



The Regional Greenhouse Gas Initiative, Inc.
90 Church Street
New York, New York 10007

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Contact:
Jonathan Schrag (646) 591-8559

Regional Greenhouse Gas Initiative Auction Process Goes Live Today

60-day Bidding Process Opens for First-in-the-Nation Carbon Emissions Allowances Auction

The Regional Greenhouse Gas Initiative (RGGI) auction process goes live today, beginning 60 days of bid preparation for this first-in-the-nation auction of carbon dioxide (CO₂) allowances to be held on September 25, 2008.

To obtain more information about the first auction, prospective participants can log on to a conference call “webinar” today (July 24) from 2:00 – 4:00 PM EDT. All materials needed to participate in the upcoming auction and an online question window may be accessed through http://www.rggi.org/trading_auctions.htm. All auction participants must open accounts in the RGGI CO₂ Allowance Tracking System; simple guidance for this procedure is available at <http://www.rggi.org/tracking.htm>.

Today’s Auction Notice opens the process that potential bidders must follow to qualify for and participate in the CO₂ allowance auction. The ten RGGI states urge prospective bidders to seize this first opportunity to bid for CO₂ allowances by downloading final auction documents from: http://www.rggi.org/trading_auctions.htm. All potential bidders must successfully complete the qualification and approval process to participate in the auction.

The ten Northeast and Mid-Atlantic States pioneering the auction have designed the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions in a simple and constructive way. The states have committed to cap and then reduce the amount of CO₂ that power plants in their region are allowed to emit, limiting the region’s total contribution to atmospheric greenhouse gas levels. The auction will generate additional investment in energy efficiency and renewable energy in the RGGI region and fund programs to combat fuel poverty and support consumers.

Opening the auction process, RGGI’s Executive Director Jonathan Schrag said, “This first RGGI auction is a historic moment. The auctions will spur innovation in the energy sector and we anticipate strong interest from bidders. The qualification process is extremely important, so I urge potential bidders to take advantage of the information and technical assistance being made available online today.”

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The RGGI auction process was designed with input from stakeholders and all ten participating RGGI states and will provide a platform for the auctioning of each state's CO₂ allowances.

The September 25th auction will offer 12,565,387 CO₂ allowances, including CO₂ allowances issued by Connecticut, Maine, Maryland, Massachusetts, Rhode Island and Vermont. Any CO₂ allowances purchased at this auction can be used by a regulated facility for compliance in any of the RGGI states, even if that state does not offer allowances in this auction.

Under the RGGI process, after the ten participating states have stabilized power sector carbon emissions at their capped level by 2014, the cap will be reduced each year from 2015 through 2018.

By holding this auction and the one planned for December, the ten RGGI states have exceeded the commitment made in December 2005. By signing the original Memorandum of Understanding, participating states committed to have a program in place by January 1, 2009. That goal will be met and these early auctions will ensure an ample opportunity for bidders to obtain the allowances they will need for compliance across the entire ten-state region.

NOTES TO EDITORS:

Details on the Webinar: **The webinar will be held on Thursday, July 24, 2008 from 2:00 - 4:00 PM EDT** and is open to anyone interested in participating in the CO₂ Allowance Auction. Important details about how to participate in the auction will be covered. No questions will be taken during the webinar; however, an online question window opens the same day. The slide presentation for the webinar will be available on the RGGI.org website by 8:00 AM EDT on Thursday, July 24, 2008. To view the slides online as the presenter goes through them, log onto <http://www.infiniteconferencing.com/Events/worldenergy>. Select the participant option and then enter participant code 555661 and name, company, email address, and title. To hear the audio presentation, participants must dial in the following teleconference number 1.888.875.4624 and participant code 555661#.

RGGI Background: Initial CO₂ allowance auctions are being held in 2008 as pre-compliance events to facilitate market price discovery and compliance planning by regulated CO₂ emitters prior to the beginning of the first RGGI compliance period on January 1, 2009. A CO₂ allowance represents a permit to emit one ton of CO₂, as issued by a respective participating state. A power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each compliance period.

Under RGGI, the ten participating states will stabilize regional power sector CO₂ emissions at their capped level through 2014, and then reduce the cap by 10 percent at a rate of 2.5 percent each year between 2015 and 2018. Regulated power plants will be able to use a CO₂ allowance issued by any of the ten participating RGGI states to demonstrate compliance with an individual state CO₂ Budget Trading Program. Because CO₂ allowances issued by any participating state will be usable across all state programs, the ten individual state CO₂ Budget Trading Programs, in aggregate, will form one regional compliance market for carbon emissions.

All participating states anticipate formal launch of their regulatory programs by the beginning of 2009. Any CO₂ allowances purchased in the first auction will ultimately be usable to demonstrate compliance in any of the ten state programs. All potential market participants are eligible to participate in the first auction, even if located in a state that has yet to complete its regulatory implementation process.

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