking and emissions tracking platform (RGGI COATS)
RGGI’s Efficient Market-Based System

- RGGI states have distributed approximately 90% of allowances by auction.
- More than $2.3 billion in auction proceeds through 30 auctions.
- Invested more than $1 billion of auction proceeds in range of energy efficiency, clean and renewable energy, direct bill assistance, GHG abatement programs.

Chart 1: RGGI Investments by Category
Cumulative-to-Date (2008-2013)

- Energy Efficiency: 62%
- Direct Bill Assistance: 15%
- Clean & Renewable Energy: 9%
- GHG Abatement: 5%
- Administration: 1%
- RGGI, Inc.: 8%
- Other: 1%
RGGI Experience: Total Generation Mix

Total generation mix in RGGI states

2005:
- Coal: 11%
- Gas: 3%
- Petroleum: 22%
- Nuclear: 25%
- Hydro: 12%
- Non-Hydro Renewable: 3%

2013:
- Coal: 12%
- Gas: 6%
- Petroleum: 9%
- Nuclear: 33%
- Hydro: 12%
- Non-Hydro Renewable: 1%
CO₂ Allowance Tracking System (COATS) – Overview

1. Electronic platform that records and tracks data for each state's CO₂ Budget Trading Program.
2. COATS facilitates market participation by enabling the transfer, allocation, and award of CO₂ allowances.
3. COATS is also the platform used for each state’s compliance process.
4. COATS enables the public to view and download reports of RGGI program data and CO₂ allowance market activity.

Note: All screenshots in this presentation contain test data only.
**CO₂ Allowance Tracking System (COATS)**

1. Electronic platform that records and tracks data for each state's CO₂ Budget Trading Program.
   - RGGI, Inc. has contracted with SRA International, Inc. to develop, host, and maintain COATS.
   - Each state’s compliance entities, referred to as CO₂ budget sources, are maintained in the EPA’s Clean Air Markets Division (CAMD) system.
   - Information such as ownership and designated representatives are updated in CAMD and the updates flow through to COATS.
   - CO₂ emissions are reported to CAMD 30 days following the end of each quarter and the reported emissions data flows through to COATS.
CO₂ Allowance Tracking System (COATS)

RGGI CO₂ ALLOWANCE TRACKING SYSTEM

TEST SITE - RGGI CO₂ BUDGET TRADING PROGRAMS - TEST SITE

Sources

Click on the ORIS Code link in the grid below to view source details. Use the filter criteria to the right to find a specific source more easily. Click the Export Data button under the grid to export the grid data to Excel (.csv). Also, note that the grid can be sorted by clicking on the ORIS Code column header (default view is ascending, click the column header to transition between ascending and descending).

<table>
<thead>
<tr>
<th>ORIS Code</th>
<th>Source Name</th>
<th>State Identifier</th>
<th>State/Province</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>3734</td>
<td>DEMO 1</td>
<td>Vermont</td>
<td>Washington</td>
<td></td>
</tr>
<tr>
<td>3754</td>
<td>DEMO 2</td>
<td>Vermont</td>
<td>Chittenden</td>
<td></td>
</tr>
<tr>
<td>58798</td>
<td>Kleen Energy Systems Project</td>
<td>Connecticut</td>
<td>Middlesex</td>
<td></td>
</tr>
<tr>
<td>546</td>
<td>Montville</td>
<td>107-5</td>
<td>New London</td>
<td></td>
</tr>
<tr>
<td>3156</td>
<td>New Haven Harbor</td>
<td>117-551</td>
<td>New Haven</td>
<td></td>
</tr>
<tr>
<td>56629</td>
<td>Waterbury Generation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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www.rggi.org
2. COATS facilitates market participation by enabling the transfer, allocation, and award of CO₂ allowances.

- There are three types of COATS accounts:
  - **State accounts** are for RGGI participating states only; state accounts are created based on the states’ needs under its CO₂ Budget Trading Program requirements.
  - **Compliance accounts** are for CO₂ budget sources only; a compliance account is automatically created for a facility registered in CAMD as a RGGI facility.
  - **General accounts** can be created by any approved COATS user.

- Compliance and General accounts are used to transfer and obtain CO₂ allowances (via RGGI auctions, the secondary market, state allocation, etc.)
  - Each account has an Authorized Account Representative (AAR), and potentially an Alternate AAR (AAAR) or Electronic Submission Agents.
CO$_2$ Allowance Tracking System (COATS)

**Accounts**

Click on the Account Number link in the grid below to view account details. Use the filter criteria to the right to find a specific account or list of accounts more easily. Click the Export Data button under the grid to export the grid data to Excel (.csv). Also, note that the grid can be sorted by clicking on the grid column headers (first click is ascending, second click is descending).
CO₂ Allowance Tracking System (COATS)

2. COATS facilitates market participation by enabling the transfer, allocation, and award of CO₂ allowances.

- Offset projects are registered via COATS, for five project categories:
  - Landfill methane capture and destruction
  - Reduction in emissions of sulfur hexafluoride (SF₆) in the electric power sector
  - Sequestration of carbon due to U.S. forest projects (reforestation, improved forest management, avoided conversion) or afforestation (for CT and NY only)
  - Reduction or avoidance of CO₂ emissions from natural gas, oil, or propane end-use combustion due to end-use energy efficiency in the building sector
  - Avoided methane emissions from agricultural manure management operations
Create New Offset Project

Note: Only official state Consistency Applications and M & V Reports issued by the reviewing state should be uploaded to RGGI COATS on the following page under Project Milestones. Official state applications can be accessed through http://www.rggi.org/offsets.
2. COATS facilitates market participation by enabling the transfer, allocation, and award of CO₂ allowances.

- Offset project application materials are submitted and tracked via COATS:
  - The project sponsor must submit a Consistency Application to the applicable state where the offset project is located to allow the state to evaluate whether the project is eligible in accordance with state regulations.
  - Consistency Applications must include a signed verification statement and verification report from a state-accredited independent verifier.
  - If the offset project has received a consistency determination from the reviewing state, a periodic Monitoring and Verification Report must be submitted to the state demonstrating the CO₂e emissions reductions or carbon sequestration achieved by the project during the reporting period.

- Following the approval of an M&V Report, the state will award one CO₂ offset allowance for each short ton of demonstrated reduction in CO₂ or CO₂e emissions or sequestration of CO₂ documented in the M&V Report. After CO₂ offset allowances are awarded, the state will transfer the CO₂ offset allowances in the project sponsor’s general account in COATS.
**CO₂ Allowance Tracking System (COATS)**

### Offset Projects

Click on the Project ID link in the grid below to view project details. Use the filter criteria to the right to find a specific project or list of projects more easily. Click the Export Data button under the grid to export the grid data to Excel (.csv).

Also, note that the grid can be sorted by clicking on the grid column headers (first click is ascending, second click is descending).

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Name</th>
<th>Project Type</th>
<th>Reviewing State</th>
<th>Consistency Application Status</th>
<th>Submission Date</th>
<th>Awarded Offset Allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-4FF-1089</td>
<td>Yale Afforestation Offset Project</td>
<td>Sequestration of carbon due to afforestation</td>
<td>CT</td>
<td>Complete</td>
<td>03/02/2009</td>
<td>150</td>
</tr>
<tr>
<td>CT-4FF-1100</td>
<td>Northern Conn AFF</td>
<td>Sequestration of carbon due to afforestation</td>
<td>CT</td>
<td>Incomplete</td>
<td>03/05/2009</td>
<td>45</td>
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<tr>
<td>CT-4FF-1293</td>
<td>Mystic Afforestation Project</td>
<td>Sequestration of carbon due to afforestation</td>
<td>CT</td>
<td>Consistent</td>
<td>03/19/2009</td>
<td>1</td>
</tr>
<tr>
<td>CT-4FF-1295</td>
<td>Hello Test Offset Project</td>
<td>Sequestration of carbon due to afforestation</td>
<td>CT</td>
<td>Incomplete</td>
<td>03/02/2009</td>
<td>0</td>
</tr>
<tr>
<td>CT-ANM-1102</td>
<td>Northern Conn ANM</td>
<td>Avoided methane emissions from agricultural manure management</td>
<td>CT</td>
<td>Complete</td>
<td>03/05/2009</td>
<td>2</td>
</tr>
<tr>
<td>CT-BEE-1101</td>
<td>Northern Conn BEE</td>
<td>Reduction or avoidance of CO2 emissions from natural gas, oil, or propane</td>
<td>CT</td>
<td>Complete</td>
<td>03/27/2009</td>
<td>0</td>
</tr>
<tr>
<td>CT-ECR-1097</td>
<td>Northern Conn ECR</td>
<td>Emissions Credit Retirement</td>
<td>CT</td>
<td>Consistent</td>
<td>03/02/2009</td>
<td>0</td>
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<tr>
<td>CT-LCD-1099</td>
<td>Northern Conn Landfill</td>
<td>Landfill methane capture and destruction</td>
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<td>Consistent</td>
<td>03/03/2009</td>
<td>35</td>
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<td>CT-LCD-1292</td>
<td>CT Multiple Ong/Alloc Test Project</td>
<td>Landfill methane capture and destruction</td>
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<td>CT-LCD-1345</td>
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<td>Landfill methane capture and destruction</td>
<td>CT</td>
<td>Complete</td>
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<tr>
<td>CT-SF6-1099</td>
<td>Northern Conn SF6</td>
<td>Reduction in emissions of SF6</td>
<td>CT</td>
<td>Complete</td>
<td>03/01/2009</td>
<td>320</td>
</tr>
</tbody>
</table>

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3. COATS is also the platform used for each state’s compliance process.

- Under each state's CO₂ Budget Trading Program, sources are required to provide CO₂ allowances equal to their CO₂ emissions over a three-year control period.
- Starting in the third control period, each CO₂ budget source must provide allowances equal to 50% of their emissions during each interim control period (the first two calendar years of each three-year control period).
- The first interim control period is 2015; each CO₂ budget source must hold allowances equal to 50% of their emissions by March 1, 2016.
CO\textsubscript{2} Allowance Tracking System (COATS)

Compliance

The control periods by state available below are those with which you have a compliance account. In order to Process True-Up (perform a draft compliance assessment), select a control period in the grid via radio button and click the Process True-Up button.

<table>
<thead>
<tr>
<th>State</th>
<th>Control Period Type</th>
<th>Control Period</th>
<th>Status</th>
<th>Compliance Begin Date</th>
<th>Compliance End Date</th>
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</thead>
<tbody>
<tr>
<td>CT</td>
<td>3 Year Control Period</td>
<td>01/01/2009 - 12/31/2011</td>
<td>Final</td>
<td>01/01/2009</td>
<td>12/31/2011</td>
</tr>
<tr>
<td>CT</td>
<td>3 Year Control Period</td>
<td>01/01/2012 - 12/31/2014</td>
<td>Final</td>
<td>01/01/2012</td>
<td>12/31/2014</td>
</tr>
<tr>
<td>CT</td>
<td>3 Year Control Period</td>
<td>01/01/2015 - 12/31/2017</td>
<td>Open</td>
<td>01/01/2015</td>
<td>12/31/2017</td>
</tr>
<tr>
<td>CT</td>
<td>Interim Control Period</td>
<td>2015 (Interim)</td>
<td>Open</td>
<td>01/01/2015</td>
<td>12/31/2015</td>
</tr>
<tr>
<td>VT</td>
<td>3 Year Control Period</td>
<td>01/01/2009 - 12/31/2011</td>
<td>Final</td>
<td>01/01/2009</td>
<td>12/31/2011</td>
</tr>
<tr>
<td>VT</td>
<td>3 Year Control Period</td>
<td>01/01/2012 - 12/31/2014</td>
<td>Final</td>
<td>01/01/2012</td>
<td>12/31/2014</td>
</tr>
<tr>
<td>VT</td>
<td>Interim Control Period</td>
<td>2015 (Interim)</td>
<td>Open</td>
<td>01/01/2015</td>
<td>12/31/2015</td>
</tr>
</tbody>
</table>

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Process True-Up
3. COATS is also the platform used for each state’s compliance process.

- Each CO$_2$ budget source is required to hold allowances in its compliance account to meet its compliance obligation, which is determined by a process called “true-up” (comparing reported emissions for a control period against allowances available for deduction).

- For interim control period compliance, allowances are deducted on March 1 (or the next business day) of the following year to meet interim compliance obligations.

- For the three-year control period compliance, allowances are deducted to meet final compliance following each state’s evaluation of its sources’ compliance status.

- Allowances deducted to meet compliance obligations are moved into states’ Surrender accounts and cannot be transferred out again.
### CO₂ Allowance Tracking System (COATS)

#### Select Sources for True-Up Processing for CT 01/01/2012 - 12/31/2014

To select the source(s) for true-up processing, click the box next to each source in the grid, or check the “Select All” box. Next, click the “Process True-Up” button, which will lead to the “Compliance Processing” page.

In order to certify compliance, the AAR or AAAR must select a single source to process draft true-up. Electronic Submission Agents may not certify compliance.

Draft true-up may be run multiple times. The Last Update column in the grid displays the date true-up was last processed for the source.

After processing draft true-up, click on the ORIS Code hyperlink to navigate to the source’s Compliance Account Detail page.

The Processing Log hyperlink leads to the Compliance Log page.

<table>
<thead>
<tr>
<th>ORIS Code</th>
<th>Source Name</th>
<th>State Identifier</th>
<th>Authorized Account Representative</th>
<th>CO₂ Compliance Obligation</th>
<th>Account Holdings</th>
<th>Last Update</th>
<th>Processing Status</th>
<th>Certified?</th>
<th>Paragraph 3 Document</th>
<th>Paragraph 5 Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>01456</td>
<td>New Haven Harbor</td>
<td>117-551</td>
<td>Singlelary, Cara</td>
<td>598,259</td>
<td>149,910</td>
<td>11/12/2015</td>
<td>Source-Submitted - Emissions &gt; Allowances</td>
<td>No</td>
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<td></td>
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<tr>
<td>56629</td>
<td>Waterbury Generation</td>
<td>AAR, Connecticut</td>
<td>44,200</td>
<td>0</td>
<td>11/12/2015</td>
<td>Source-Submitted - Emissions &gt; Allowances</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>56798</td>
<td>Kleen Energy Systems Project</td>
<td>AAR, Connecticut</td>
<td>3,807,064</td>
<td>0</td>
<td>11/12/2015</td>
<td>Source-Submitted - Emissions &gt; Allowances</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. COATS enables the public to view and download reports of RGGI program data and CO$_2$ allowance market activity.

- Summary Level Emissions
- Quarterly Emissions
- Annual Emissions
- Control Period Emissions
- Sources
- Owner/Operator
- Accounts
- Account Representatives
- Transaction Price Report
- Special Approvals
- Offset Projects
- Compliance Summary
The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by participating states to reduce emissions of carbon dioxide (CO₂), a greenhouse gas that causes climate change.
Regular program review has been key to RGGI’s success

- Improvements implemented in previous (2012) program review included 45% reduction in the RGGI cap, interim cap adjustments, and the creation of the Cost Containment Reserve (CCR)

2016 Program Review

- RGGI, Inc., on behalf of the RGGI states is facilitating public meetings to gather stakeholder input for the states’ 2016 Program Review
- States are soliciting stakeholder input on:
  - RGGI program design elements
  - Considerations for compliance with EPA Clean Power Plan (CPP)
Thank you!

Email Contact:
Anna Ngai: anna.ngai@rggi.org
General: info@rggi.org