

Contact:

Aileo Weinmann, aileo@resource-media.org, 202-538-5038

Teresa Guillien, teresa@resource-media.org, 206-422-3848

New report reveals the story behind a pioneering approach to carbon markets in the Northeast

Report sheds light on the creation of the Regional Greenhouse Gas Initiative and the decision by states to auction carbon allowances

CONCORD, MA, FEBRUARY 15, 2017: A new, independent study by M.J. Bradley & Associates (MJB&A) and a companion video have been published that tell the story of how the nation's first carbon trading market was created in 2009 by a bipartisan group of Northeast states.

The Regional Greenhouse Gas Initiative (RGGI) was launched by a coalition of ten states and was the first regional cap-and-trade program in the U.S. to limit carbon emissions from power plants. What was groundbreaking about RGGI was the states' decision to sell carbon allowances through a regional auction rather than giving them away for free. This allowed the states to invest the auction proceeds to benefit households and businesses. This approach broke tradition with every prior emission trading program, both in the U.S. and Europe.

So how and why did the states arrive at this decision? This new report, *A Pioneering Approach to Carbon Markets*, examines the history of how the states made critical decisions that led to the final design of RGGI.

"Many state leaders today have inherited the RGGI program without having participated in these formative debates," said Michael J. Bradley, President, MJB&A, "This report sheds light on the thinking that shaped the original program design."

The fairness and transparency of RGGI along with the local economic benefits from the investment of the auction proceeds has won over early skeptics. The decision to auction allowances has been recognized by experts as the most important and innovative design choices the states made.

"Cooperative efforts among states are nothing new, but, as this report shows, RGGI stands apart as a unique example of bipartisan cooperation," said Brian M. Jones, Senior Vice President, MJB&A. "Leaders from outside of the Northeast might also draw lessons from this experience."

The full report and a companion video, *A Pioneering Approach to Carbon Markets*, are available at www.mjbradley.com/rggi-market

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About RGGI

The Regional Greenhouse Gas Initiative (RGGI) is the first regional market-based CO₂ trading program in the US. RGGI was launched by ten Northeast states in 2009 to reduce carbon pollution, and has been an economic and environmental success. This comprehensive study examines the history of how the states made the decision to auction allowances and invest the proceeds to benefit consumers and businesses in their own states. The companion video features interviews with leading experts on the RGGI program and carbon markets.

About M.J. Bradley & Associates

M.J. Bradley & Associates LLC (MJB&A), founded in 1994, is a strategic consulting firm focused on energy and environmental issues. The firm includes a multi-disciplinary team of experts with backgrounds in economics, law, engineering, and policy. The company works with private companies, public agencies, and non-profit organizations to understand and evaluate environmental regulations and policy, facilitate multi-stakeholder initiatives, shape business strategies, and deploy clean energy technologies.