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Program Design Archive

A brief history of RGGI

In 2003, governors from Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont began discussions to develop a regional cap-and-trade program addressing carbon dioxide emissions from power plants.

On December 20, 2005, seven of those states announced an agreement to implement the Regional Greenhouse Gas Initiative, as outlined in a Memorandum of Understanding (MOU) (</program-overview-and-design/design-archive/mou-model-rule>) signed by the Governors of Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, and Vermont. The MOU, as amended, provides the outlines of RGGI, including the framework for a Model Rule.

In August 2006, as outlined in the MOU, the original seven MOU signatory states published a Model Rule (</program-overview-and-design/design-archive/mou-model-rule>), which provided a framework for the development of individual state regulatory and/or statutory proposals.

In early 2007, Massachusetts and Rhode Island, which had participated in the early development of RGGI, signed the MOU, as did Maryland later that year.

Through statutes or regulations based on the RGGI model rule, each state established individual CO₂ Budget Trading Programs. Together, these compose a regional cap and market for allowances. Each state's CO₂ Budget Trading Program limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions.

The first compliance period for each state's linked CO₂ Budget Trading Program began January 1, 2009.

In 2011, New Jersey withdrew from the MOU, effective January 1, 2012.

Beginning in 2012, as called for in the original RGGI Memorandum of Understanding, the Participating States conducted a program review of the CO₂ Budget Trading Programs. Proposed amendments to the program were incorporated in an Updated Model Rule (released on February 7, 2013) guiding each state as it followed its own statutory and/or regulatory procedures to propose updates to its CO₂ Budget Trading Program.

New Jersey resumed participation in RGGI on January 1, 2020, and Virginia began participation on January 1, 2021.

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