



Environmental Alert

Recent developments in environmental law

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RGGI completes second auction – clearing price is \$3.88

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On December 17, 2008, the Regional Greenhouse Gas Initiative (“RGGI”) completed its second auction of carbon dioxide allowances in which all ten RGGI states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont) participated. Allowances for emissions of 31.5 million tons of carbon dioxide were offered in the second auction. RGGI, Inc. reported that all 31.5 million allowances were sold to 69 bidders and the clearing price was \$3.88.

The second RGGI auction generated approximately \$106.5 million in proceeds, which will be distributed to the ten RGGI states in proportion to the CO₂ allowances offered for sale by each state. The states will invest those funds in energy efficiency and clean energy technologies.

The first RGGI auction was held on September 25, 2008. Just over 12.5 million allowances were sold (all that were offered) and the clearing price was \$3.07 per allowance. RGGI maintained a minimum reserve price of \$1.86 for both the first and second auction, but has stated that it will determine whether the minimum reserve price should be adjusted before the next auction (scheduled for March 18, 2009) to reflect the cost of allowances in the secondary market.

Source: www.rggi.org

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