



Jonathan Schrag  
*Executive Director, RGGI, Inc.*

Gina McCarthy  
Connecticut Dept. Environ. Prot.

Anne George  
Connecticut Dept. Public Util.  
Control

David Small  
Delaware Dept. Nat. Res. and  
Environ. Control

Arnetta McRae  
Delaware Public Service Comm.

David Littell  
Maine Dept. Environ. Prot.  
*Vice Chair, RGGI, Inc.*

Sharon Reishus  
Maine Public Util. Comm.

Laurie Burt  
Massachusetts Dept. Environ. Prot.

Phil Giudice  
Massachusetts Dept. Energy  
Resources  
*Treasurer, RGGI, Inc.*

Shari Wilson  
Maryland Dept. Environment

Susanne Brogan  
Maryland Public Service Comm.  
*Member-at-Large, RGGI, Inc.*

Thomas Burack  
New Hampshire Dept.  
Environ. Services

Clifton Below  
New Hampshire Public Util. Comm.  
*Secretary, RGGI, Inc.*

Lisa Jackson  
New Jersey Dept. Environ. Prot.  
*Vice Chair, RGGI, Inc.*

Jeanne Fox  
New Jersey Board Public Util.

Alexander Grannis  
New York Dept. Environ. Cons.  
*Chair, RGGI, Inc.*

Garry Brown  
New York Public Service Comm.

W. Michael Sullivan  
Rhode Island Dept. Environ.  
Management

Andrew Dzykewicz  
Rhode Island Off. Energy Resources

George Crombie  
Vermont Agency of Nat. Res.

James Volz  
Vermont Public Service Board

For Immediate Release  
September 29, 2008

Contact: Jonathan Schrag  
[jonathan.schrag@rggi.org](mailto:jonathan.schrag@rggi.org)  
(646) 591-8559

## **RGGI States' First CO<sub>2</sub> Auction Off to a Strong Start** *First-in-the Nation Auction a Success as all Allowances Sold at a Clearing Price of \$3.07*

(NEW YORK, NY) – The states participating in the Regional Greenhouse Gas Initiative (RGGI) today announced that the auctioning of carbon dioxide (CO<sub>2</sub>) emissions allowances in North America is off to a strong start. All of the 12,565,387 allowances offered for sale on September 25, 2008 were sold at a clearing price of \$ 3.07 per allowance.

RGGI, Inc. reported that 59 participants from the energy, financial and environmental sectors took part in the first-in-the-nation auction, indicating a strong start in the first of many CO<sub>2</sub> allowance auctions. The demand for the allowances appeared to have been very strong with a total of quantity of 51,761,000 allowances demanded which was four times available supply for this first auction.

The \$ 38,575,783 in proceeds produced from the auction will be distributed to Connecticut, Maine, Maryland, Massachusetts, Rhode Island and Vermont, the six RGGI states that offered allowances for sale during the first auction. The states are investing those funds in energy efficiency and renewable energy technologies, and programs to benefit energy consumers.

"The 10 RGGI states have demonstrated great leadership in coming together to offer this first carbon cap-and-trade system, and the smooth completion of the initial auction is proof that the RGGI is leading the nation in the battle against climate change," said Pete Grannis, Commissioner of the New York State Department of Environmental Conservation and Chair of the Regional Greenhouse Gas Initiative, Inc. "RGGI's example shows that an open and competitive carbon market can be implemented."

"The first RGGI auction has successfully used market forces to set a price on carbon, and this will send a clear market signal to support the investment in clean energy technologies," continued Grannis.

The RGGI auction was administered by World Energy Solutions, Inc (TSX: XWE), which operates online exchanges for energy and green commodities.

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World Energy Solutions concluded that the software executed the auction seamlessly, the process ran as expected and there were no issues that affected the ability of bidders to participate.

The RGGI auction was overseen by RGGI, Inc.'s independent market monitor, Potomac Economics, a leader in the field of monitoring and competitive assessment of wholesale electricity markets in the U.S. Potomac Economics also serves as the Independent Market Monitor for the Midwest ISO and ERCOT, as the Independent Market Advisor for the New York ISO, and as the Independent Market Monitoring Unit for ISO New England.

Potomac Economics reported that the first auction was administered in a fair and transparent manner and in accordance with the noticed auction procedures. As noted in its report (<http://www.rggi.org>), "the liquidity contributed to generating a clearing price that is consistent with the underlying supply and demand fundamentals governing the CO<sub>2</sub> allowance market. It is also encouraging that compliance entities or their affiliates, which should value the allowances most highly, purchased most of the allowances in the auction."

"We are grateful that the auction administered by World Energy Solutions ran flawlessly and that the monitoring conducted by Potomac Economics concluded that the auction was robust. We are very fortunate to have two top notch firms administering and overseeing our auctions," said Jonathan Schrag, Executive Director of the Regional Greenhouse Gas Initiative, Inc.

Any CO<sub>2</sub> allowances purchased at the first auction can be used by a regulated facility for compliance in any of the RGGI states, even if that state did not offer allowances in the first auction.

The next allowance auction is set for December 17, 2008. These early auctions, combined with the others being held in the first compliance period, will ensure an ample opportunity for bidders to obtain the allowances they will need for compliance across the entire 10-state region. RGGI intends to hold quarterly auctions during the first RGGI three-year compliance period, which will be from January 1, 2009 to December 31, 2011.

### ***About the Regional Greenhouse Gas Initiative***

The ten Northeast and Mid-Atlantic states participating in RGGI have designed the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. The states have committed to cap and then reduce the amount of CO<sub>2</sub> that power plants in their region are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels.

Under the RGGI process, the then participating states will stabilize power sector CO<sub>2</sub> emissions at the capped level through 2014. The cap will then be reduced by 2.5 percent in each of the four years 2015 through 2018, for a total reduction of 10 percent.

The ten states participating in RGGI are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont.

For more information about RGGI, turn to: <http://www.rggi.org>