RGGI
Proposed Funding Process

The Regional Greenhouse Gas Initiative is part of Governor Murphy's goal to achieve 100% clean energy by 2050. Shifting to clean and renewable energy sources reduces greenhouse gas emissions that are already causing climate impacts in New Jersey, particularly in economically disadvantaged communities.
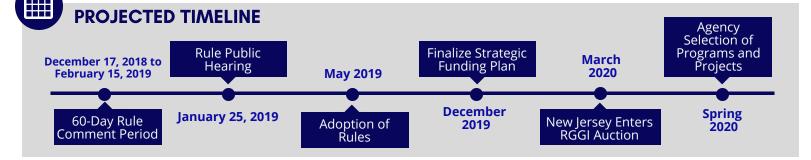
WHAT IS THE PROPOSED RGGI FUNDING PROCESS?

The Regional Greenhouse Gas Initiative (RGGI), a market-based program designed to cap and reduce carbon dioxide emissions from fossil fuel power plants, has the added benefit of generating funds to invest in clean energy and greenhouse gas reduction strategies. In New Jersey, RGGI funding is credited to a special fund, known as the Global Warming Solutions Fund (Fund). Three state agencies receive proceeds from the Fund:

- The Board of Public Utilities (BPU)

- The Economic Development Authority (EDA)

- The Department of Environmental Protection (DEP)

The agencies receiving proceeds will work collaboratively to develop a strategic funding plan to achieve New Jersey's goals in investing in clean energy and reducing greenhouse gas emissions. The funding process will include two steps; development of the strategic funding plan and selection of programs and projects by the agencies.

Responsible State Agencies

BPU — Board of Public Utilities

NJ EDA

Department of Environmental Protection New Jersey

STEP 1

Development of the Strategic Funding Plan

STEP 2

Selection of Programs & Projects by the Agencies

PROJECTED TIMELINE

December 17, 2018 to February 15, 2019

Rule Public Hearing

May 2019

Finalize Strategic Funding Plan

March 2020

Agency Selection of Programs and Projects

60-Day Rule Comment Period

January 25, 2019

Adoption of Rules

December 2019

New Jersey Enters RGGI Auction

Spring 2020

What is the RGGI Strategic Funding Plan?

The strategic funding plan is a report published every three years that:

- Identifies the initiatives each state agency will sponsor.
- Provides information and materials used to identify the initiatives.
- Ranks the importance of each objective for each initiative.
- Summarizes projects/program spending from the prior strategic funding period.

What is an initiative?

An initiative is a funding strategy predicted to advance one or more of the objectives listed in N.J.A.C. 7:27D-2.2, which the agencies have identified as critical.

What is the process?

Every three years the agencies will select a group of initiatives that are predicted to advance the six objectives collectively. 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.

Example

Below is an example of how the RGGI strategic funding plan will rank initiatives against mandated objectives. This example is for illustrative purposes only.

Objectives	Example Initiatives			
	Initiative A *Reduce emissions at freight facilities*	**Initiative B** *Reduce light-duty vehicle emissions*	**Initiative C** *Sequester Carbon in Coastal Areas*	**Initiative D** *Reduce energy use in ED areas*
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

How will the responsible state agencies select programs and projects?

Programs and projects will be selected for funding via an independent, agency-specific process. Each agency will prioritize funding for those programs or projects that advance the critical objectives of the agency's chosen initiative(s). When selecting programs or projects, each agency must adhere to the eligibility criteria outlined at N.J.S.A. 26:2C-51.b.

	EDA	BPU	DEP		
PROGRAM AREAS	Commercial, Institutional & Industrial Entities	Low Income & Moderate Income Residential Sector	Local Governments	Forest	Tidal Marshes
FUNDING ALLOCATION	60%	20%	10%		10%
ELIGIBILITY CRITERIA	**PROGRAMS TO SUPPORT:** • End-use energy efficiency projects. • New, 'state of the art', efficient electric generation facilities. • Combined heat and power production and other high efficiency electric generation facilities. • Innovative carbon emissions abatement technologies. • Development of qualified offshore wind projects.	**PROGRAMS TO:** • Reduce electricity demand. • Reduce costs to electricity customers. 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.	**PROGRAMS TO:** Plan, develop and implement measures to reduce greenhouse gas emissions including, but not limited to assistance to conduct and implement: • Energy efficiency. • Renewable energy. • Distributed energy programs. • Land use planning (where results are a measurable reduction of greenhouse gas emissions or energy demand).		**PROGRAMS TO:** Enhance the stewardship and restoration of State's forests and tidal marshes that provide opportunity to sequester or reduce greenhouse gas emissions.

TO LEARN MORE VISIT
www.state.nj.us/dep/aqes/rggi.html