

Appendix C
Regional Greenhouse Gas Initiative (RGGI) Revenue Forecast

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By Ian G. Burnes
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1. What is the purpose of this testimony?

This testimony describes the Efficiency Maine Trust's (the Trust's or EMT's) forecasting analysis for Regional Greenhouse Gas Initiative (RGGI) revenue for the Triennial Plan V period covering fiscal years (FYs) 2023-2025.

2. Who is introducing this testimony?

The testimony is provided by Ian Burnes, Director of Strategic Initiatives at the Trust.

3. Mr. Burnes, please state your name, title, and business addresses.

My name is Ian Burnes, and I am employed by EMT as the Director of Strategic Initiatives. My business address is 168 Capital Street, Suite 1, Augusta, ME 04330.

4. Please summarize your educational and professional experience.

I have a Bachelor of Arts Degree in Economics from Wesleyan College. I have been working at EMT since 2009. My responsibilities include the oversight of the strategic initiatives team that implements the EMT's customer tracking database, maintains the Technical Reference Manuals, oversees the program evaluations, and manages the Trust's resource in ISO-NE's Forward Capacity Market. Before coming to EMT I worked at the Governor's Office of Energy Independence and Security.

5. What are the Trust's RGGI funding forecasts for Triennial Plan V?

The Trust anticipates that it will receive the following RGGI revenues in each fiscal year of Triennial Plan V:

- FY 2023: \$13.9 million
- FY 2024: \$15.2 million
- FY 2025: \$16.7 million

6. Describe the Trust's methodology for developing a RGGI revenue forecast for Triennial Plan V.

The Trust arrived at a RGGI revenue forecast for Maine by using the administrative floor price set for the regional auctions and the number of Maine's RGGI carbon allowances expected to be auctioned each year, as provided by the Maine Department of Environmental Protection (DEP). The

administrative floor price changes every calendar year and the number of allowances fluctuates quarterly.

Table 1: RGGI Proceeds Calculation

Calendar Year	2022	2023	2023	2024	2024	2025
Fiscal Year	2023	2023	2024	2024	2025	2025
Allowances	997,418	957,272	957,272	917,126	917,126	876,980
Price	\$6.87	\$7.35	\$7.86	\$8.42	\$ 9.00	\$9.63
Proceeds	\$6,851,663.21	\$7,036,196.18	\$7,528,729.91	\$7,717,899.95	\$8,258,152.95	\$8,449,429.44
Total		\$13,887,859		\$15,246,630		\$16,707,582

Each column in Table 1 represents a half year, containing two quarterly auctions of carbon allowances conducted by the initiative’s independent administrator, RGGI, Inc. For purposes of forecasting revenues in the Trust’s Triennial Plan V period, we start with the number of allowances and the expected floor price for the last two quarters of Calendar Year 2022, which corresponds to the first half of the Trust’s Fiscal Year 2023, in Year 1 of the Triennial Plan.¹ The second half of Fiscal Year 2023 is shown in the second column of values. Multiplying the number of allowances times the floor price yields the dollar value of the proceeds. Summing the proceeds of the two columns gives the forecasted revenue -- \$13,887,859 -- for Year 1 of Triennial Plan V.

7. What considerations does the AESC 2021 make in its price projections for RGGI carbon allowances?

The AESC 2021 notes that there is considerable uncertainty in RGGI carbon allowance price due to the potential influx of new state participants in the coming years. It also notes that a recent set of RGGI program changes will effectively create a floor and ceiling on RGGI prices:

... This new program design...put forth a number of changes to the “Cost Containment Reserve” (a mechanism that allows for the release of more allowances in an auction if the price exceeds a certain threshold) and the creation of an “Emissions Containment Reserve” (a mechanism which withholds a number of available allowances if the allowance price remains below a certain threshold). Together, these triggers effectively act as a floor and ceiling on RGGI prices.

Given the relative uncertainty created by new state participants, the Trust has chosen the administrative floor price to model future revenues.

8. How did DEP arrive at its RGGI carbon allowance price projections?

The information provided by the DEP is consistent with the number of allowances set forth in DEP’s RGGI rule. (See 05-096 Code of Maine Rules, ch. 156 – CO2 Budget Trading Program.)

9. Does this conclude your testimony?

Yes.

¹ The Trust uses a July 1 – June 30 fiscal year.