



Facts About...

Subtitle 26.09

Proposed Amendments to Maryland CO₂ Budget and Trading Program: Voluntary Renewable Set-aside, Limited Industrial Exemption Set-Aside, Additional Definitions, and Clarifications

The Regional Greenhouse Gas Initiative (RGGI) is a ten-state program to address CO₂ emissions from fossil fuel fired electric generators. Maryland joined RGGI in April 2007 and has established a CO₂ Budget Trading Program, outlined in COMAR 26.09.01 to .04.

This set of amendments to the Maryland CO₂ Budget Trading Program is a mix of changes to Chapters .01, .02, and .03 of COMAR 26.09 and has been expanded beyond the list of topics discussed at the June 2008 AQCAC meeting. In general, the changes are summarized into categories as follows:

- The Voluntary Renewable Set-aside Account. The process for retiring allowances from this Account was included in Chapter .02. The regulation originally contained a brief paragraph that stated the annual allocation of allowances to the account. While the language was modified to meet legal sufficiency, no changes were made to the processes agreed upon by AQCAC at the June meeting.
- The Clean Generation Set-aside Account. This account was added to Chapter .02 from commitments the Department made to legislators to provide incentives to attract new generation to Maryland in response to concerns about electricity reliability in the 2012 timeframe. The account provides a financial incentive for additional in-state electricity generation by the award of CO₂ allowances to eligible units for up to the first six years of operation.
- The Limited Industrial Exemption Set-Aside Account. This account's language in Chapter .02 was modified to clarify the following: the purpose and effective date of the exemption; cause for a CO₂ budget source to lose its exemption; and the retirement process for CO₂ allowances into the CO₂ allowance Retirement Account.
- Definitions. The following definitions were added or amended in Chapter .01: applicant, auction clearing price, award, bidder, clean generation, clean generation set-aside account, climate action plan, CO₂ allowance retirement account, commercial building, consumer price index, electronic submission agent, fund, person, renewable energy, renewable energy credit, renewable energy portfolio standard, renewable portfolio standard, reserve price, residential building, and unsold allowance.
- The RGGI Model Rule Language. Changes to Chapters .01, .02, and .03 were made for minor additions or deletions of words and do not modify processes originally described in the Model Rule. The changes include clarification for recording the transfer of allowances; the order of retiring allowances for compliance; amending incorrect EPA regulation references; amending calculations for use of gas and solid biomass; and clarifications in Chapter .03.



- Maryland \$7 Trigger. Changes to Chapter .02 were made to clarify the Maryland \$7 trigger. The need for clarification was identified in a March 12, 2008, hearing comment.
- Transcription errors. Errors, mostly subscripts and variables, made during the original regulation promulgation process were corrected in Chapters .01, .02, and .03.
- Incorporation By Reference. Updates to Chapter .01 and Chapter .03 were made.
- Minor Language Corrections. The phrase, "or alternate CO₂ authorized account representative," was added to sections of Chapter .01 which discussed establishing compliance and general accounts; this language had been unintentionally deleted. In addition, "CO₂ budget" was added for clarification prior to the words "source" and "unit" where needed.
- Demonstrating Compliance. In Chapter .02, modified language was inserted to clarify the requirements for demonstrating compliance at the end of a control period.
- Other corrections. Maryland's annual allocation was modified from 37,504,000 to 37,503,983 allowances in Chapter .02. Language was also modified in Chapter .03 to reflect the Strategic Energy Investment Fund (Fund) as opposed to the Consumer Energy Efficiency Account.

