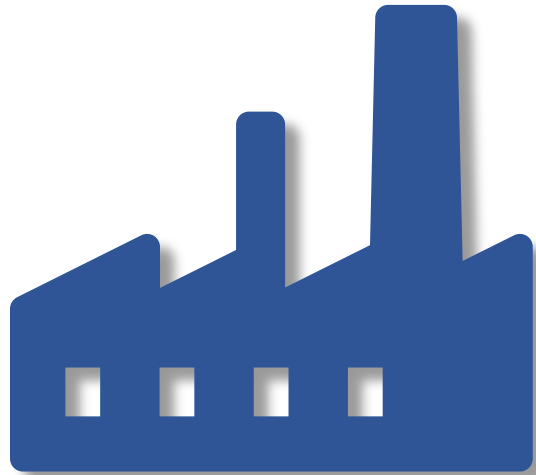


Who does the Regional Greenhouse Gas Program (RGGI) Regulate?

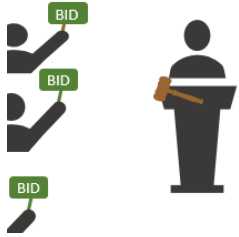


36 Power Plants
102 Electric Generating Units

New Jersey

- Utility fossil fuel electric generating units (EGUs)
- At or above 25 MW capacity

How Does RGGI Work?



- Regional Cap is established
- States offer allowances for sale in quarterly auctions
- EGUs purchase allowances to equal emissions for 3-year control period
- States receive revenue from quarterly auctions to invest

NJ's Efforts to Rejoin RGGI

AUTHORITY
TO RE-ENTER
RGGI



Global Warming Solutions Fund Act

- Authorizing NJ to join RGGI and dictates use of Auction Proceeds
- <http://www.njleg.state.nj.us/2006/Bills/PL07/340.PDF>



Executive Order #7

- Directs NJ to re-enter RGGI and adds criteria for disproportionately impacted communities
- <http://nj.gov/infobank/eo/056murphy/pdf/E0-7.pdf>

DEP
RULES



Mechanics Rule

- Legal commitment to the RGGI process
- Adopts framework of RGGI Model Rule



Funding Rule

- Adheres to GWSFA mandates and other legislative mandates
- Incorporates EO 7 criteria

RGGI MODEL RULE



RGGI Schedule

- Rules Proposed 12/17/2018
- Rule Hearing 1/25/2019
- Comment Period Ends 2/ 15/2019
- Rule Adoption including Response to Comment
Target Date 5/2019

Key Compliance Dates

- Regulated Units Compliance Requirement Starts 1/1/2020
- RGGI Requirements Will Be Incorporated In Permits Upon Minor or Major Modification or Renewal
- 2020 is Last Year of The RGGI Fourth Control Period. True up required
March 2020.

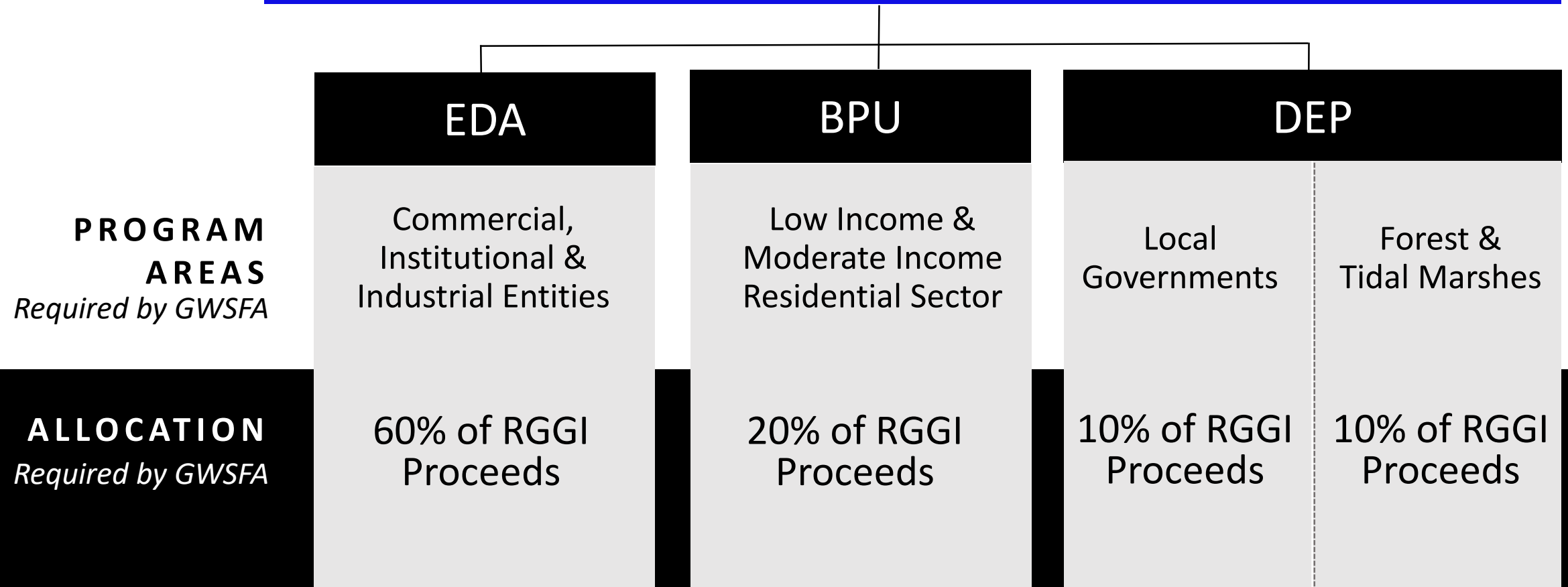
RGGI Auction Proceeds

- GLOBAL WARMING SOLUTIONS FUND ACT (GWSFA)
- N.J.S.A 26:2C-52
- Mandates How RGGI Auction Proceeds Are Invested

GLOBAL WARMING SOLUTIONS FUND ACT (GWSFA)

N.J.S.A 26:2C-52

- Enacted in 2008
- Allocates funding by percentages to three NJ Agencies
- Requires Agencies to spend RGGI funds within specific program areas



Agencies are Required to Select Programs & Projects Based on 6 Primary Considerations

GWSFA § 26:2C-52. Guidelines and priority ranking system for allocation of funds

Result in Net Reduction in GHG Emissions	Relative Cost	Reduction in Energy Use	Co-Benefits	Responsive to Recommendations Submitted to the Legislature
<ul style="list-style-type: none"> • GHG emissions in the State • GHG emissions from electricity produced out of the State, but consumed in NJ • Net sequestration of carbon 	<p>Result in significant reductions in GHG relative to the cost of the project/program</p> <ul style="list-style-type: none"> • The reduction of impacts on ratepayers attributable to the implementation • Contribute to achievement of the 2050 GWRA limit, relative to the cost of the program or project 	<p>Direct investment in low to moderate income residential sector</p> <ul style="list-style-type: none"> • Energy audits • Efficiency measures • Financial assistance to electricity customers • Urban area focus 	<ul style="list-style-type: none"> • Job creation • Reduction of air pollutants • Reduce Consumer Energy Costs • Improve local grid reliability • Contribute to regional GHG reductions • And others 	<p>Actions for future impact by sector: <i>NJGWRA Recommendations Report 2009</i></p> <ul style="list-style-type: none"> • Electric generation • Industrial • Residential & Commercial • Waste Management • Highly Warming Gases • Terrestrial Sequestration • Transportation & Land Use • Environmental & Economic Analysis

Executive Order 7

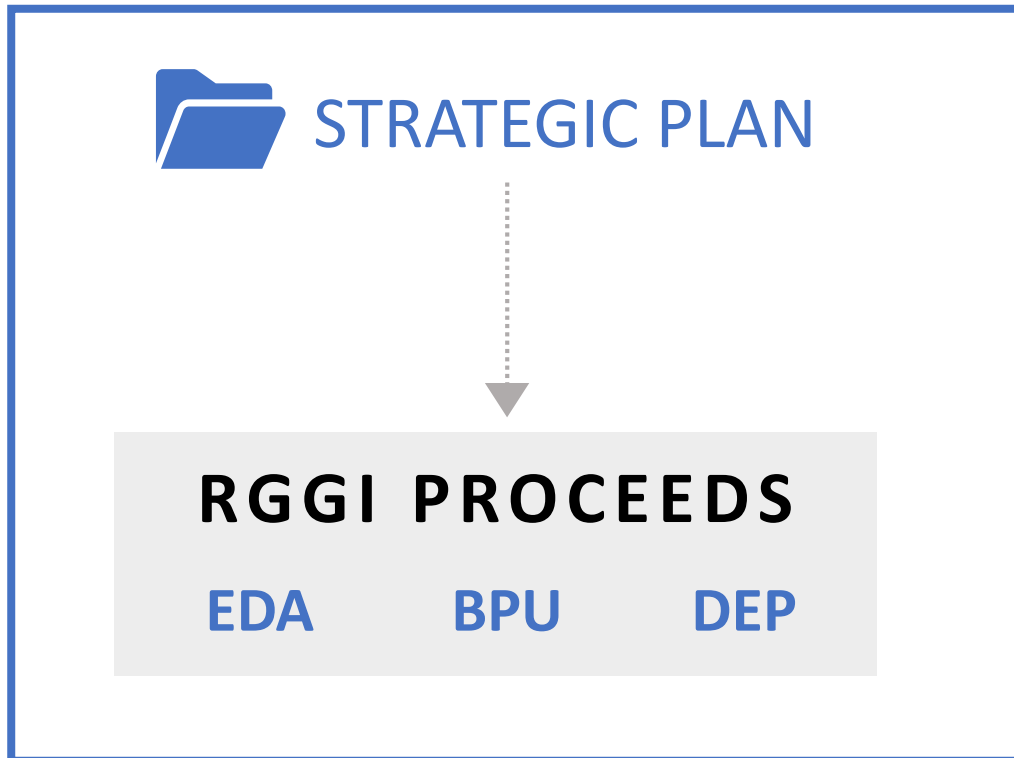
Alleviate Conditions Faced by Impacted Communities

“...Serve communities that are disproportionately impacted by the effects of **environmental degradation and climate change**, and which will alleviate negative effects on **human health and the environment...**”

Strategic Investment of RGGI Proceeds

GWSFA § 26:2C-51 Coordination in administration of programs and use of moneys

“The agencies administering programs established pursuant to this section shall maximize coordination in the administration of the programs to avoid overlap between the uses of the fund.”



- Rule proposal outlines the process for developing the strategic plan
- Ensures an open and transparent planning process
- Provides opportunity for stakeholder engagement