

# The Regional Greenhouse Gas Initiative (RGGI)

DNREC – Division of Air Quality

Key Stakeholders Meeting - Amendments to Regulation 1147

March 26, 2026



DELAWARE DEPARTMENT OF  
NATURAL RESOURCES AND  
ENVIRONMENTAL CONTROL

# Agenda



Welcome/Introductions



Overview of the RGGI Program



Third Program Review & Updates to the Model Rule



Proposed Regulatory Timeline



Proposed Amendments to Regulation 1147





**Figure 1. The RGGI Participating States.** (Source: [www.rggi.org](http://www.rggi.org))

## What is RGGI?

- The Regional Greenhouse Gas Initiative (RGGI) is a cooperative 10-state effort designed to cap and reduce carbon dioxide emissions from the electricity generating sector.
- RGGI is composed of individual CO<sub>2</sub> Budget Trading Programs in each participating state. Through independent regulations, based on the RGGI Model Rule, each state's CO<sub>2</sub> Budget Trading Program limits emissions of CO<sub>2</sub> from electric power plants, issues CO<sub>2</sub> allowances and establishes participation in regional CO<sub>2</sub> allowance auctions.
- RGGI is the first market-based, cap-and-invest regional initiative in the United States. Within the RGGI states, fossil-fuel-fired electric power generators with a capacity of 25 megawatts or greater ("regulated sources") are required to hold allowances equal to their CO<sub>2</sub> emissions over a three-year control period.
- A CO<sub>2</sub> allowance represents a limited authorization to emit one short ton of CO<sub>2</sub> from a regulated source, as issued by a participating state. Regulated sources can use a CO<sub>2</sub> allowance issued by any participating state to demonstrate compliance in any state. They may acquire allowances by purchasing them at regional auctions, or through secondary markets.



# RGGI Program Goals

- Stabilize, then reduce, greenhouse gas emissions.
- Invest in energy efficiency, renewables and climate policies and programs.
- Create a market for carbon.
- Demonstrate that a state-led regional program can work.
- Implement a professional auction model.



# RGGI works



RGGI states experienced a 46% reduction in carbon dioxide pollution since 2009, even as the regional economy grows.



RGGI allowance auctions have yielded more than \$9 billion to power investment in the clean energy future of the participating states.



RGGI states' investments of auction proceeds to date, have directly benefited over 8 million households and 400,000 businesses in the region, and will save ratepayers over \$20 billion on their energy bills through energy efficiency programs and other consumer support.



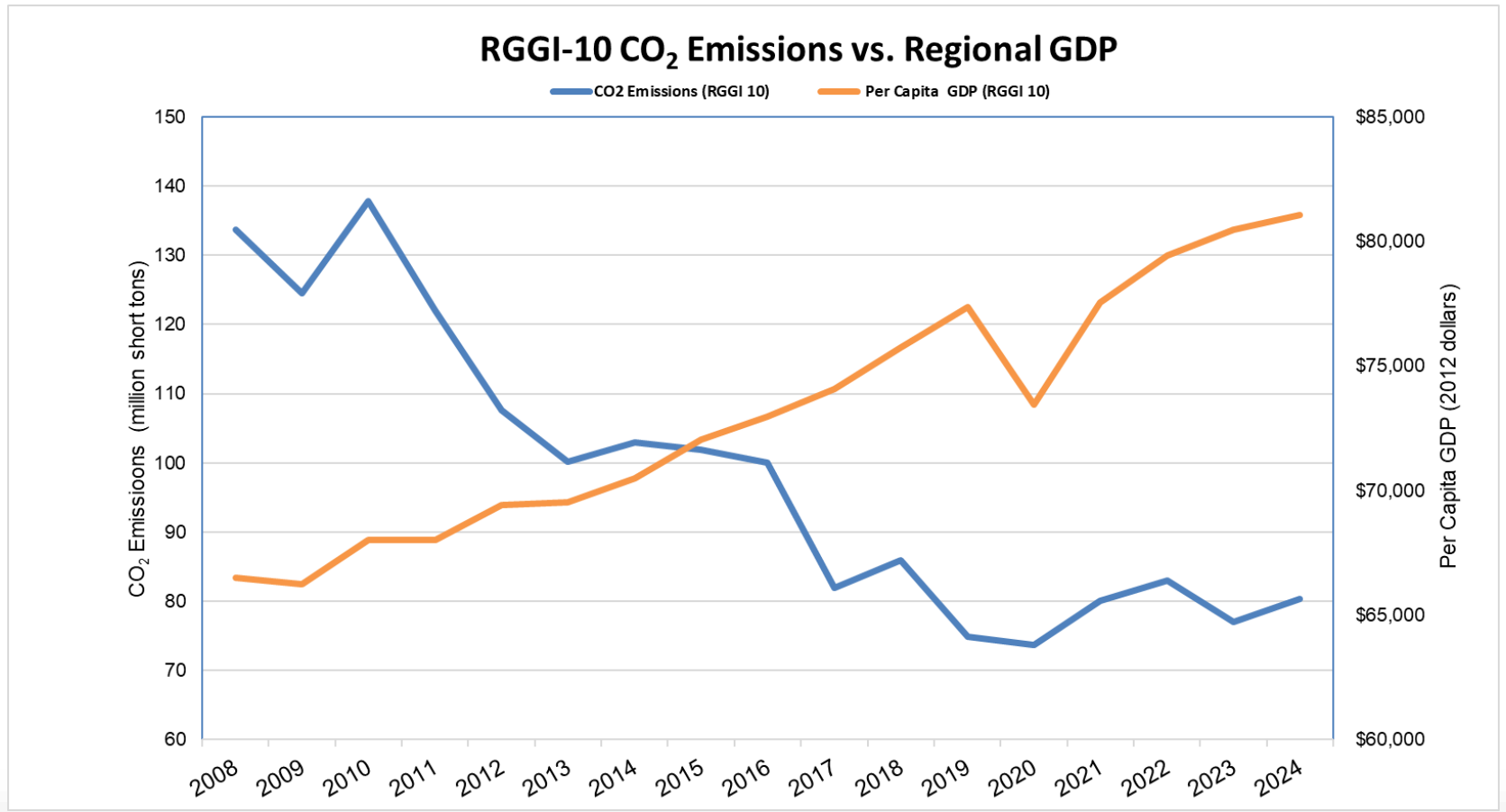
Independent research by the Analysis Group found that RGGI produced \$5.7 billion in net economic benefits and added 48,000 job-years to RGGI states' economies between 2009 and 2020.



RGGI participation has coincided with reduced costs for consumers, with average residential and commercial bills in RGGI states declining faster than the rest of the US.



# RGGI Power Plant Emissions v. Regional Economic Growth



# Governor Matt Meyer on RGGI Works!





DECEMBER 2025

# Delaware Climate Action Plan



# DE Climate Solutions Act (2023)

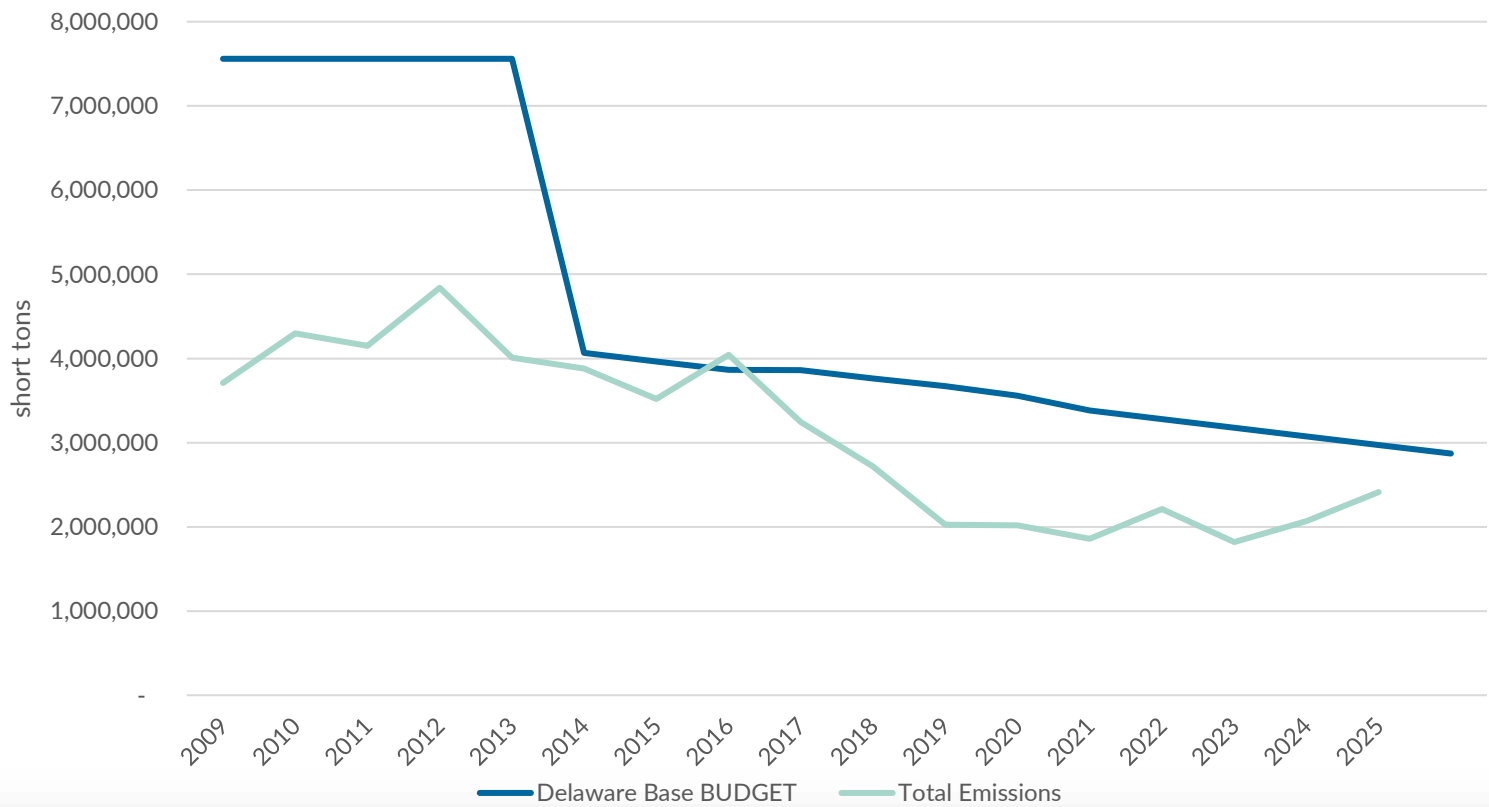
- Reducing Delaware's greenhouse gas emissions to nearly zero by 2050 helps avoid the worst impacts of climate change. Delaware's Climate Change Solutions Act sets statewide targets for greenhouse gas emission reductions.
- The targets are 50% reduction in greenhouse gas emissions by 2030 and net-zero emissions by 2050. Both targets are measured from a 2005 baseline.
- RGGI is the foundational mitigation policy for achieving Delaware's GHG goals.
- Delaware has already made significant progress in reducing its greenhouse gas emissions and has a path toward net-zero emissions by 2050.

A STATEWIDE PLAYBOOK FOR ADDRESSING CLIMATE CHANGE IN THE FIRST STATE



# 2009-2025 DE RGGI Power Plant Emissions

RGGI: Delaware CO2 Emissions (2009 - 2025)



# Delaware's "Compliance Entities" (>25 megawatts of power)

Compliance Facility	Number of Units	Nameplate Capacity (MW)
Constellation Christiana Substation	2	29, 29
Constellation Edge Moor	3	75, 177, 446
Constellation Hay Road	6	115, 115, 115, 122, 122, 122,
DCO Energy Garrison Energy Center	1	309
City of Dover- Van Sant	1	45
DEMEC- Warren F. Sam Beasley	2	45, 50
Delaware City Refinery	6	28, 28, 63, 63, 90, 90
NRG- Dover Energy Center	2	50, 50

# Program Reviews



As called for in the RGGI Memorandum of Understanding and subsequent documents, the Participating States conduct routine program reviews of the CO<sub>2</sub> Budget Trading Programs.



The RGGI program reviews are rigorous and comprehensive evaluations, supported by an extensive regional stakeholder process that engaged the regulated community, environmental nonprofits, consumer and industry advocates, and other interested stakeholders.



Amendments to the Model Rule are developed by the RGGI state staff as part of the Program Review. This effort is supported by a regional stakeholder process that engaged the regulated community, environmental nonprofits, and other organizations with technical expertise.



# First & Second Program Review

## 2012-2014

[Announced results February 7, 2013](#) “RGGI States Propose Lowering Regional CO2 Emissions Cap 45%, Implementing a More Flexible Cost-Control Mechanism”

**Cap reduction** - A reduction of the 2014 regional CO2 budget, “RGGI cap”, from **165 million to 91 million tons** – a reduction of 45 percent. The cap would decline 2.5 percent each year from 2015 to 2020.

**Banked Allowance Reductions** - This will account for the private bank of allowances held by market participants before the new cap is implemented in 2014. From 2014-2020 compliance with the applicable cap will be achieved by use of “new” auctioned allowances and “old” allowances from the private bank.

**Interim compliance** - Requiring regulated entities **to acquire and hold allowances equal to at least 50 percent of their emissions** in each of the first 2 years of the 3 year compliance period, in addition to demonstrating full compliance at the end of each 3 year compliance period.

**Cost containment reserve (CCR)** of allowances that creates a fixed additional supply of allowances that are only available for sale if CO2 allowance prices exceed certain price levels (\$4 in 2014, \$6 in 2015, \$8 in 2016, and \$10 in 2017, rising by 2.5 percent, to account for inflation, each year thereafter.)

**Offsets forestry protocol.**

## 2016-2018

[Announced results](#) and updated [model rule](#) – Dec 19, 2017

**Revised Regional Cap** - A regional cap of 75,147,784 tons of CO2 in 2021, which will decline by 2.275 million tons of CO2 per year thereafter, resulting in a total **30% reduction in the regional cap from 2020 to 2030.**

- The Participating States will **address the bank of allowances** held by market participants with a third adjustment for banked allowances. The third adjustment will be made over a 5-year period (2021-2025) based upon the size of the bank at the end of 2020.

**CCR** - The Participating States will modify the size and the price triggers for the CCR. The CCR is a reserved quantity of allowances, in addition to the cap, that would only be available if defined allowance price triggers are exceeded.

**ECR** - The Participating States will establish an emissions containment reserve (ECR), which is a quantity of allowances that will be withheld from circulation to secure additional emission reductions if prices fall below established trigger prices.

**Offsets - eliminated two offset categories**, reduction in emissions of sulfur hexafluoride (SF6) in the electric power sector and end-use energy efficiency in the building sector. Any awarded offset allowances will remain fully fungible across the states.

**Minimum Reserve Price** - The Model Rule retains language to increase the minimum reserve price by 2.5 percent each year.



# RGGI Stakeholder and Public Engagement

- Public participation is a key component of a successful Program Review. The RGGI states conducted [public engagement](#) throughout the Third Program Review, including periodic public meetings and accompanying open comment periods, to share updates and solicit public feedback.

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October 5, 2021 Public Listening Session	Remote
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November 8, 2021 Public Listening Session	Remote
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December 13, 2021 Public Meeting	Remote
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December 15, 2021 Public Meeting	Remote
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March 29, 2023 Public Meeting	Remote
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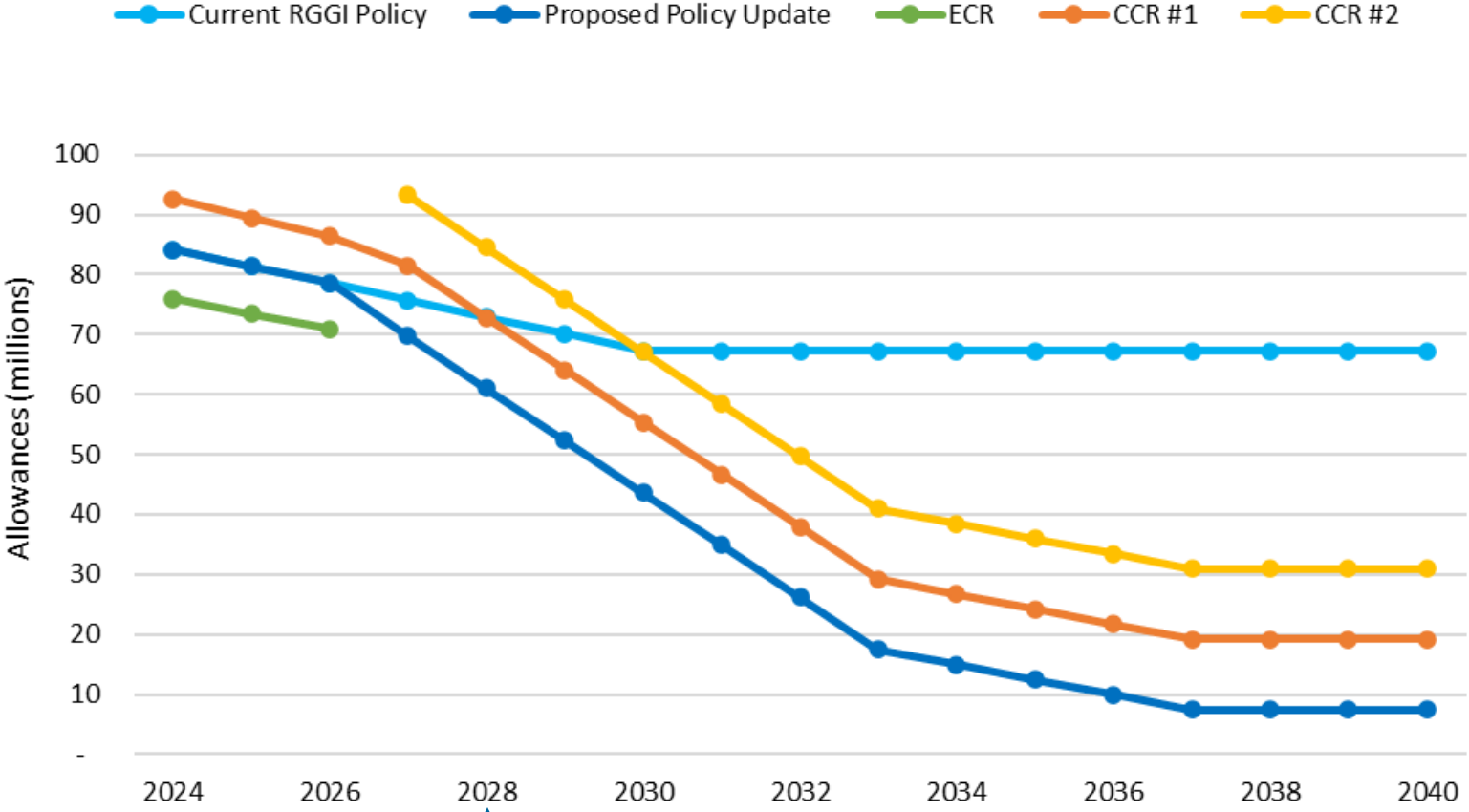
September 26, 2023 Public Meeting	Remote
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# Third Program Review (2025)

- **Updates to the Regional Base CO<sub>2</sub> Allowance Budget (XX-5.1)** - The updated Model Rule reduces the regional emissions cap in 2027 to 69,806,919 tons of CO<sub>2</sub> from 75,717,784 tons under the previous Model Rule.
- **Implements an Additional Cost Containment Reserve (XX-5.3(d) and XX-9)** - To ensure availability of RGGI allowances to meet grid reliability needs and protect against cost volatility. The update includes increasing the size of the CCR and implementing a second tier of CCR allowances available at auction at a higher trigger price
- **Replaces Emissions Containment Reserve (XX5.3(e)) with Increased Minimum Reserve Price (XX-9)** - The updated Model Rule increases the -minimum reserve price, the lowest price at which RGGI allowances may be sold at auction. Beginning in 2027, the update Model Rule removes the ECR and replaces it with an increased minimum reserve price that matches the existing ECR trigger price trajectory. The new minimum reserve price is \$9.00 in 2027.



# Third Program Review – Cap Adjustment



4<sup>th</sup> Program Review Begins

# Third Program Review (2025)

- **Removes Offsets from RGGI Design Beginning in 2027 (XX-10)** - The updated Model Rule eliminates language regarding RGGI offset allowances.
- **Definitions (XX-1)** - The definitions for several terms have been edited for clarity and updated or removed to match corresponding updates throughout the Model Rule.
- **Monitoring, Reporting & Recordkeeping (XX-8)** - Section XX-8 in the updated Model Rule has been streamlined for monitoring, reporting, and recordkeeping requirements.
- **Other** - Certain references have been updated or corrected throughout the Model Rule for clarity and consistency with the changes discussed above.

# Additional Commitments Alongside the Model Rule

- *State Legislation and/or Rulemaking:* Each participating state commits to seek to establish in statute and/or regulation amendments to its CO<sub>2</sub> budget trading program substantially consistent with the updated Model Rule. Each state commits to work to adopt its respective program changes as soon as practical, to be effective on January 1, 2027.
- *Fourth RGGI Program Review:* The RGGI participating states commit to beginning a Fourth Program Review no later than 2028. The Fourth Program Review will provide an early opportunity to evaluate the performance of the changes agreed to in the Third Program Review and to adjust RGGI elements if needed to ensure the initiative's continued success in contributing to a reliable, affordable, clean electricity supply. As part of this review, the states will:
  - Evaluate the early performance of the program changes implemented as part of the Third Program Review, together with the changes to the electricity grid, technological and policy developments, and program benefits and costs over the next few years.
  - Consider and take input on further commitments beyond 2037, as well as adjustments to the RGGI cap trajectory in earlier years if needed to ensure reliability and affordability.
  - Further engage stakeholders on the design of existing and potential new RGGI elements that will continue to ensure a clean, affordable, reliable, and equitable electricity supply, consistent with state goals and requirements and grid operational needs.
- *Unsold Allowances:* The participating states commit to removing from circulation all standard RGGI CO<sub>2</sub> allowances which are offered for sale but remain unsold at the end of each auction.

**Model Rule**  
**Part XX CO<sub>2</sub> Budget Trading Program**  
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# Model Rule – **Amendments**

Section 1 – General Provisions

Section 2 – CO<sub>2</sub> Authorized Account  
 Representatives

Section 3 – Permits

Section 4 – Compliance Certification

Section 5 – CO<sub>2</sub> Allowance Allocations

Section 6 – CO<sub>2</sub> Allowance Tracking  
 System

Section 7 – CO<sub>2</sub> Allowance Transfers

Section 8 – Monitoring & Reporting

Section 9 – Auction of CO<sub>2</sub> CCR and  
 ECR Allowances

Section 10 – Offsets

Section 11 – CO<sub>2</sub> Emission Auction

# Delaware's Proposed Regulatory Timeline to adopt the amended Model Rule



# Proposed Amendments to 7 DE Admin. Code 1147

Section 1 – General Provisions

Section 5 – CO2 Allowance Allocations

Section 8 – Monitoring & Reporting

Section 10 – Offsets



# Section 1 – General Provisions

- Definitions
  - Removed definitions associated with offset provisions.
  - Clarified the CO2 Allowance Transfer Deadline (March 1<sup>st</sup>)
  - Updated the CCR trigger price definitions for CCR1 and added CCR2
  - Removed the definitions associated with the ECR
  - Removed language for the “adjusted budget” and the bank of allowances
  - Updated the minimum reserve price.



# Sections 2.0 – 4.0, and 6.0

- Minor administrative clarifications

# Section 5 – CO2 Allowance Allocations

- Update Delaware Base Budget (2027-2037+)
- Amended CCR language
- Remove ECR withholding language
- Removed Third Control period adjustment

# Delaware's Base Budget and CCR1 and CCR2 Size / Trigger Price

Year	DE Base	CCR #1	CCR 1 Trigger Price	CCR #2	CCR2 Trigger Price
2027	2,551,724	429,377	\$19.50	429,377	\$29.25
2028	2,232,759	429,377	\$20.87	429,377	\$31.30
2029	1,913,793	429,377	\$22.33	429,377	\$33.49
2030	1,594,828	429,377	\$23.89	429,377	\$35.83
2031	1,275,862	429,377	\$25.56	429,377	\$38.34
2032	956,897	429,377	\$27.35	429,377	\$41.02
2033	637,931	429,377	\$29.26	429,377	\$43.89
2034	546,798	429,377	\$31.31	429,377	\$46.96
2035	455,665	429,377	\$33.50	429,377	\$50.25
2036	364,532	429,377	\$35.85	429,377	\$53.77
2037	273,399	429,377	\$38.36	429,377	\$57.53

# Section 8 – Monitoring & Reporting

- Section 8 has been streamlined for monitoring, reporting, and recordkeeping requirements. (see 40 CFR 75)



# Section 9.0 Auction of CO<sub>2</sub> and CCR Allowances

- Update language for the auction of CCR1
- Added CCR2 allowances
- Removed language for ECR



# Section 10 – Offsets

- Deleted Section 10
- Marked as RESERVED

# Discussion & Questions?

## Next Steps:

Public Workshop - Tentatively scheduled for April 30, 2026

Public Hearing – Tentatively scheduled for July/Aug 2026

Final Adoption by December 1, 2026

Program commencement by January 1, 2027



# Additional Slides



# Economic Modeling – DE Impacts

- The IPM and REMI modeling consider two scenarios
  - Case A – only procured renewable projects are accounted for, with RGGI Policy Case.
  - Case B – all procured renewable projects and in statute policies/regulations are accounted for, with RGGI Policy Case.
- Analysis projects the macroeconomic impacts of the incremental changes between the current RGGI program (REMI Reference Case) and potential changes to the RGGI program
- **Overall RGGI-induces economic impacts are minor, reflecting that the pace of economic growth in the region will not be disrupted by these changes.**

**Annual Impacts Over Modeling Period:  
Delaware, Incremental over Reference Case  
(Current RGGI Price Scenario)**

Metric	Unit	Cumulative		Average Annual	
		Case A	Case B	Case A	Case B
Employment	Job-Years	3,032	1,759	190	110
	% Change from Reference Case	0.027%	0.016%	0.027%	0.016%
	Reference Case Level (Thousands)	11,052		691	
GSP	Millions of Fixed 2022\$	\$277	\$269	\$17	\$17
	% Change from Reference Case	0.020%	0.019%	0.020%	0.018%
	Reference Case Level	\$1,416,986		\$88,562	
Disposable Personal Income	Millions of Fixed 2022\$	\$195	\$347	\$12	\$22
	% Change from Reference Case	0.021%	0.037%	0.021%	0.037%
	Reference Case Level	\$929,632		\$58,102	



# Annual Impacts Over Modeling Period: Delaware, Incremental over Reference Case

Metric	Unit	Case	2025	2027	2030	2035	2037	2039	2040	Total*
Employment	Jobs	Case A	142	308	174	142	109	364	418	3,032
		Case B	118	283	198	88	43	-19	-40	1,759
	% Change from Reference Case	Case A	0.021%	0.046%	0.025%	0.020%	0.016%	0.051%	0.059%	0.027%
		Case B	0.018%	0.042%	0.029%	0.013%	0.006%	-0.003%	-0.006%	0.016%
GSP	Millions of Fixed 2022\$	Case A	\$18	\$35	\$17	\$15	\$9	\$52	\$60	\$350
		Case B	\$20	\$39	\$30	\$19	\$13	\$3	-\$1	\$314
	% Change from Reference Case	Case A	0.019%	0.035%	0.016%	0.013%	0.008%	0.043%	0.049%	0.020%
		Case B	0.021%	0.039%	0.028%	0.017%	0.011%	0.002%	0.000%	0.018%
DPI	Millions of Fixed 2022\$	Case A	\$21	\$16	\$7	\$17	\$3	\$34	\$43	\$249
		Case B	\$36	\$37	\$28	\$32	\$19	\$9	\$5	\$413
	% Change from Reference Case	Case A	0.035%	0.025%	0.011%	0.022%	0.004%	0.041%	0.051%	0.021%
		Case B	0.059%	0.058%	0.040%	0.041%	0.024%	0.011%	0.006%	0.035%

# Rate Payer Bill Impacts

- Analysis Group calculated consumer bills under the RGGI program update and status quo policies for different state policy and reinvestment scenarios over the 2028-2037 modeling period:
  - ICF modeled wholesale electricity prices and allowance proceeds for the RGGI program update and status quo policies. The status quo policy assumes that RGGI allowance prices equal a volume-weighted average of the twelve most recent auctions.
  - AG collected state-level data from EIA on electricity consumption and transmission and distribution (T&D) rates by customer class. We use ICF's state-level projections of load growth to model changes in electricity consumption over the modeling period.
- Using state-level projections of proceeds reinvestment, we model three reinvestment scenarios:
  1. No reinvestment;
  2. Bill assistance only, and;
  3. Bill assistance, energy efficiency spending, and beneficial electrification.



# Results

1. Adopting the program update would not increase electricity bills compared to the current price environment and may even result in slight savings.
2. Bill impacts are small in magnitude (under  $\pm 1\%$ ) across modeled scenarios even prior to considering the reinvestment of auction proceeds (accounting for reinvestment further attenuates bill impacts).
3. Bill impacts from the program update are not significantly driven by success of other state decarbonization policies – successful state decarbonization results in greater bill savings, but slower decarbonization does not result in bill increases.

# RGGI Average Bill Impacts

Case A\*

Monthly Bill - No Reinvestment of RGGI Proceeds				
Customer Class	Case A (Policy Scenario)	Case A (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$96.26	\$95.86	\$0.40	0.41%
Commercial	\$618.40	\$614.82	\$3.58	0.57%
Industrial	\$9,055.15	\$8,994.51	\$60.64	0.66%

Case B\*

Monthly Bill - No Reinvestment of RGGI Proceeds				
Customer Class	Case B (Policy Scenario)	Case B (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$97.90	\$98.49	-\$0.59	-0.61%
Commercial	\$611.65	\$616.96	-\$5.32	-0.88%
Industrial	\$9,533.59	\$9,611.21	-\$77.62	-0.84%

Monthly Bill - Projected State-Level Bill Assistance				
Customer Class	Case A (Policy Scenario)	Case A (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$96.07	\$95.77	\$0.30	0.31%
Commercial	\$616.61	\$613.93	\$2.68	0.42%
Industrial	\$9,047.86	\$8,990.89	\$56.97	0.62%

Monthly Bill - Projected State-Level Bill Assistance				
Customer Class	Case B (Policy Scenario)	Case B (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$97.84	\$98.42	-\$0.58	-0.61%
Commercial	\$611.08	\$616.30	-\$5.22	-0.86%
Industrial	\$9,531.25	\$9,608.46	-\$77.21	-0.84%

Monthly Bill - Projected State-Level Bill Assistance, Energy Efficiency Spending, and Beneficial Electrification Spending				
Customer Class	Case A (Policy Scenario)	Case A (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$95.15	\$95.31	-\$0.16	-0.20%
Commercial	\$608.31	\$613.93	-\$5.61	-0.99%
Industrial	\$8,897.79	\$8,990.89	-\$93.10	-1.14%

Monthly Bill - Projected State-Level Bill Assistance, Energy Efficiency Spending, and Beneficial Electrification Spending				
Customer Class	Case B (Policy Scenario)	Case B (Current RGGI Price)	Monthly Difference (\$2022)	Percent Difference
Residential	\$97.53	\$98.06	-\$0.52	-0.55%
Commercial	\$608.34	\$613.03	-\$4.69	-0.79%
Industrial	\$9,479.44	\$9,546.32	-\$66.88	-0.75%

Notes: All results are load-weighted.

\* Case A and Case B represent different sets of assumptions regarding clean energy deployment. More information can be found here:

<https://www.rggi.org/sites/default/files/Uploads/ProgramReview/2024/Third Program Review Update 9-23-2024.pdf>

