

# **NAESCO Regional Meeting: RGGI Update**

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**May 21, 2010**

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# DOER Mission

- *Creating a Greener Energy Future for the Commonwealth*
- Governor Deval Patrick
- Ian Bowles, Secretary of Energy and Environmental Affairs
- Philip Giudice, Commissioner, DOER

# Clean Energy Activity

- Global Warming Solutions Act
- Green Communities Act
- IOU Energy Efficiency Programs
- Utility Rate Decoupling
- Renewable Portfolio Standard
- Alternative Energy Portfolio Standard
- Building Energy Codes
- Green Communities Division
- Zero Net Energy Buildings
- Regional Greenhouse Gas Initiative
- MA Clean Energy Center
- American Recovery and Reinvestment Act

# MA is #2

A\_Future\_of\_Innovation\_and\_Growth\_Advancing\_Massachusetts'\_Clean\_Energy\_Leadership[1].pdf - Adobe Reader

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### CLEAN-ENERGY STATE LEADERSHIP SCORECARD

State	Total Marks Earned (out of 56 possible)	Percent of Total Marks Possible
California	48	86%
Massachusetts	45	80%
Oregon	43	77%
Colorado	35	63%
New Jersey	35	63%
Connecticut	34	61%
New York	34	61%
Maryland	32	57%
Washington	32	57%
Minnesota	30	54%
Arizona	28	50%
Illinois	28	50%
Florida	24	43%
Pennsylvania	24	43%
Texas	20	36%

Source: Clean Edge, Inc., 2010

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# RGGI Overview

- 10 Northeast and Mid-Atlantic States
- Power sector carbon cap
  - First compliance period began Jan 1 2009
- Operating carbon market
  - 188 million short tons; 95% of region's generation capacity
- 10% reduction by 2018 below 2009 level
- High percentage of allowances auctioned
- [www.rggi.org](http://www.rggi.org)
- In MA: Dept of Environmental Protection and DOER coordinate to implement



# RGGI Goals

- Stabilize, then reduce, emissions
- Create a market for carbon
- Demonstrate a state-led regional program
- Provide a professional, predictable auction model
- Promote aggressive investment in energy efficiency and renewables
- Spur and inform federal action

# RGGI Auction Experience

- 204 million allowances sold at seven regional auctions
- \$580 million in revenue
- Prices reflect broad market conditions
- “Fair” “transparent” “competitive” (Market Monitor)
- Active secondary market

# Where are the Auction Proceeds Going?

- Mostly: Energy efficiency upgrades and renewable energy investments
- Also: Consumer benefit programs
- Energy and consumer-focused programs lower long-term demand for energy and allowances, lowering program costs
- States spending on energy efficiency through energy audits, weatherization, air sealing, and improved equipment efficiency

# MA RGGI Allowances 2008 - 10

- Auctioned about 33 million tons
- Quarterly since Sept. '08
- 2009/2010 vintage: \$2.05 - \$3.51
- Revenue (approx.): \$93 million
- Nearly 100% to EE, RE and climate programs
- State law: at least 80% to EE programs operated by EE Program Administrators

# RGGI: Lessons for Federal Policy

- It can be done
- Auctions work; market monitor role needed
- Strategic investment of auction proceeds is essential
- Complementary policies are needed

# Appendix

# ARRA – Energy Programs

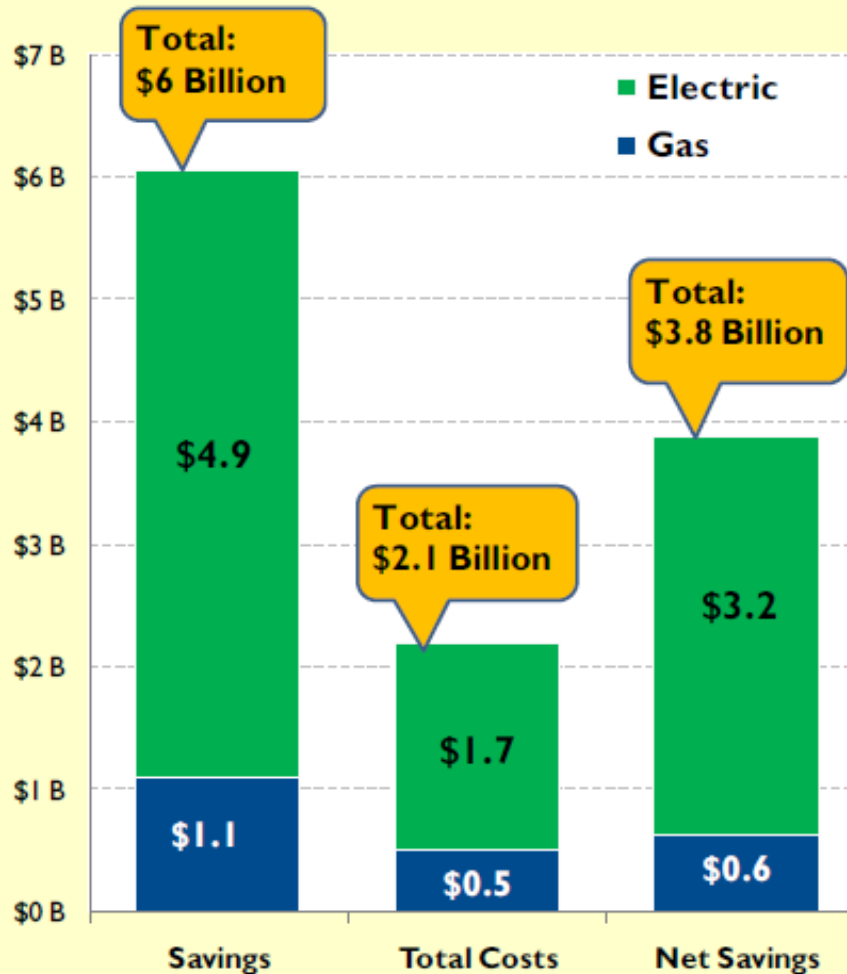
- High Performance Buildings Grant - \$15m
- Solar Stimulus – \$20m
  - state facilities, consumer rebate program
- State Facility Energy Improvements – Leading by Example - \$14.9m
- Energy Efficiency and Conservation Block Grants (EECBG) - \$14.75m
  - Over/Under 35,000 population
- Weatherization Assistance Program (WAP) - \$122m
  - DHCD, Community Action Agencies
- [http://www.mass.gov/Eoeea/docs/doer/ARRA/sep\\_eecbg\\_wap\\_update.pdf](http://www.mass.gov/Eoeea/docs/doer/ARRA/sep_eecbg_wap_update.pdf)
- Note: approximate numbers



# Green Communities Division

- DOER Programs/Support for Municipalities
  - Mass Energy Insight – web based all fuel energy consumption tracker
  - Green Communities Grant, Loan and Technical Assistance Program
  - Energy Performance Contracting Technical Assistance
  - ARRA Stimulus support
  - Regional Coordinators

## Total Financial Costs and Benefits of Massachusetts Electric and Gas Plans (2010-2012)



Total cost of \$2.1 billion includes \$580 million customer investments



Massachusetts Department of Energy Resources