

**PA DEP BUREAU OF AIR QUALITY
REGIONAL GREENHOUSE GAS INITIATIVE (RGGI)**

RGGI PROGRAM

Pennsylvania's CO₂ Budget Trading Program will reduce anthropogenic emissions of CO₂, a greenhouse gas, from CO₂ budget sources to protect public health, welfare, and the environment. It applies to an owner or operator of a unit (a fossil fuel-fired stationary boiler, combustion turbine or combined cycle system) that serves an electricity generator with a nameplate capacity equal to or greater than 25 megawatts electrical (MWe). See § 145.304 (relating to applicability). Owners and operators of regulated power plants must acquire CO₂ allowances equal to the amount of CO₂ they emit. CO₂ emissions from individual sources are not limited; the only firm cap relating to CO₂ emission is the statewide allowance budget. Entities in each of the participating states can purchase and/or trade allowances, allowing for the most efficient and cost-effective emissions reductions. Also, since RGGI uses a market-based approach, the quarterly auction sets the price for the purchase of allowances, ensuring transparency.

HOW TO APPLY TO RGGI

Account certificate of registration

To apply to the program, the owners and operators of subject CO₂ budget sources must submit the "RGGI Certificate of Representation Form" to DEP and the U.S. EPA, so that EPA/CAMD is authorized to send the data to the RGGI CO₂ Allowance Tracking System (COATS). See § 145.311 (relating to authorization and responsibilities of the CO₂ authorized account representative). It is recommended that owner and operators of subject CO₂ budget sources submit the "RGGI Certificate of Representation Form" as soon as possible. RGGI, Inc. recommends establishing a general account. Compliance accounts are generated by invitation.

This form can be found at the following link by clicking on the 'FORMS' tab:

<https://www.epa.gov/airmarkets/business-center-forms>

Account representatives

Each COATS account (compliance or general) shall have a single CO₂ authorized account representative who will be responsible for managing the account. They may designate one CO₂ authorized alternative account representative. Both these persons may delegate authority to manage the account to others as they see fit.

RGGI PROGRAM MANAGEMENT

[25 Pa. Code Chapter 145, Subchapter E, CO₂ Budget Trading Program](#)

The Bureau of Air Quality (BAQ) manages the program implementation including air permitting requirements for sources subject to the regulation, coordinates with the Regional Greenhouse Gas Initiative, Inc. (RGGI, Inc.) on the auction requirements and monitoring, and oversees the auction proceeds. RGGI, Inc., is a 501(c)(3) non-profit corporation created to support development and implementation of the RGGI.

Applications for Title V operating permits and revisions are reviewed by the Air Quality Program in each respective DEP Regional Office. Title V permits containing applicable RGGI requirements are issued by the appropriate DEP Regional Air Program Manager.

TYPE OF COATS ACCOUNTS

There are two types of accounts used to hold CO₂ allowances:

1. Compliance accounts
2. General accounts

Compliance accounts are opened by the DEP or its agent (RGGI, Inc.) for each CO₂ budget source upon receipt of a complete account Certificate of Representation under § 145.314 (relating to account certificate of representation). These are used to store CO₂ allowances until they are spent (like a bank). The owner or operator of a subject CO₂ budget source is required to hold sufficient CO₂ allowances in the compliance account, which will be deducted by the DEP or its agent (RGGI, Inc.) on each respective CO₂ allowance transfer deadline. General accounts can be opened by any entity to hold or trade allowances. These are opened by registering for a [COATS](#) account and then applying for a general account through COATS.

RGGI PROGRAM REQUIREMENTS

Pennsylvania's RGGI rule requires the following from the regulated entities:

Application for adding CO₂ Budget Source in Operating Permit

Consistent with 25 Pa. Code Chapter 145, Subchapter E, § 145.306(a), a CO₂ budget source shall have a CO₂ budget permit condition in their permit required under Chapter 127 (relating to construction, modification, reactivation, and operation of sources). The owner or operator shall submit to the DEP a complete application for a new, renewed, or modified operating permit under § 145.323 (relating to contents of an application for a permit incorporating CO₂ Budget Trading Program requirements) in accordance with the deadlines specified in § 145.322 (relating to submission of an application for a new, renewed or modified permit incorporating CO₂ Budget Trading Program requirements).

Consistent with 25 Pa. Code Chapter 145, Subchapter E § 145.306(b), the CO₂ budget source and each CO₂ budget unit at the source must comply with the monitoring, recordkeeping, and reporting requirements of the CO₂ Budget Trading Program as applicable. Pursuant to § 145.306(a), the DEP will incorporate these requirements into the facility's operating permit.

DEP's application for adding a CO₂ budget source in an operating permit is available at https://files.dep.state.pa.us/Air/AirQuality/AQPortalFiles/RGGI/2021/04b_7-559_CO2_Budget_Trading_Final_Forms.pdf.

Compliance Certification

In accordance with 25 Pa. Code § 145.331, the owner or operator of a CO₂ budget source is required to submit a compliance certification report to DEP by March 1 following the relevant control period. The certification must be signed by a Responsible Official, as defined in 25 Pa. Code 121.1 (relating to definitions).

ADDITIONAL INFORMATION

Auctions

RGGI holds quarterly auctions for the purchase of allowances. For more information about auctions please see <https://www.rggi.org/auctions/about-auctions>. Allowances may be purchased from other compliance entities, brokers or other qualified entities between auctions on the secondary market.

Adjustment for banked allowances

RGGI, Inc. tracks the number of CO₂ allowances issued and those that are used (“retired”). If, over time, it is found that more allowances are issued than retired, RGGI inc. will adjust the number of new allowances issued over the next several years to remove the surplus or banked allowances from the market. RGGI is currently in the middle of its third adjustment for banked allowances which is taking place from 2021 to 2025.

SPECIAL CASES

Set-asides - §145.342 (relating to CO₂ allowance allocations)

There are two set-asides that owners and operators can apply for, the waste coal set-aside and the combined heat and power set-aside. The waste coal set-aside account holds CO₂ allowances that DEP allocates to the compliance accounts of owners and operators of subject waste coal units up to 12.8 million tons per year commonwealth wide. The combined heat and power set-aside account holds CO₂ allowances that DEP retires on the behalf of the owner and operator of the subject combined heat and power unit meeting certain criteria specified in the rulemaking (useful thermal energy is at least 25% of total energy output and the overall efficiency of the unit is at least 60%). DEP also partially retires CO₂ allowances on behalf of owners and operators of subject units not meeting the thermal energy and efficiency criteria. In either case, the owner or operator of a combined heat and power unit must annually request retirement of CO₂ allowances from the set-aside.

Exemptions - § 145.305 (relating to limited exemption for CO₂ budget units with electrical output to the electric grid restricted by permit conditions)

A CO₂ budget source that supplies no more than 10% of the annual gross generation of the unit to the electrical grid or a CO₂ budget source that supplies no more than 15% of its annual total useful energy to any entity other than the facility to which the source is interconnected may be exempted from the requirement to obtain and retire CO₂ allowances. In order to take advantage of this exemption, the owner or operator must have a condition in their operating permit that restricts the supply of electricity to the grid to 10% or restricts the supply of total useful energy to another entity to 15%, as appropriate.

IMPORTANT LINKS:

For COATS information, the User’s Guide, setting up an account, please access <https://www.rggi.org/allowance-tracking/rggi-coats> .

For specific RGGI information such as RGGI, Inc., RGGI Overview and Design, Auctions; Allowance Tracking, Investments, and News & Releases, please see <https://www.rggi.org>.

For permits please see <https://www.dep.pa.gov/Business/Air/BAQ/Permits/Pages/default.aspx>

E-LIBRARY:

For relevant documents, please click on the appropriate link(s) for document completion:

[PA CO2 BUDGET TRADING PROGRAM-OFFSET PROJECT CONSISTENCY APPLICATION
LANDFILL METHANE CAPTURE & DESTRUCTION **2700-FM-BAQ0139A**](#)

[PA CO2 BUDGET TRADING PROGRAM-OFFSET PROJECT CONSISTENCY APPLICATION
AVOIDED METHANE EMISSIONS FROM AGRICULTURAL MANURE MGMT **2700-FM-
BAQ0139B**](#)

[PA CO2 BUDGET TRADING PROGRAM-OFFSET PROJECT CONSISTENCY APPLICATION
U.S. FOREST PROJECTS REFORESTATION **2700-FM-BAQ0139C**](#)

[PENNSYLVANIA CO2 BUDGET TRADING PROGRAM-OFFSET VERIFIER
ACCREDITATION APPLICATION **2700-FM-BAQ0140**](#)

DISCLAIMER

This site is meant to give the reader a high-level overview of DEP's CO₂ Budget Trading Program and RGGI. The official language of the PA CO₂ Budget Trading Program rule is located at 25 Pa. Code, Chapter 145, Subchapter E. Should the language within contradict the language contained in the Pa. Code, the language in the code takes priority.