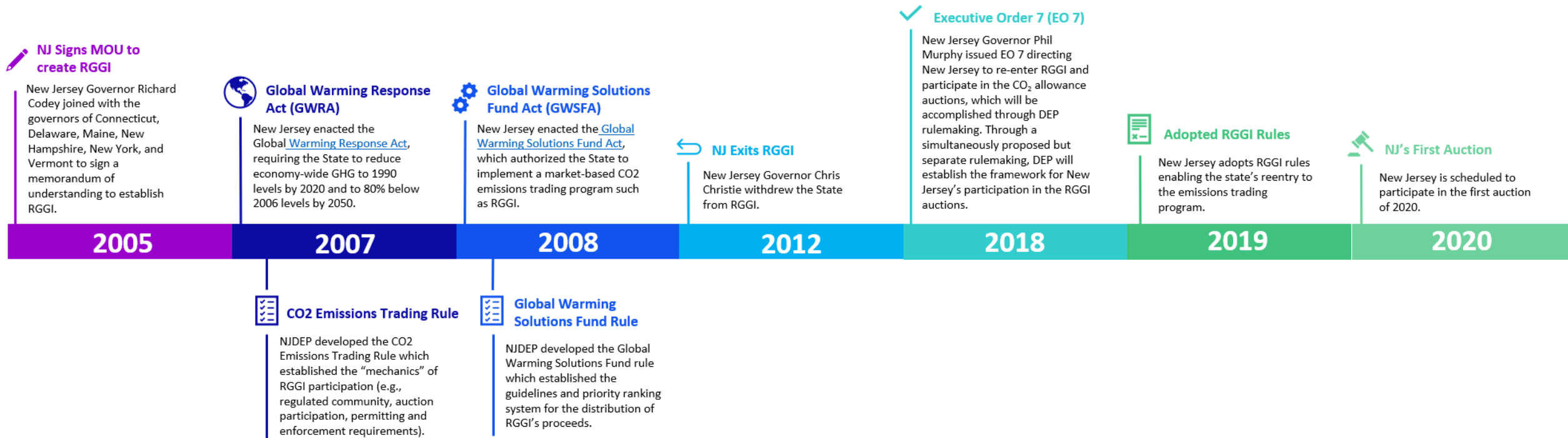


Back to the Future: New Jersey Rejoins RGGI

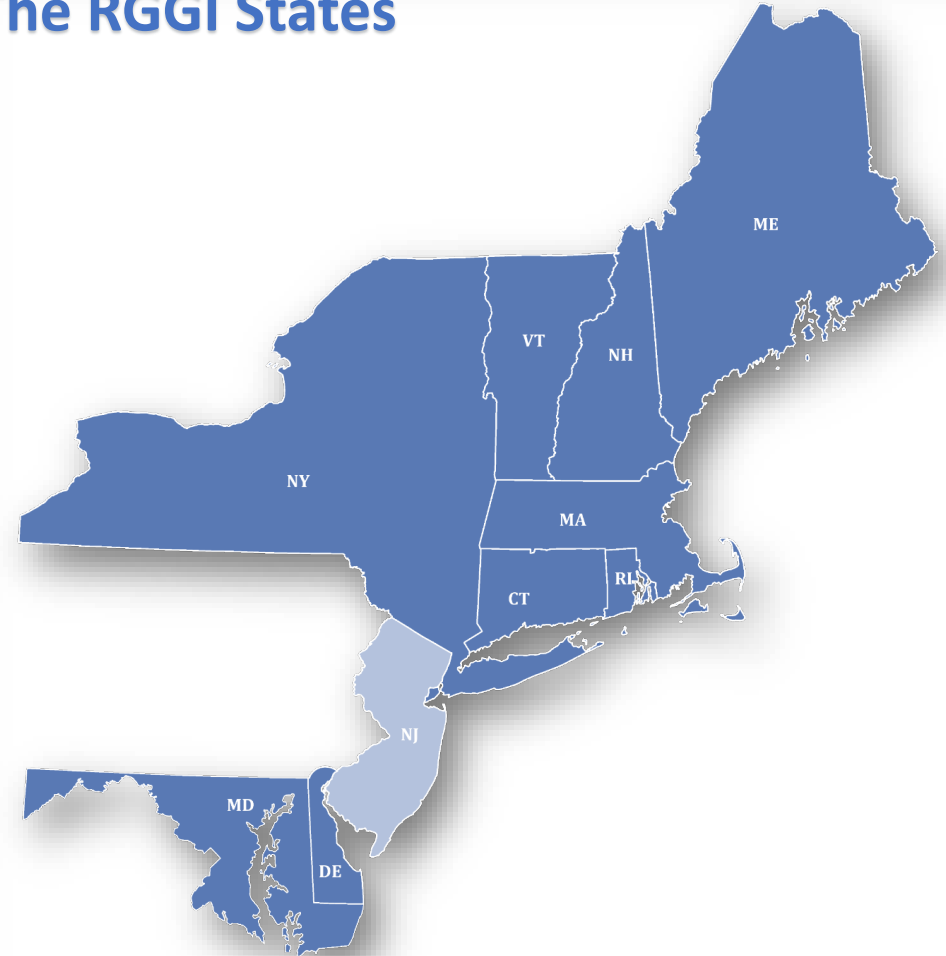


What is RGGI?

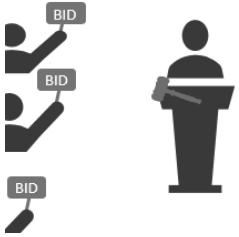
The Regional Greenhouse Gas Initiative (RGGI) is a market-based program designed to cap and reduce carbon dioxide emissions from fossil fuel power plants at or above 25 MW capacity.

- 9 States + New Jersey
- Through statutes or regulations based on the RGGI Model Rule, each state has established individual CO₂ Budget Trading Programs based upon its own statutory or regulatory authority.

The RGGI States



How Does RGGI Work?

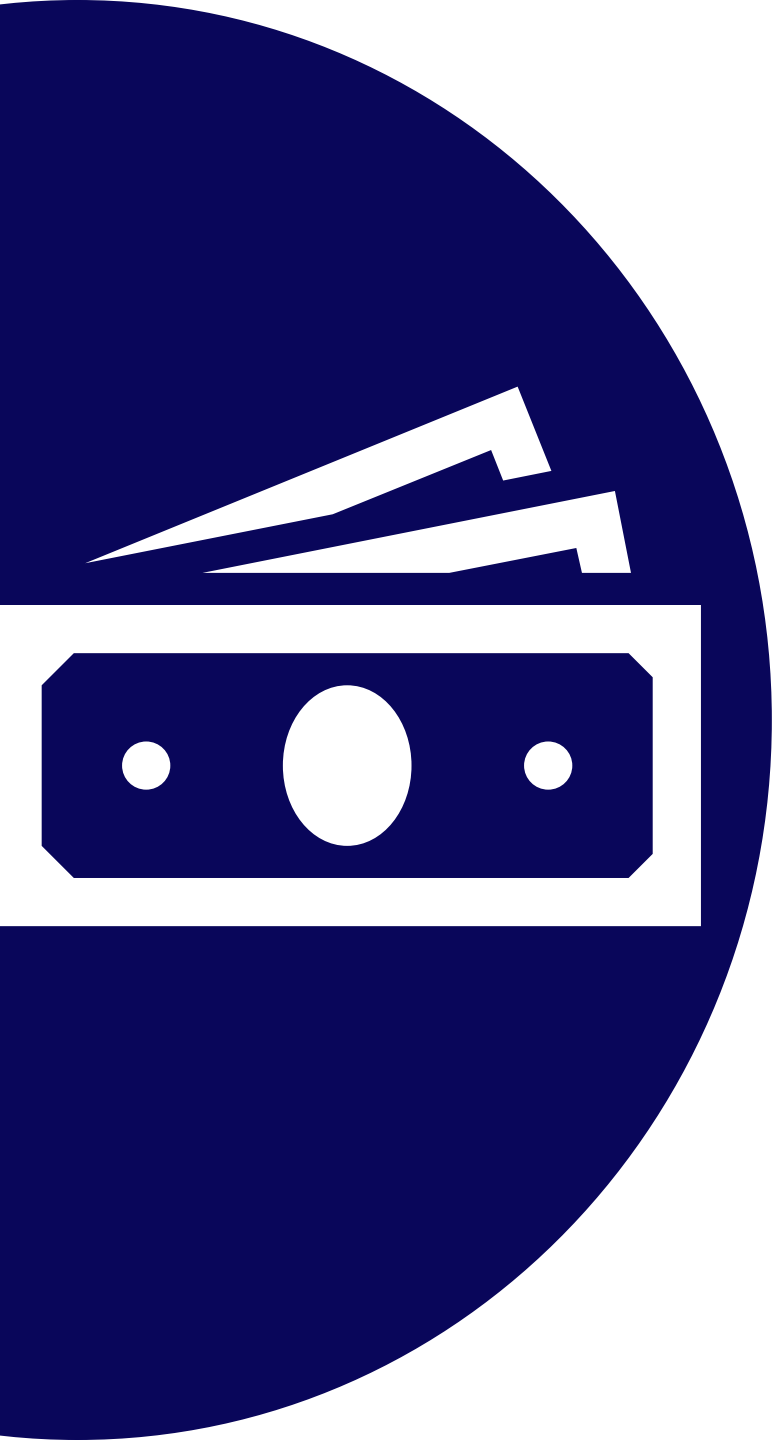


- Regional Cap is established
- States offer allowances for sale in quarterly auctions
- Electric Generating Units purchase allowances to equal emissions for 3-year control period
- States receive revenue from quarterly auctions to invest

How Much Money?

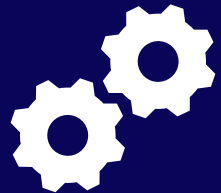
The amount of money received will depend upon the price of carbon at the time of each auction.

**Best Guess:
\$80 million in 2020**



DEP RGGI Rules

- Spring 2018 RGGI rule writing process initiated.
- On December 17, 2018, two RGGI rule proposals were published in the New Jersey Registry.
- On June 17, 2019 the rules were formally adopted.
- The CO₂ Budget Trading Rule Proposal establishes the mechanisms for rejoining RGGI and sets an initial state budget of 18 million tons in 2020.
- The Global Warming Solutions Fund Rule establishes the framework for how the State will spend the proceeds from the quarterly RGGI CO₂ auctions, emphasizing projects that will support disproportionately burdened communities.
- New Jersey will participate in the first RGGI auction of 2020.



CO₂ Budget Trading Rule

- Legal commitment to the RGGI process.
- Adopts framework of RGGI Model Rule.
- Establishes budget of 18 million tons in 2020.



Global Warming Solutions Fund Rule

- Framework for how the state will spend auction proceeds.
- Adheres to legislative mandates.
- Incorporates EO 7 criteria.

GLOBAL WARMING SOLUTIONS FUND ACT (GWSFA)

N.J.S.A 26:2C-52

- Allocates funding by percentage to three NJ Agencies
- Requires Agencies to spend RGGI funds within specific program areas

	EDA	BPU	DEP	
PROGRAM AREAS <i>Required by GWSFA</i>	Commercial, Institutional, & Industrial Entities	Low Income & Moderate Income Residential Sector	Local Governments	Forest & Tidal Marshes
ALLOCATION <i>Required by GWSFA</i>	60% of RGGI Proceeds	20% of RGGI Proceeds	10% of RGGI Proceeds	10% of RGGI Proceeds
PROGRAM REQUIREMENTS <i>Required by GWSFA</i>	PROGRAMS TO SUPPORT: <ul style="list-style-type: none">• End use energy efficiency projects• New, 'State of the Art', efficient electric generation facilities• Combined and Heat Power production and other high efficiency electric generation facilities• Innovative carbon emissions abatement technologies• Development of qualified offshore wind projects	PROGRAMS TO: <ul style="list-style-type: none">• Reduce electricity demand• Reduce costs to electricity customers <p>With a focus on urban areas, and includes efforts to address heat island effect and reduce impacts on ratepayers attributable to the implementation of Global Warming Response Act</p>	PROGRAMS TO: <p>Plan, develop and implement measures to reduce GHGs, including, but not limited to assistance to conduct and implement:</p> <ul style="list-style-type: none">• Energy efficiency• Renewable energy• Distributed energy programs• Land use planning (where results are a measurable reduction of GHG emissions or energy demand)	PROGRAMS TO: <p>Enhance the stewardship and restoration of State's forests and tidal marshes that provide opportunity to sequester or reduce GHGs</p>

Strategic Funding Plan Objectives

Global
Warming
Solutions
Fund Act

1 Net reduction in greenhouse-gas emissions or net sequestration of carbon.

2 Significant reductions in greenhouse-gas emissions or energy demand and/or significant contribution to the achievement of the state's 2050 Global Warming Response Act limit (relative to cost).

3 Reduce energy use.

4 Be directly responsive to the recommendations submitted by the Department to the Legislature pursuant to the Global Warming Response Act.

5 Provide co-benefits to the state.

EO #7

6 Be directly responsive to the negative effects on human health and the environment in communities that are disproportionately impacted by the effects of environmental degradation and climate change.

Strategic Funding Plan Requirements

The purpose is to coordinate the uses of the Fund by the agencies at the strategic level, so that the ultimate selection of programs and projects by the individual agencies will complement one another, capitalize on ventures that receive funding from other State agencies, as well as non-State-funded sources, and avoid unintentional duplication.



Report published every three years.



Identifies initiatives each state agency will sponsor.



Ranks the importance of each objective for each initiative.



Summarizes projects/program spending from the prior strategic funding period.

INITIATIVE


An initiative is a funding strategy predicted to advanced one or more of the objectives identified in the rule, which the agencies have identified as critical

4

Public meetings prior to release of plan.

Strategic Funding Plan Example

Each initiative must have at least one objective ranked as critical and each of the six objectives must be ranked as a critical objective for at least one of the initiatives.

 Objectives	Example Initiatives			
	Initiative A <i>Reduce emissions at freight facilities</i>	Initiative B <i>Reduce light-duty vehicle emissions</i>	Initiative C <i>Sequester Carbon in Coastal Areas</i>	Initiative D <i>Reduce energy use in ED areas</i>
1. Net reduction in greenhouse-gas emissions or net sequestration of carbon	Critical	Beneficial	Beneficial	Beneficial
2. Significant reductions in greenhouse-gas emissions or energy demand and/or significant contribution to the achievement of the state's 2050 Global Warming Response Act limit (relative to cost)	Beneficial	Critical	Critical	Beneficial
3. Reduce energy use	Beneficial	Beneficial	Beneficial	Critical
4. Be directly responsive to the negative effects on human health and the environment in communities that are disproportionately impacted by the effects of environmental degradation and climate change	Critical	Beneficial	Critical	Critical
5. Be directly responsive to the recommendations submitted by the Department to the Legislature pursuant to the Global Warming Response Act	Beneficial	Critical	Beneficial	Beneficial
6. Provide co-benefits to the state	Critical	Critical	Beneficial	Beneficial